

## MEETING MINUTES

Office of Economic Development  
Economic Development Advisory Board  
City Council Chambers - Lower Level  
57 E. 1st Street  
Mesa, AZ 85201

Date: March 4, 2014 Time: 7:30 A.M.

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### MEMBERS PRESENT

Rich Adams  
Terry Benelli  
James Christensen  
Tony Ham  
Mitzi Montoya  
Jeff Pitcher  
Tony Siebers  
Laura Snow

### EX-OFFICIO

Mayor Scott Smith (excused)  
Chris Brady (excused)  
Brian Campbell  
Jeff Crockett  
Sally Harrison  
Steve Shope

### STAFF PRESENT

Bill Jabjiniak  
Ken Chapa  
Andrew Clegg  
Shea Joachim  
Kelley Keffer  
Karen McNulty  
Josh Utterback

### MEMBERS ABSENT

Jo Wilson (excused)

### GUESTS

Vice Mayor Alex Finter  
Jodi Sorrell, Transit Services Director  
Rob Antoniak, Valley Metro, Community Outreach Coordinator

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#### 1. Chair's Call to Order

Chair Rich Adams called the March 4, 2014, meeting of the Economic Development Advisory Board to order at 7:30 A.M. at the City Council Chambers, Lower Level, 57 E. 1st Street, Mesa, AZ 85201.

#### 2. Items from Citizens Present

None.

#### 3. Approval of Minutes from January 7, 2014 Board Meeting

Chair Rich Adams called for a motion to approve the minutes from the meeting held on January 7, 2014.

**MOTION:** Terry Benelli moved the minutes from January 7, 2014, be approved as presented.

**SECOND:** Laura Snow

**DECISION:** Passed unanimously.

New staff members were introduced to the Board – Ken Chapa, Project Manager and Josh Utterback, Economic Development Specialist.

#### 4. Discussion with Vice Mayor Finter

Chair Adams welcomed Vice Mayor Alex Finter and encouraged the Vice Mayor to participate in all discussions. Vice Mayor Finter thanked the Board for their service and expressed appreciation for everything they do for the City.

Everyone is committed to making a smooth transition of Mayor Smith moving on to the Governor's race. Council is also dedicated to continuing the momentum that has been built within the City.

#### 5. Alion Presentation

Shea Joachim updated the Board on the progress of the conveyance. On February 21 notification was received that the conveyance package was delivered to the appropriate congressional members, which initiates the 35-day notification period. If no questions, concerns or commentary are received by March 28; the City is then free to purchase the property from the Air Force under the terms negotiated.

Dane Mullenix, Vice President Corporate Development with Alion, provided a presentation to update the Board.

#### 2014 Priorities

- Expanding occupancy is priority one. Emphasis on business attraction with robust presence at relevant conferences and tradeshows, offering referral incentives for tenants and brokers and direct support to small and mid-sized businesses for bid and proposal activity.
- Secure Communications – as soon as possible

Question: Mr. Jab jiniak asked Mr. Mullenix to explain secure communications.

Answer: Information is classified and by law must be secure. It is critical for the communication to be secure when exchanging between our facility and outside facilities. In the past, prior to the cost cuts in the federal sector, secure communications always was provided by the federal government. Now everyone is trying to pass costs onto everyone else, which is not working. Secure communications have been very hard to get and hard to justify.

- Continued facility upgrades for tenant improvements, chiller rebuild, engineering and cosmetic improvements as required and City approved.

Question: Mr. Jab jiniak commented currently there are four chillers, three of which can operate. Can the whole facility work off one chiller?

Answer: With a light tenant load the facility can work on one. As the tenant load increases, two will be needed. In addition, there are consumers of that chilled water offsite of the compound, including the facility at ASU and one building within the airport itself. When one fails, there are time delays in obtaining service and repairs. Typically you can wait 30-60 days for a rebuild of a major system. Therefore, if your demand load is two you need at least three.

Mr. Jabjiniak commented that in regards to upgrades, we do not own the facility so we are not investing in long term capital improvements at this point; this is more of maintenance not cosmetic repairs.

Question: Chair Adams asked if there are issues with the underground utilities. Is that still a challenge?

Answer: Mr. Jabjiniak responded SRP completed repairs at no cost last summer. There is a major service entrance to deal with, redundancy is important here and SRP will not quite foot the bill. We are waiting until we own the building to address these issues.

Question: Mr. Shope asked if there is a master plan once we own the facility?

Answer: Mr. Jab jiniak responded that first priority is to maintain the security and operation of the facility. There are no major upgrades planned today. There will probably be three temporary buildings removed after the purchase of the property. Improvements will be demand driven.

#### Ongoing Lease Activity

A listing of the current leasing activity was presented. The term SCIF is referred to in some of the listings. SCIF; pronounced "skiff", is a Sensitive Compartmented Information Facility (an enclosed area within a building that is used to process Sensitive Compartmented Information (SCI) types of classified information. We are unique that this facility carries this accreditation making it different than any other facility in Arizona.

Question: Mr. Crockett asked how do prospects find an Alion type facility.

Answer: Primarily by industry networking in the valley and national, word of mouth and relevant tradeshows.

Question: Mr. Crockett asked on a scale of 1 – 10, how visible is this facility?

Answer: It is hard to rate, probably in the lower third.

#### Program Management Restructure

- A major program restructuring was implemented in November and December.

- Under the initiative, costs were reduced approximately \$300k year with multiple benefits. The initiatives include outsourcing of onsite maintenance, housekeeping and grounds keeping. Project management and quality assurances have been insourced. This allowed funds to be freed to support the facility acquisition.
- Some funding re-allocated to business attraction.

Question:Ch air Adams asked what type of tradeshow do the military and defense contractors attend?

Answer: Principally these are tradeshow involving defense industry, and cyber industry, both defense and civil. In spite of the FAA results for the state of Arizona, we are still seeing a demand for unmanned systems. Still receiving direct inquiries involving the lab and our ability to fly here in Arizona for UAS (Unmanned Aerial System).

### **Security Update**

- Due to tenant demand, establishing secure communications has emerged as top priority. An agreement from USAF PM to sponsor SIRPNET and discussions with Luke AFB to establish a broadband secure trunk to AZLabs are taking place to establish secure communication.
- "ICD 705" Facility Accreditation is now complete. ICD 705 requires upgrades to building standards, alarm systems, communications infrastructure, electronic locks and internal and external security procedures. The process began in late 2011 with the upgrade completion in December 2013. AZLabs was the first non-U.S. Government facility to upgrade to 705 standards following the Nov. 2013 DoD policy directive.

### **Emerging opportunities in Cyber...with continuing opportunities for UAS**

- Cyber is getting fresh emphasis with current and prospective tenants looking hard at AZLabs as an ideal Big Data or Cyber defense center. Alion is pursuing multiple DTIC opportunities.
- AZLabs is now a member of Arizona Technology Council's Cyber Committee. Upcoming events include sponsor and exhibitor at the Phoenix Cyber Security Summit on May 7, 2014 and attendance at the National Cyber Warfare Conferences in March, May and October 2014.

### **Other News**

- The two-year budget deal is having a positive impact. Continuing resolutions, followed by sequestration and government shutdown created a demand for small to mid-sized contracts with current and prospective tenants reporting movement in contract awards leading to the ability to lease.
- Facility Maintenance Lessons. The outsourcing is working, firm-fixed price repair and maintenance contracts are the new normal reducing the costs and operating risks.
- Secure communications has emerged as a key enabler.

Question:Ch air Adams asked who is liable if there is a security breach, once the facility ownership passes to the City.

Answer: There is no liability to the City. The US Government owns the physical devices that secure communications lines. They are provided/loaned,not given,to authorized contractors for operations. As long as we are operating them by the correct procedures, protecting them, changing the encrypt graphics on a regular schedule as prescribed by the directives of the department we are squeaky clean.

Question: Mr. Crockett asked if the draw down in troop levels will have an impact on what we are trying to accomplish with the lab.

Answer: No, Mr. Mullenix noted he doesn't see it as an impact. According to the President's 2015 budget, there are actually increases in most categories other than the US Army. There is recapitalization and modernization taking place. The link between cyber and UAS is inseparable. UAS's don't operate without a robust communication infrastructure that cannot be compromised through a cyber attack. Those are the growth areas. This lab is very well suited for both.

Question: Chair Adams asked Vice Mayor Finter what is Council's perspective on AZLabs.

Answer: Vice Mayor Finter stated Council is excited about the potential and new announcements. There is conversation about commitment of capital and seeing return as soon as possible.

Brian Campbell thanked Alion for the support they have provided to help find a solution for the secure communication issue.

## 6. Light Rail Update

Rob Antoniak, Valley Metro, Community Outreach Coordinator, and Jodi Sorrell, Transit Services Director, provided a presentation on the light rail update for the central Mesa and Gilbert Road Extensions.

- Four new stations are being added (locations noted on the map) at Alma School, Country Club, Center and Mesa Drive just east of the intersections. Two sites are being considered for Park-and-Ride locations.
- Construction to date – 97 percent of water and sewer utility relocated, all rails are onsite, more than half of new streetlights are installed, almost half of underground traffic signal work is complete, street widening nearing completion, more than half of the guideway established with 300,000 plus working hours.
- Schedule of next steps from this month through late 2015:
  - **March – April, 2014** - Alma School Road, Extension Road, and Mesa Drive intersections
  - **May 1, 2014** - Construction returns to Downtown Mesa between Country Club Drive and Centennial Way
  - **2014 – 2015** - Continue guideway and track construction, station foundations and finishes, overhead wires and system power, Mill and asphalt paving
  - **Late 2015** – Light rail operation begins
- “Shop-On” to support businesses during the construction has a billboard and marketing pieces were shared with the Board.

Question: Mr. Shope asked how the bus schedule for Valley Metro will be adjusted. Will there be new bus routes or reconfiguration?

Answer: All existing routes will remain the same as they are now. On Main Street there are two routes that operate. The basic local route #40 that stops every quarter mile and the LINK service that stops every mile. The LINK service will go to Centennial and Main. The route will keep getting shorter as the light rail continues to go east.

Shea Joachim provided updates related to business assistance for those impacted by the Central Mesa Project. There has been a contract with NEDCO to administer technical assistance to businesses impacted by the light rail. As of the end of the second quarter in 2014, over 100 businesses have been provided assistance with one on one direct consulting equaling over 1,100 consulting hours. The two most popular categories requested for assistance are marketing and restaurant consulting. The most popular monthly workshop is the merchant meeting where businesses can obtain updates on the project and speak with others in similar circumstances.

The City Focus Project does intend to execute the electric rebate program again for fiscal year '13-'14. In 2013, 100 businesses participated in the program and 86 participated in 2012. City of Mesa electric department is the primary electric provider for the project boundaries. In our partnership with Energy Resources, they have provided some funding for an electric voucher for impacted business which equates to 20 percent of the billings for the months of June, July and August, with a minimum payment of \$250.00 a month.

New for '13-'14, eligibility requirements will focus more on implementation of some of the techniques being taught in both the technical assistance one-on-one efforts and the monthly workshops.

Maricopa County Assessor just announced a program for a 25 percent deduction of the improvement portion of a commercial property's full cash value for those within certain proximity of light rail construction. There is an article on AZCentral for additional information. At this point it is only committed to one year.

### **Gilbert Road Extension**

- Funding for the Gilbert Road Extension - Transportation Project Advancement Notes (TPANs) funds have been repurposed from street projects that are no longer needed to transit capital projects. FTA really loves this project because it is taking FHWA money and building a FTA project. This is a 1.9 mile project from the end of the line just east of Mesa Drive to Gilbert Road. The project is in the preliminary design phase. In November Valley Metro received FTA's finding of no significant impact in the environmental assessment for this project. In the next six to eight weeks RFQ's will be released for design team and construction major at risk.
- Proposed station locations are at Stapley Drive and Gilbert Road.
- Street configurations are being evaluated – four lane option, two lane option with roundabouts.
- Hybrid Option – settled option
  - Base option - Two lane, widen to four lanes at Stapley and Gilbert
  - Base with roundabouts – Horne and Harris. The benefits are more auto capacity than two lanes; roundabouts improve traffic flow, less right of way than four lanes, cost savings for two lanes and preserves the opportunity for on-street parking.
- Construction projected to begin in 2015 with projected operational date in summer of 2018

Question: Mr. Campbell asked if we learned anything from our downtown experience with utility relocation that will carryover with some of the utility work as we extend to Gilbert Road?

Answer: Lessons have been learned. The City relocated a number of utilities a few years ago. Therefore, we are ahead of the utility work for the Gilbert Road extension.

### **7. General Plan Update**

Chair Adams advised the general plan is in the 60-day comment period mandated by statute. Chair Adams encouraged everyone to review the plan on the website link and provide comments.

Mr. Jabjiniak noted he feels the general plan is a good document and hopes that it is followed. For example, recently a piece of light commercial land that has a small amount of retail space was rezoned as residential without discussion in keeping what was zoned for employment.

### **8. Accelerator Subcommittee Update**

Chair Steve Shope presented the committee update.

- One application has been received and reviewed. It is pending awaiting the return for additional information.
- Updating review of procedure for applicants.
- Staff is planning marketing, events and advertising.
- Considering executing an entrepreneurial development program in conjunction with ASU.
- Two clients are currently in the accelerator program.
- Focus on SPIR and high tech segment of small business to get more high tech companies.

### **9. Healthcare Subcommittee Update**

Chair Terry Benelli reported the Healthcare subcommittee has not met since the last meeting. A March is planned.

- Staff has been working the last few months on the medical device manufacturing sector. In February a tradeshow was attended in Anaheim. Staff has developed a draft strategy to pursue this sector and share with the committee at the next meeting.
- Banner simulation center expansion discussion is taking place with Banner executives and economic development staff.

Ms. Snow suggested there are links between the medical device manufacturer sector and Accelerator due to the wireless technologies that are being designed. Staff will discuss a joint meeting between the Healthcare and Accelerator subcommittees.

**10. Higher Education Subcommittee Update**

Chair Brian Campbell reported the committee has taken a break to step back to review and evaluate better ways to work with the education partners. Chair Campbell will be included in the invitation to the joint Healthcare and Accelerator meeting.

**11. Marketing/Outreach Subcommittee Update**

Chair James Christensen reported the meeting discussions

- Focus on areas assisting in recruiting event sponsorships
- Assist in recruiting business attraction funds sponsorships
- Agenda for the meeting later this month
- Assist in attention, expansion and attraction referrals with relationship connections
- Act as a marketing sounding board

Mr. Siebers commented on the article with the Business Journal regarding the City of Mesa's making number ten on the list of great places to seek employment in the country.

Mr. Jabjiniak discussed and shared strategies to attract Fortune 500 companies to Mesa.

**12. Business Retention and Expansion Subcommittee Update**

Andrew Clegg reported on the Business Retention and Expansion Subcommittee.

- February 12 was the first subcommittee meeting
- Working on small, high profile projects throughout the year
- Working on the BRE plan draft to submit to the subcommittee members for review and suggestions.
- The Council has asked the committee to place a hold on Falcon Field visits pending the strategic plan development.
- Roles for the subcommittee members – identify potential companies to do visits with, review results of the visits and recommend actions based on the results of the visits. Also to attend selected visits as directed.
- Quarterly meetings to be scheduled
- On track to meet the fiscal year goals

**13. Director's Report**

**A. Baseball**

- Opening day went well.
- Ground breaking for the Starwood Hotel is still targeted for April.
- Crane Kenney will be the keynote speaker at the International Council for Shopping Centers.
- The Cubs are working to bring in a major restaurateur.
- The A's are also under construction, projected to be completed this calendar year.

**B. GPEC**

- GPEC has proposed a 25% increase to all of their communities. Discussions ensuing regarding this large increase.
- GPEC took the lead role in rallying the business community against the 1062 bill. The proposed bill had a negative impact on the Phoenix metro area.

**C. State of the City Breakfast with Mayor Scott Smith**

The breakfast was very well received with great feedback. Bill complemented Sally Harrison, Chamber of Commerce, on the success of the event. Sally confirmed 620 attendees were fed.

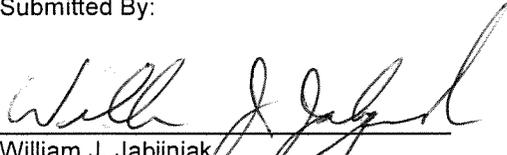
**14. Other Business**

- A. Tuesday, April 1, next Board meeting.
- B. Thursday, March 20, Business 2 Baseball at Cubs Park, by invitation
- C. Saturday, March 29, Falcon Field Airport Open House

**15. Adjournment**

Chair Adams thanked Vice Mayor Finter for his attendance and input and then adjourned the Board meeting at 9:11 A.M.

Submitted By:



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William J. Jabjiniak  
Economic Development Department Director  
(Prepared by Beth Ann Moore)