

Office of Economic Development
Economic Development Advisory Board
MEETING MINUTES

Date: February 7, 2006: 7:30 A.M.

MEMBERS PRESENT

Patricia Schroeder
Mike Garcia
Brian Campbell
Raul Cardenas
Jim LeCheminant
Bob Potheir
Steve Shope
Ted Wendel

EX-OFFICIO

Mayor Keno Hawker (excused)
Chris Brady
Charlie Deaton(excused)
Jack Sellers

STAFF PRESENT

Betsy Adams
Wayne Balmer
Sue Cason
Harold Decker
Catherine Ji
Teri Killgore
Tammy Miller
Tom Reyes
Scot Rigby
Claudia Whitehead

GUESTS

Roc Arnett
Ken Lawson
Laura Snow
Jay Stallings

MEMBERS ABSENT

Vern Mathern (excused)

1. Chair's Call To Order

Chair Pat Schroeder called the February 7, 2006 meeting of the Economic Development Advisory Board to order at 7:30 A.M. in the Mesa City Plaza Building, Room 170.

2. Approval of Minutes: EDAB Meeting – December 6, 2005

Chair Schroeder called for a motion to approve the minutes from the meeting held December 6, 2005.

MOTION: Brian Campbell moved that minutes from December 6, 2005 be approved.

SECOND: Raul Cardenas.

DECISION: Passed unanimously.

3. Welcome and Introductions

Chair Schroeder reported that a response was received on the letter of support sent to the Legislators addressing funding for the facilities at ASU/Polytech Campus. Mark Anderson responded that he is a strong supporter. Karen Johnson's response sounded positive, but didn't really say that she was in favor of it. She stated her first priority is to ensure that an honest budget is adopted before beginning any new programs. Communication was also received from Gerard Mason. He has a family play-land and is suggesting that we could use that as a hook to pull people into Mesa.

Chair Schroeder commented that she and Mike Garcia had meet with Chris Brady a few weeks ago and talked over some issues. They were impressed with Chris and hoped that everyone in attendance would feel the same way.

New City Manager Chris Brady introduced himself to the EDAB Board, staff and guests. He commented that he is excited to be here in Mesa. He thinks this is great experience getting to know so many different people, both inside the city and the community. He is impressed with the different groups and individuals that are committing a lot of their time and talents in helping Mesa move along. He has come here from San Antonio, Texas. During his 9½ years there, most of his time was spent working on economic development initiatives and a variety of different projects. One of the key things that he has found in making economic development initiatives successful is that you need to know who you are and what works best for you, and also having some specific goals and targets to go after. Chris feels that Mesa is one of the great American cities. It is a great, safe place to live and a great place to learn. We have wonderful education partners and looks forward to working with all of them. We also have a great story to tell and he looks forward to working to further the city's efforts.

Chair Schroeder commented that there are great things happening and we have good momentum. She encouraged Chris to move as quickly as possible in replacing the Executive Director.

4. Acting Director's Report

2006 EDAB Meeting Themes

Wayne Balmer reviewed the 2006 Agenda Themes Calendar. He explained how and why the themes were chosen and the different look. The Board's meetings for the year have been laid out and have a theme for each one. There are a lot of good things going on in Mesa in terms of economic development in one area or another. We would like to showcase them for you at the Board meetings and would also like to have presentations that we can then use for meetings with the City Council, prospects and other people that come through the city and ask what is happening in Mesa with healthcare, education, etc. Wayne welcomed comments, changes, and suggestions.

Brain Campbell commented that he appreciated all the work that went into doing the themed calendar. His initial reaction upon looking at the calendar is that he is convinced that the Williams Gateway Area is the critical component in our economic development

plan as we go forward. He is concerned with the way the meetings are laid out and being split into pieces, and would like to see Williams Gateway more of a focus. He would like it moved up in the agenda so we can achieve a greater impact in that area. He doesn't want it to get lost in all the other good things that we are doing. He also would like to see an update on Williams Gateway at every meeting.

Mike Garcia commented that Brian was correct and in setting the agenda themes it was taken into consideration that if there were policy issues that the Board needs to be involved with, then the agenda doesn't preclude us from taking a stand.

Wayne Balmer commented on two interesting issues at Williams Gateway. One is the discussion that has been initiated with Phoenix on joining the Airport Authority. That is moving along and hopefully by the end of next week we will have a position paper from Phoenix. The short-term perspective would be to say we would like them to join because we need their money in view of the budget situation. The question is, why would Phoenix be interested in joining and why would the Airport Authority want them to join? What we want to focus on is improving the aviation system in Central Arizona. Hopefully, by the April meeting we will have more information. In May decisions about what goes on or doesn't go on the budget will be made. At the June meeting we are hoping to bring you information on the budget items before they become final.

Chair Schroeder reminded Board members, per Heidi Gast of the Mayor's office, what was allowed regarding the budget issues. It has been discussed for the last eighteen months at nearly every meeting. We have brought our recommendations to the City Council and the Council has acted upon them. The Board should not be discussing the budget issues, but it is suggested that as individuals, speak out at the district meetings.

Overview of the Healthcare Industry in Mesa

Wayne Balmer gave a short power-point presentation on the healthcare in Mesa with the following key points:

- Over \$1 billion in new investment in healthcare is currently underway
- More than 18,000 or 12% of Mesa's total jobs are in healthcare
- Mesa is the East Valley's healthcare leader
- Additional healthcare companies, like Southwest Ambulance, are locating in Mesa
- Mesa has 5 hospitals with 3 more on the way
- Mesa has 1,253 beds at the existing 5 hospitals and with the proposed 3 new hospitals adding an additional 511 beds
- With the addition of the 3 new hospitals proposed in Mesa and new hospitals proposed in Gilbert the East Valley will have a total of 13 hospitals.

Wayne Balmer referred to the quarterly report in the packet. You can see by the report there are generally good things going on in Mesa. The vacancy rate is going down which means that our buildings are filling up, our market share is starting to grow, especially in the Class "A" Office and Industrial. The trends are good. Sales tax is up and Capital Investments are doing well.

Steve Shope suggested adding a section to the report including residential real estate as to how the housing affordability equates to other communities in the area? That is an important issue for businesses coming into Mesa.

Brian Campbell commented that the Per Capita on sales tax numbers are critical. He is very concerned about Mesa losing car dealers and how we are going to keep them. Would like to measure that metric since that is going to be critical for us to sell on a whole bunch of issues and not just the short-term fiscal issue, but also on the economic development side.

Chair Schroeder suggested setting a benchmark of at least back to 2000 so that there are some perspectives.

5. Mesa's Healthcare Partners

Banner Health

Laura Snow gave a power-point presentation on Banner Health with the following key points:

- Banner Health is a not-for-profit system formed in 1999 after the merger of the Samaritan and Lutheran Health Systems.
- Owns and operates hospitals and long-term care facilities in seven Western states.
- Headquarters in Phoenix.
- Majority of operations concentrated in the Phoenix metro area and Northern Colorado.
- Four hospitals located in the City of Mesa.
- In 2005 Banner provided excellent patient care to Mesa residents:
- 297 Mesa residents per day were treated in Emergency Departments
- On any given day, there were 479 Mesa residents in a Banner hospital
- Mesa Banner hospitals helped 5,400 Mesa moms deliver new residents
- Banner employed 4,095 Mesa residents
- Banner paid Mesa residents \$163 million in wages excluding benefits

Banner Baywood Medical Center

- In the midst of a \$90 million capital expansion that will add:

65 beds with space for 56 more

2 operating rooms
Parking
Space for support services
Approximately 325 new jobs with total wages of \$10.9 million

Banner Desert Medical Center

- Launching a \$305 million capital expansion
- 120 bed children's hospital
- Expansion of the neonatal ICU
- 6 pediatric operating rooms
- New emergency department for adults and pediatrics
- Parking structure
- Expansion or upgrade of support services
- Adding approximately 750 new jobs with total wages of \$26.5 million
- Recruiting 25 new physicians

Banner Mesa Medical Center

- Banner announced the construction of \$189 million Banner Gateway Medical Center
- Inpatient operations will cease at the Banner Mesa campus in 2007
- Banner is evaluating the use of the Banner Mesa campus for internal office needs and will make a recommendation to the Banner Board in June 2006

Brian Campbell suggested that Mesa partner with Banner in the reuse of the Banner Mesa Campus. He also commented that Mesa loves the presence of Banner in Mesa.

A.T. Still University

Dr. Ted Wendel gave a short powerpoint presentation. He commented that A.T. Still University is very proud to be in Mesa and they are pleased with the wonderful relationship that has been established. Right now healthcare consumes approximately 17% of the nation's economy. By 2020-2025 it will consume around 25% of the economy. There is an opportunity for the University, because that means there is going to be explosive growth in healthcare over the next 20 years. He also is scared about the future of healthcare. He is concerned with three things: cost, quality and the supply in healthcare providers. As a University they are committed to addressing those problems and concerns.

A.T. Stills University is 115 years old. A.T. Stills was a physician in northeast Missouri. He lost three of his children to meningitis in less than a year. He was disappointed with the quality of care he could deliver as a physician at that time. He took a year thinking and talking about what he could do for people, and conceptualized what is now called osteopathic medicine. In 1892 he founded the first school of osteopathic medicine in this country at Kirksville, Missouri. In the early portion of the 1990's we were training a large portion of students from Arizona, because Arizona couldn't meet the need for physicians in the state at that time. We were in cooperation with ASU to train

approximately 20 students each year in Kirksville and then they returned to AZ to complete their third and fourth year of training. We had some experience and connections in AZ. In 1990 we decided to establish a physical campus. We did that with the Grand Canyon University across town at 32nd and Camelback. We had a 42,000 square foot building and had four programs. We knew growth was impossible at that site. We worked with Harold Decker, Dick Mulligan and staff in Economic Development. We identified a 54acre site and now have a 100,000 square foot building. On the 54 acres, 22 of those acres are campus and the rest is being developed as a Health and Technology Park. Right now there are two schools that make up the A.T. Stills University/Mesa Campus. The first school is the Arizona School of Health Sciences. We offer professional doctorates in audiology and physical therapy. We also offer masters degrees for physician assistants, occupational therapists and athletic trainers. Roughly three years ago we opened the first school of dentistry in Arizona. We educate 54 students a year as Doctors of Medical Dentistry. The first class will graduate in 2007. It is the only school of dentistry in Arizona and is one of the few schools in the southwest. Lack of dental care is a national epidemic. We would like to address that and as part of the solution we have an 84 student dental clinic that was opened in May 2005. We provide service to anyone and everyone. The students provide the service and the clinic/students are supervised by licensed dentists.

We also have proposed and are in the process of establishing an Osteopathic Medical School. It will be a four-year school and we are in the process of accreditation. This is still technically a proposal, but look forward to possibly opening that school in the fall of 2007. We have hired a Dean, hiring administrative staff, and are doing the planning to bring us to that reality of the medical school. By 2007 we hope to have three schools on our campus.

The Health & Technology Park represents 30 some acres with an additional 70 acres. The existing building in the park is the dental clinic and we are in the process of getting the second building approved Class "A" medical office space. There will be a long-term acute care facility that is in the process of approval to be opened in the spring of 2007. Other buildings are still in a planning process with talk about Senior Assisted Living facilities and a Cerebral Palsy Association putting a valley campus in the park. Vanguard Health Systems bought property west of us and are planning a 200-bed hospital and medical office building.

We employ approximately 200 people. Our annual budget payroll is around \$15 million. Most of the employees live in Mesa/Gilbert area and spend their money in those areas. There are roughly 400 students that live in the Mesa area. In the future we see that growing significantly to around 800 students on campus. The institution recognizes the challenges of the future. If we don't attend to healthcare in the future it will undermine everything else. We need to provide quality care and to do it more efficiently, and to do it better with less money.

6. Other Business

Chair Schroeder reminded the EDAB Board of the next meeting.

- Next EDAB Meeting: April 4, 2006

Chair Schroeder informed the Board about an article in the paper regarding incentives and legislation is looking at incentives again. One of the things that the Board has to do is get prepared regarding this issue. She has asked Mike Garcia to chair an Incentives Task Force Committee, so that we can be prepared and present a recommendation to the City Council. It is a short term Task Force possibly being only three months. Chair Schroeder asked for volunteers. Jack Sellers, Bob Pothier, Jim LeCheminant and Vern Mathern expressed a willingness to serve on the Task Force.

Wayne Balmer encouraged all to attend the meetings of their district town meetings. Wayne provided a handout of the meeting dates, times and locations.

7. Comments from the Board and Public

Jack Sellers commented on the GPEC Executive Board and also the Process and Program Development Committee. He is excited about what GPEC is doing to try to make the State more competitive. They are working on a number of initiatives to develop a toolbox that would support being able to sell the State better. Some of the initiatives look like they will be very cost effective and will help us to be more of a player in the international markets. There is a bill right now coming out of the Senate, Senate Bill #1542, that would basically have us partnering with the people that are already in the targeted foreign countries rather than sending people over to try to market us. We have asked the State to partner on that.

Ted Wendel commented that with the budget restraints he feels that GPEC is a very significant and important part of the leadership for the area and to Mesa.

Wayne Balmer raised the question of possibly changing the EDAB meeting location to the Lower Level Council Chambers or continuing on meeting in Room 170. He asked for comments/suggestions.

Brian Campbell suggested that for certain meetings it doesn't matter where the Board meets. He said it would be nice to hold some of the meetings at the place of topic. Get out in the field. We need to get out of the closed rooms and out into the community more.

Chair Schroeder commented that she enjoyed the informality of Room 170 versus the formal Council Chambers.

Roc Arnett commented that Banner Desert Hospital has a major problem regarding parking in the building of the hospital. There is an opportunity to help and work with Banner to move forward in this build-out process. Transit and Transportation is a problem with all the projects in the city. He encourages the City to keep after these issues.

Wayne Balmer responded that the City has looked into expanding the Transit/Transportation system and the major problem is financing. Right now Mesa loses money on transportation. Every mile we add we lose money. We have looked to expand, but it cost more money and right now we don't have the resources to do so.

Jay Stallings of Banner Desert Hospital thanked Roc Arnett for raising the issue of parking. To clarify the transition period, Banner is going to be adding a 1200 space-parking garage. For about a year we are going to be down approximately 500 parking spaces on the existing campus. We have identified several possible locations in the vicinity of the Desert Campus where we would be able to have interim parking and then develop our own internal transit system. He asked for a point person in the City to be able to contact for help in addressing the needs. Jay Stalling offered to host an EDAB meeting on the Banner Desert Hospital Campus.

Tom Reyes responded that the Economic Development Office is the point of contact with Teri Killgore being that contact.

Chair Schroeder commented about transportation and funding. Transportation and streets have had their budget reduced and reduced over the years and as she understands it the new budget does not include any new monies.

8. Adjournment

It was noted that the next EDAB meeting would be held April 4, 2006.

There being no further business, Chair Schroeder adjourned the meeting at 9:06 A.M.

Submitted By:

Debra Dollar, Deputy City Manager