MEETING MINUTES

Office of Economic Development
Economic Development Advisory Board

57 E. 1st Street, Lower Level Council Chambers
Mesa, AZ 85201

Date: January 6, 2015 **Time:** 7:30 A.M.

MEMBERS PRESENT	EX-OFFICIO	STAFF PRESENT
Terry Benelli	Mayor John Giles (excused)	Bill Jabjiniak
James Christensen	Chris Brady (excused)	Andrew Clegg
Dominic Perry	Rich Adams	Lori Gary
Steve Shope	Brian Campbell	Kelley Keffer
Laura Snow	Jeff Crockett	Kim Lofgreen
		Karen McNulty
		Jaye O'Donnell
MEMBERS ABSENT	**GUESTS**	
Tony Ham (excused)	David Crummey	
Sally Harrison (excused)	Cynthia Dunham	
Jeff Pitcher (excused)		
Jo Wilson (excused)		

1. **Chair's Call To Order**

   Chair Snow called the January 6, 2015 meeting of the Economic Development Advisory Board to order at 7:33 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 the December 2, 2014 Board Meeting**

   Chair Snow called for a motion to approve the minutes from the meeting held on December 2, 2014.

   MOTION: Steven Shope
   SECOND: Dominic Perry
   DECISION: Passed unanimously

4. **Community Development Block Grant (CDBG) - Economic Development**

   The Board will hear and evaluate presentations from nonprofit organizations requesting funding for the City of Mesa's FY 2015/16 Community Development Block Grant (CDBG) Program (economic development only). Each agency will present for a maximum of three minutes per application, with an additional three minute period allowed for questions from the Board.

   For the process of fairness, these applications will be handled as the others and based and collected on individual evaluations, not Board evaluation. After the presentation, the individual Board members will rate the presenter and application based on the evaluation criteria already established.

   City of Mesa, Economic Development - Sprinkler Program - $100,000

   Ms. Kelley Keffer provided a presentation and requested support for the Sprinkler Cost Assistance Program in the amount of $100,000. Ms. Keffer provided a history of the Sprinkler Cost Assistance Program and shared the importance of this strategic tool to encourage redevelopment and reinvestment to attract new restaurants and entertainment into Downtown Mesa.

The program works with local merchants and business owners with facilities that are in need of sprinklers to meet City regulations, in order to increase occupancy of vacant or underutilized spaces, thus creating jobs. Utilizing CDBG funds, the City offers grants that provide 100% installation cost reimbursement up to a maximum of $20,000 to qualified applicants. Three projects have been completed with a fourth application in progress. This request will fund at least five additional projects in the Downtown Mesa Pedestrian Overlay Area and each project will create at least one full-time equivalent job.

Question – How many sites do you believe are in need of upgrades?
Answer – The number of properties available is limited to qualifying properties in the identified zone.

Question – Where will this money be spent?
Answer – The funds will be utilized for the systems inside the building.

Question – Does the business owner or property owner have a cost sharing in the project?
Answer – The applicant is granted up to $20,000, several of the projects have exceeded the $20,000. Therefore, the business owner or property owner have had a cost sharing.

Mr. Jabjiniak expressed the importance of this program as a piece of the puzzle to increase activity in Downtown, stating restaurant tours have given great feedback.

NEDCO - Business Development/Micro Loans/Technical Assistance - $181,500

Mr. David Crummey from Neighborhood Economic Development Corporation (NEDCO) presented the request for $181,500 to fund Business Development/Micro Loans/Technical Assistance.

NEDCO is non-profit with a mission to assist businesses in low to moderate income areas, create jobs and provide technical assistance through one-on-one consulting and workshops. Loan programs are provided where other financial institutions will not fund these types of loans. NEDCO works with these business owners to transition them to future mainstream bank financing. Mr. Crummey advised the funds from CDBG will remain in Mesa and used for Mesa businesses.

Question – What is the loss ratio for NEDCO loans?
Answer – Less than 3% since 1997.

Question – Is the primary focus technical assistance or lending?
Answer – It is a little bit of both.

Question – What percentage of the annual data in the application is Mesa based?
Answer – The report is all Mesa based.

Question – Where is incoming interest located in the revenue on the budget?
Answer – It is included in the overall financing.

Question – What amount of money is out in loans?
Answer – There is $1.2 million to lend with approximately $600M presently deployed.

Question – What are the funds being requested used for?
Answer – To support technical assistance to the business owners.

NEDCO - Code Analysis Fire & Safety - $35,000

This request for $35,000 would fund analysis of older buildings in Mesa's commercial corridor for fire and safety code. This analysis will help to reduce and eliminate the unknowns to bring a property up

to code, provide what permits are needed for the business type and increase knowledge of the market for owners and potential tenants.

This code analysis is an additional marketing tool for the Downtown area. The process of identifying the community's assets helps stakeholders understand their potential value. NEDCO will creatively package hidden assets and this will compliment Mesa's identity strategy and reveal its potential for private investing. By focusing on these assets, Mesa will discover a variety of exciting opportunities. In order for Mesa to capitalize on these assets, a thoughtful, well-developed identity, image and marketing program is instrumental. This investment in a code analysis is consistent with Downtown Mesa community vision and will assist in recasting the image of the community. NEDCO can be an intermediator with individual property owners and can be strategic with the funds with smaller overhead costs.

Question – How many sites can be analyzed for the $35,000?

Answer – Approximately 31, estimated cost of $1,000 per site.

West Mesa CDC - Economic Development Program - $90,000

Ms. Cynthia Dunham from the West Mesa Community Development Corporation (WMCDC) presented the request for $90,000 in CDBG funding for Economic Development Program.

The mission of the WMCDC is: To positively impact the economic growth, commercial and residential revitalization and development of our community. The target areas for Mesa's activity will include economic development and job creation. The technical assistance for new and existing businesses includes classes, business coaching, informational events, networking opportunities, guidance in marketing and assistance with site location. This project has been successful in exceeding their goal of three jobs minimum with 11 jobs created and six new businesses created.

Question – What is the average salary of the jobs created?

Answer – The average is $18,000, these are low to moderate incomes.

Question – What types of businesses were created?

Answer - The business types vary across the board. They can be floor refinishing or bakery. The business is developed based on the individual's skills or knowledge.

5. OED Marketing & Communications Update

Mr. Kim Lofgreen, Marketing and Business Development Manager, highlighted the campaigns, events/familiarization tours, tradeshows/missions and ongoing communications/profiles.

- The first campaign is focused on Super Bowl attendees that are business owners, executives and decision makers arriving via private or charter aircraft to attend the Super Bowl. Partnering with Falcon Field, Gateway Airport, Visit Mesa and Falcon Executive Aviation, welcome or departure gifts will be presented to capture attention for the City of Mesa, capture contact information, generate leads, and register these individuals for a Cubs or A's Spring Training Trip Giveaway.
- The second campaign is focused on the Elliott Road Technology Corridor. This campaign is focused on targeting high tech manufacturing, data centers and tech campuses emphasizing the value proposition of streamlined entitlement processes, robust infrastructure and shovel-ready sites. The Office of Economic Development has developed a micro website to drive people to request additional information which then leads to a personal phone call, newsletters, local and national media, site consultant blasts, social media and partnering with GPEC, ACA, Brokerage Community and the Private Sector to attract the technology industry to the Corridor.
- The third campaign discussed focused on the Business Retention & Expansion (BR&E) Communication Plan. The program has been developed and the objective is to build awareness,

generate leads, focus on the audience of small-medium sized businesses, and develop a brand name "Mesa Business Connect" and tagline.

Mr. Lofgreen requested input and suggestions to be emailed to him regarding the brand name "Mesa Business Connect". The Board suggested reaching out to businesses to determine their needs and tailor the campaign to these needs, as well as sharing how Mesa can help.

Once the name of the program is selected it will be promoted through social media, microsites, advertorials, newsletters, digital campaigns and promotions with the Mesa Chamber.

Mr. Lofgreen shared upcoming events that will be attended including the Phoenix Open, Super Bowl, Business to Baseball with both the Cubs and A's, Executours, and Broker Roadshows. In addition, four upcoming tradeshows Mesa will be attending include GPEC in Dallas on January 14 -16, Medical Device & Manufacturing (MD&M) in Anaheim on February 10 -12, Heli-Expo in Orlando on March 7 - 10 and the Expansion Management Roundtable in Colorado on March 23 -26.

Mr. Campbell noted that Mesa does well with the metrics; however, it is important to continue to drive the positive lifestyle message that Mesa has to offer at all the meetings and opportunities.

6. <u>Inventory of Property Types in Mesa</u>

Mr. Andrew Clegg, Project Manager, presented a comparison of Class A properties in Mesa and other Cities in the Valley.

Mr. Clegg defined Class A properties (as defined by the Building Owners and Managers Association International) as – Most prestigious buildings competing for premier office users with rents above average for the area. Buildings have high quality standard finishes, state of the art systems, exceptional accessibility and a definite market presence.

Mesa has eight Class A office properties with a total of 924,364 square feet, compared to Phoenix which has a total of 122 and 24,654,324 square feet and other neighboring east valley cities have 49 with a total of 7,194,257 square feet. Mesa has four Class A industrial properties with a total square footage of 1,773,521 compared to Phoenix which has 82 and square feet of 21,031,280 and neighboring east valley cities having 108 with a total square footage of 27,574,423.

Mr. Clegg shared aerial maps to help visualize the locations of the Class A properties throughout the valley.

The presentation also focused on Class A Indicators, which include central business district, major transportation corridors, hotels and restaurants and other amenities, major medical facilities or educational institutions, name recognition, urban density/demographics and major employers/industry clusters. Slides were presented showing the indicators that are applicable for Riverview, Broadway 101, Fiesta District and the Superstition Corridor.

Challenges within these four areas are a lack of available land, older neighborhoods with aging infrastructure-older buildings and perceptions about crime, lack of nightlife, workforce challenges, tired buildings and lack of redevelopment interest.

Mr. Clegg shared suggestions to attract and jumpstart Class A development, which include use of City of Mesa assets, update infrastructure and entitlements, utilize Central Business District and Redevelopment Area as well as incentives including customized timelines, GPLET, Self-Certification and partnership opportunities with private sector.

The Board shared thoughts and suggestions regarding the challenges:

- ✓ Dealing with and addressing perceptions, noting that perception isn't always reality.
- ✓ Businesses consider surrounding areas when leasing facilities – where employees take breaks and lunches close by and safely.
- ✓ Lack of Central Business District, both long term looking for areas to create new construction and short term making existing more efficient.
- ✓ Set tools in place to make redevelopment easier.

7. **Committee Updates** - Due to time limitations, Committee updates have been tabled until the March meeting.

8. **Director's Report**
   - AZLabs Update: small leasing and extensions are continuing.
   - GPEC Update: During the national search for Barry Broome's replacement, GPEC's Executive Vice President Chris Camacho will assume the interim role of President of the organization.
   - Marketing & Business Development Activities: Mr. Jabjiniak will forward the invitation for the ground breaking for two Class A buildings on the backside of Riverview along Alma School on January 21st at 11:00 A.M.

9. **Other Business**
   - Chair Snow stated the next EDAB meeting will be held on March 3, 2015.
   - Steve Shope requested a future agenda item to discuss the need for infrastructure to support students at the ASU Polytechnic campus.

10. **Adjournment**
    Chair Snow adjourned the board meeting at 9:09 A.M.

Submitted By:

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