

Office of Economic Development
Economic Development Advisory Board
MEETING MINUTES

Date: April 4, 2006: 7:30 A.M.

MEMBERS PRESENT

Patricia Schroeder
Mike Garcia
Brian Campbell
Jim LeCheminant
Vern Mathern
Bob Potheir

EX-OFFICIO

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

STAFF PRESENT

Betsy Adams
Shelly Allen
Wayne Balmer
Sue Cason
Harold Decker
Debbi Dollar
Teri Killgore
Patrick Murphy
Tom Reyes
Claudia Whitehead

GUESTS

Roc Arnett
Robert Brinton
Barbara Boone
Barry Broome
Ken Burns
Tony Kavalieros
Karen LaFrance
Tina Morgan
Scott Sommers
Greg Weiner
Lois Yates

MEMBERS ABSENT

Raul Cardenas (excused)
Steve Shope
Ted Wendel

1. Chair's Call To Order

Chair Pat Schroeder called the April 4, 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 – February 7, 2006

Chair Schroeder called for a motion to approve the minutes from the meeting held February 7, 2006.

MOTION: Brian Campbell moved that minutes from February 7, 2006 be approved.

SECOND: Vern Mathern and Jim LeCheminant.

DECISION: Passed unanimously.

3. Welcome and Introductions

Chair Schroeder welcomed Board members, staff and visitors. She introduced Debbi Dollar, Deputy City Manager, as the Acting Director for Economic Development/Town Center Development. Shelly Allen and Patrick Murphy from Town Center Development were introduced, as Town Center is now combined with Economic Development.

4. Acting Director's Report

Budgetary and Economic Development Organizational Changes

Debbi Dollar briefed the Board on the budget and Economic Development Organizational changes.

The Economic Development Office works to promote and preserve the economic strength of the city to ensure that Mesa is the preferred location for new, existing and expanding businesses.

The Town Center Development Office is the one-stop shop for planning services, business assistance and ombudsman services within the Town Center Redevelopment area.

These two offices have been combined to further consolidate and realign budgetary concerns. The reduction of 4 positions along with other reductions lowers the operating funds by 30%. The impact of the budget reductions is:

- Possible delays or elimination of key area/industries impact studies, fiscal economic project analyses or conceptual plan updates. Previous studies funded through this budget item include the Fiesta Super Regional Retail District Study, Falcon Field Employment Area Land/Lease Studies, and multiple economic impact studies (i.e., Riverview).
- The reduction in operational costs, combined with the loss of the Economic Development Specialist position will significantly reduce the ability to recruit, retain and assist quality businesses that generate revenue and jobs for Mesa.

She is pleased to announce that the City Council has agreed to keep the funding for GPEC and announced that the recruitment for a new Economic Development Director has been posted on the city's website, published with the International City/County Management Association, as well as several economic development professional organizations/publications. An initial review of the applications should take place around April 20th and depending upon the response received, if necessary, they are prepared to go through an economic development headhunter. She will keep the Board posted.

5. Mesa's Regional Partners

Greater Phoenix Economic Council

Barry Broome gave a power-point presentation on GPEC with the following key points:

- GPEC is the region's official economic development authority
- A true model, where public and private members collaborate to promote Greater Phoenix as a great place to grow business
- Supported by Maricopa County, 16 cities and towns, and more than 125 private-sector businesses
- Seeks to strengthen the region's economic base, ensuring it is both diversified and competitive

GPEC Value to the City of Mesa/FY06 Active Prospects

Large enterprise solutions company expansion

- 200,000-300,000 sq. ft.
- \$40-60M capital investment
- Approximately 80 employees, with potential growth to 200 employees
- Average wage over \$70,000

Warehouse/distribution (parts and supplies to foreign militaries)

- 20,000-40,000 sq ft; build to suit on 5-6 acres
- \$1.5M capital investment
- 20-40 jobs

Manufacturer of valves

- 40,000 sq ft; build to suit or lease
- \$3M capital investment
- 40-60 jobs

New airline operations

- 75,000 sq ft; build to suit or lease
- \$30M capital investment
- 350 jobs

Flight training center

- 120,000 sq ft; build to suit
- N/A for capital investment
- 100-300 jobs

Aircraft manufacturer

- 780,000 sq ft; build to suit
- \$150M capital investment
- 500 jobs

Aircraft completion center

- 275,000 sq ft; build to suit
- \$20M capital investment
- 200-300 jobs

GPEC Collaboration with the City of Mesa

Williams Gateway Airport

- Lead strategic discussion in repositioning WGA as regional asset
- Work with WGA staff and Redevelopment Authority to increase visibility as international aviation and aerospace center
- Collaborate with WGA, Arizona State University, Chandler-Gilbert Community College and others to develop a research center focused on cognitive engineering and simulation technologies
- Provide support to develop and create opportunities already defined in the airport master plan

Mr. Broome also gave a brief summary of the importance of GPEC to Mesa and vice versa. Mesa has become the center of the region in the East Valley. GPEC was organized in 1989 and is one of three “pass” through models of its kind in the nation. Contacts come through GPEC, then passed onto the market. In the past, GPEC had no further contact with the client. GPEC is now staying with the clients/prospects until the very end.

Board members commented that they are very impressed with the leadership at GPEC and excited with the direction in which GPEC is headed. They are also pleased that Mesa’s City Council is continuing their support of GPEC.

Chair Schroeder commented that the City of Mesa is the only city to hold 3 permanent seats on the GPEC Board. Mesa holds one seat on the Executive Committee and two seats on the Board of Directors. That puts Mesa in a powerful position in the organization.

Charlie Deaton commented that the residents of Mesa need an attitude change as to what is expected from economic development and the over-all funding of the City. With the funding sources that we have now, all the work that GPEC and Harold Decker does, really does not give us much encouragement. We have to educate the public. GPEC is helping us in trying to change that attitude and he thanks Barry Broome for that.

Mesa Convention and Visitors Bureau

Robert Brinton gave handouts that explained the Strategy Trap, Economic Leakage, Tourism-Supported Economic Development, Guide Books, Mesa Hotel/Motel Room Growth and Bed Tax Growth, Mesa Police Department Crime Free Hotel/Motel Program and Mesa Hotel/Motel Mix.

There are 85,000 RV spaces in Mesa and 45 RV parks. Requests have been coming in for upscale, full service hotels in Mesa like the Buttes Resort/Hotel. We experience a lot

of leakage due to the fact that we don't have upscale resort type hotels or retail shops in Mesa.

Mr. Brinton emphasized the need for more upscale hotels and gave comparisons with the following key points:

- A full service hotel, such as the Hilton or a Marriott employs about 150 to 170 full time and 15 to 20 part-time personnel.
- Budget/economy properties typically have 60 rooms with 4-6 full time and 5-8 part-time employees.
- Budget/economy properties, by design, have fewer expenses including marketing and drive their occupancy primarily by rate cannibalization in the existing market.
- Budget/economy properties do not create demand. They exist off of demand created by others.
- Mesa does not have enough mid-price and first class properties. If we continue to overbuild budget/economy properties we will limit our ability to attract mid-price and above properties.
- If Mesa desires to go, "from bedroom to boardroom" then the choices of quality lodging must be improved.

Mesa has a total of 62 properties with 4,920 rooms. Of the 62 properties, 50 of them are of the Budget/Economy class.

Several plans are in the works to attract upscale hotel/retail to the areas around Williams Gateway Airport, Falcon Field Airport, Longbow and Riverview at Dobson. They are aggressively working to go out and create a better, more upscale Mesa.

Arizona Department of Commerce

Greg Weiner stated that the mission of the Arizona Department of Commerce is to create jobs, expand the tax base, and improve capital investment rates and improve per capita income. There are several ways to accomplish this, such as work force development, focused business attraction, community development and work on the international side.

Last year ADOC did 37 locates/expansions and provided 80 leads to the communities with ADOC the lead on 20 of them. These projects created 9,600 jobs, an average salary of \$41,000 and brought \$700 million in capital investment to Arizona. This year they are on track with 31 leads creating 6,400 jobs with capital investment numbers somewhat behind.

Williams Gateway Airport has tremendous advantages and potential. The Military Reuse Zone is certainly one advantage. Williams also has the most attractive facility.

ADOC has been receiving feedback coming from potential employers that is negative due to increase in Arizona housing costs. Low housing cost was the one thing that Arizona had going for it. Currently, only 10-15% of the companies come from California. With the higher cost of housing, the state and local communities need to understand the loss of this previous competitive advantage and how Arizona is going to compensate for that loss.

6. Other Business

Incentives Task Force Update

Mike Garcia updated EDAB on the Incentives Task Force meeting. They decided to focus more on the high tech capital investment type business attraction and not so much on the retail side. The team also has decided to create a vision for four separate areas: Fiesta Mall, Williams Gateway, Downtown and Falcon Field. These areas seem to represent the best potential for attracting the types of businesses that we want to encourage.

They are concentrating on several types of incentive ideas that might be unique to Mesa. A policy statement would be important to be able to offer these types or specific incentives, and to give the latitude to the Economic Development professionals that are out in the field working with potential clients.

7. Comments from the Board and Public

Barbara Boone, Chairperson for NEDCO, Neighborhood Economic Development Corporation, presented an update to the Board on the mission of NEDCO. Their mission is to rebuild neighborhoods with emphasis on financing and providing opportunities for small businesses to locate in Mesa. The City does support NEDCO and from 2000-2006 they have received CDBG funds of around \$280,000. They have leveraged those funds 2 ½ times and have brought over \$500,000 into the community from private and public funds. They have provided technical assistance to 350 businesses and have funded 15 businesses for a total of \$572,000. NEDCO has brought in a super retail grocery store called Rancho Carniceria, which will generate 75 jobs for Mesa. The key point Barbara wanted to make is that they are here to partner with the City, Economic Development, and Barry Broome to make things better in Mesa.

8. Adjournment

It was noted that the next EDAB meeting would be held June 6, 2006.

There being no further business, Chair Schroeder adjourned the meeting at 9:05 A.M.

Submitted By:

Debra Dollar, Deputy City Manager