

MEETING MINUTES

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

Date: February 2, 2016 Time: 7:30 A.M.

MEMBERS PRESENT

Terry Benelli
James Christensen
Natascha Ovando-Karadsheh
Dominic Perry
Jeff Pitcher
Steven Shope
Laura Snow, Chair
Jo Wilson, Vice Chair

EX-OFFICIO

Mayor John Giles (excused)
Chris Brady (excused)
Rich Adams (excused)
Brian Campbell
Jeffrey Crockett
Sally Harrison

STAFF PRESENT

Bill Jabjiniak
Julia Lichtenberger
Andrew Clegg
Michele Freed

MEMBERS ABSENT

Robert Stanger (excused)
Rich Adams (excused)

GUESTS PRESENT

None

1. Chair's Call To Order

Chair Laura Snow called the Economic Development Advisory Board meeting to order at 7:30 a.m.

2. Items from Citizens Present

None.

3. Approval of Minutes from the January 5, 2016 Board Meeting

Chair Snow called for a motion to approve the minutes from the January 5, 2016 meeting.

MOTION: Jeff Pitcher made a motion to approve the minutes.

SECOND: Vice Chair Jo Wilson seconded the motion to approve the minutes.

DECISION: Passed unanimously

4. Falcon District Strategic Plan Progress Update

Bill Jabjiniak began by acknowledging that Rich Adams had led the effort around the Falcon District, yet unfortunately could not be in attendance at today's meeting. He shared that this is the

annual report, which will include the entire Falcon District, not just the airport. Bill pointed out that currently the March 3 Council agenda will address the state of Falcon Field. He stated that Mr.

Clegg's presentation would be a look back at what has happened since the Strategic Plan was laid out.

Andrew Clegg, Project Manager with the Office of Economic Development, then thanked the Board for the opportunity to present to the Board regarding the Falcon Field Economic Activity Area Strategic Plan Progress Update. He shared a map showing the size and scope of the Falcon Field Economic Activity Area. He indicated that in today's update, he would be sharing about branding activities, marketing activities, leads, projects, and product development. One of the main goals in the Falcon Field Strategic Plan was to build awareness, increase visibility, and aggressively promote the Falcon Field Economic Activity Area. The strategy behind this goal was to create a unified brand that all of the area could fall under. As this is marketed out to the different stakeholders and prospects, leads and projects, it would provide one brand they could all focus on.

City staff led the process and worked with community stakeholders, business representatives and residents to create this new brand. After the research, they were able to create the brand pillars, key message points, and value proposition. Some of the key findings that the research came up with was that the Falcon Field area is clearly a center for major international players in aerospace, defense, technology and advanced manufacturing.

The workforce needed for these industries is already in place and the supporting companies, (Tiers II and III) to the major players are in place as well. A key message from the stakeholders was the airport itself was an important component for those in the defense industry, as well as large open land areas for privacy.

Andrew Clegg presented the Brand Promise and the new Falcon District logo to the Board. He pointed out that the new logo embodies the history of Falcon Field, as can be seen by the stylized wing, while describing the focus for job growth within the district (aerospace, manufacturing, and technology). The brand is currently being used on the City's Falcon District microsite, and on all marketing material that the Office of Economic Development sends out with respect to the Falcon District, and other communications regarding Falcon District activities.

Mr. Clegg then shared the different marketing activities they are participating in including the creation of a Falcon District microsite, the promotion of the Mesa Site Search tool, on-airport properties listed in LoopNet, LinkedIn and Twitter posts regarding different activities that are occurring in the area, as well as different direct marketing activities.

Next, he provided details about the Mesa Falcon District microsite. This can be found at www.MesaFalconDistrict.com. While the site is hosted on the Office of Economic Development website, they felt that having a distinct URL would be appropriate. The microsite was launched in September of 2015 and serves as the main point of information regarding the district. It also highlights press releases and information about things that are happening in the Falcon District. The new logo is highlighted prominently in the center of the page. The page also shows key industry clusters, information on the Falcon Field Airport, demographic information, value proposition, infrastructure that's currently in place, available properties, and major employers. This page serves as a first look for businesses that are considering moving to the Falcon District. Andrew Clegg reminded EDAB about the Mesa Site Search tool possessing multiple points of access from different areas within the Office of Economic Development website, and allows for

brokers and real estate professionals to gain exposure for their properties through the portal. In order for a posting to be shown, the posting needs to be a premium listing within the LoopNet system. In addition to the Mesa Site Search tool, as new prospects come into the area, and

request different property information, CoStar is also utilized to answer questions on available properties. Andrew Clegg pointed out that the City currently has approximately 60 acres of developable land on-airport, and 63 acres off-airport. In the past, these parcels have not been actively promoted with an agent or any websites, but this fiscal year a decision was made to utilize LoopNet and all of their resources, to actively promote the City's properties. LoopNet has tools which allow properties to be sent directly to contacts. OED staff has identified about 130 brokers and site selectors and have been targeting this group with direct marketing materials. The tools within LoopNet also have the ability to track how effective the marketing efforts are.

Question: Chair Snow asked who LoopNet was run by or if it was an external third-party.

Answer: Andrew Clegg answered that it was an external third-party.

Question: Chair Snow asked if it was accessible by all the property owners in the area and not just the City.

Answer: Andrew Clegg said it is available to those who purchase a subscription to it, usually real estate professionals.

Andrew Clegg continued his presentation by pointing out that when new and exciting things happen in the Falcon District, whether it's a new company coming to the area, an existing company expanding or an existing company with new orders, these updates are being promoted through different social media platforms. Mr. Clegg called the Board's attention to a slide showing an example of a LinkedIn article that has been posted. They also posted the information for their Twitter followers. The OED has about 1000 LinkedIn members and approximately 3,000 Twitter followers. Working in partnership with Falcon Field staff, the OED has identified 100 individual aerospace companies would need runway access. Utilizing the tools within LoopNet, airport information is being pushed out to these potential companies. They are continuing to identify new targets, and will follow-up with any perspective projects as they come up. To date, there has been marketing material sent out each month and currently the target list is about 100 companies. They are working out of a database that has over 6,000 so are increasing their target list each month. Mr. Clegg then provided a graph regarding E-Tracks, which consists of lead information received from partners such as GPEC (Greater Phoenix Economic Counsel). In Fiscal year 2014-15, the City of Mesa received 72 leads from GPEC and 28 of the responses contain properties within the Falcon District. Out of those 28 responses, 58 sites within the Falcon District were included in the 28 responses. Those particular E-Tracks in Fiscal Year 2014-15 represented 3,500 jobs, a capital investment worth 1.2 billion, an average wage of \$46,000 and 3.7 million square feet of new construction.

Question: Dominic Perry asked how many of those jobs were in the desired area of aerospace and military.

Answer: Andrew Clegg answered that all of these jobs were identified for Falcon Field, and although he doesn't have specific numbers in front of him, he believed that a good number were in the defense industry. He stated that he could easily find out the answer.

Andrew Clegg again referred to the E-Tracks graph and mentioned that the information regarding Fiscal Year 2015-16, was only through January 27th, as there is still some of the fiscal year left. Currently, they have received 37 E-Tracks from GPEC partners, representing 28 different individual

sites that met the criteria. For these particular E-Tracks, it represented 2,100 jobs, a 296 million capital investment, an average wage of \$41,000 and 2.7 million square feet of new construction.

Question: Terry Benelli inquired about LoopNet tracking ROI (Return On Investment). She wondered how the marketing efforts had stepped up in 2015, but didn't seem to be showing similar results from the marketing in 2016. She asked if Andrew could identify a reason for this.

Answer: Andrew Clegg answered that they began the marketing activities in September/October. While the E-Tracks have stayed the same, those particular leads were generated through partners. The marketing efforts, where they are directly going out to new prospective businesses, have not resulted in many leads.

Question: Terry Benelli asked if results are anticipated in this quarter or next, or if Andrew could indicate what the lag time should be before results are seen.

Answer: Bill Jabjiniak pointed out that it took a while to develop the brand and the whole marketing program. He indicated that after implementation, there is often considerable lag time. He would expect, given the volumes that are being seen through the partners and even the OED outreach, to start seeing some results during this calendar year. The OED has to find the right balance between getting someone to build what is in demand today, versus infill on existing properties. Mr. Jabjiniak articulated there is activity, but they needed to match up the inventory with that activity. He stated one of the criticisms of Mesa as a whole is there is not enough existing buildings. More than 80 percent of leads are looking for existing buildings.

Andrew Clegg shared information regarding businesses with Locates/Expansions/In-Process that are going on right now. These include Special Devices who are working on an expansion. Mount Baker Vapor is another business expanding that recently relocated to the Falcon District. JPCI is a neighbor of Special Devices. They are an environmental coating and manhole cover rehabilitation company. Wiremasters is a Falcon District company that is going through an expansion. Project Melville is an aerospace parts manufacturing company that is looking for a second site. He shared that a new concept restaurant had gone into the old Anzio's Landing restaurant called Steak and Stone and had opened in December of 2015. He further shared about another project currently being worked on within the Falcon District, but is currently out of the City limits. It is an Outdoor/Indoor recreation project that will have two facilities. The site being considered is north of the 202 and Thomas Road. In addition to the other marketing activities, they have participated with Falcon Field Airport on a couple of trade shows, one of which has already been attended, and the other one they will be attending shortly. Mr. Clegg mentioned that at the trade show, there were 70 businesses targeted that they had the opportunity to discuss their site with and to promote marketing materials to them. The next event they will be attending is the Helicopter Association International - Heli Expo on March 1-3. Targets are being identified and will be contacted shortly to set up some appointments. They will also be evaluating other trade show opportunities and, budget permitting, may be attending some other events as well. He stated that one of the things identified in the Strategic Plan that is lacking, is available product. They have been involved in a couple of different spec buildings they are very excited about. One is targeted more at smaller, condo size shops, the other one is for larger individuals that need larger space.

In summary, Andrew Clegg shared that this presentation demonstrated the progress made towards the goals as identified by Falcon Field Economic Activity Area Strategic Plan. He called attention to the fact that a regional brand had been created which captures the spirit of the Falcon District. Armed with the new brand, OED Staff and Falcon Field Staff have increased the level of marketing

and exposure to the district through the use of Social media, the web and through other technologies, as well as attendance at trade events. In addition, direct marketing efforts have started and will be ramped up through the remainder of the year. They will continue to build upon what has been done since September. They will also continue to expand their activities in an effort to bring a greater awareness to the Falcon District. Staff will continue to identify aerospace

businesses that have a need to be on-airport, as well as off-airport and from there they will begin targeting advanced manufacturing businesses to bring on to the Falcon District as well. OED Staff will continue to work with developers to identify other spec building opportunities to increase the products available in the area and identify other locations that may be appropriate. Mr. Clegg finished his presentation and invited the Board to ask questions.

Question: Steven Shope said that he really liked the logo and asked if there was funding to actually implement the logo and signage at the airport and the terminal.

Answer: Andrew Clegg stated this is something OED Staff is taking into consideration.

Answer: Mr. Jabjiniak stated that there has been no identified funding at this point. He hopes to roll the logo out in multiple phases through the use of banners and signs. It will be a challenge to find budget money to do this, but opportunities will continue to be looked for to find some budget money to allocate for this project. Currently, there is no funding.

Comment/Question: Steven Shope said that he thought they might be able to do a better job of marketing to the aerospace and defense companies in regards to trade shows. He wondered if AdWords had been purchased to market to this group at all and asked what might be done on the website to attract aerospace and defense companies.

Answers: Andrew Clegg answered that AdWords had not been purchased as of this time, but it is something that could be consider going forward. Thus far, they have been promoting out to the aerospace businesses to redirect to the page.

Comment: Brian Campbell thanked Andrew Clegg for a fantastic presentation. He also indicated his support of the logo. He acknowledged that he really liked the brand promise listed in the presentation, and the emphasis on the existing labor force in the area, but he pointed out that as Mr. Clegg worked his way through the presentation, he didn't see the piece that would emphasize and promote that area of the brand promise. He thought there might be a way to take advantage of some of the exciting new technologies that are coming online. He suggested working with the existing labor force and working with their existing educational partners to build to that strength and he felt this would create a real winner. He suggested that companies consider workforce development and labor improvements one of their top priorities. He hopes to find a way to emphasize all the strengths the City has and feed it into the marketing efforts, so that when they see Falcon District, they see all the components of education, resources and labor the City has to offer.

Response: Andrew Clegg thanked Mr. Campbell for his feedback.

Chair Snow called for any more questions for Mr. Clegg. Seeing none, she asked Mr. Jabjiniak for any closing comments. Bill Jabjiniak shared that Councilmember Luna is very interested in trying to work with the OED on new initiatives and specifically in growing the aerospace sector. He also pointed out they are working hand-in-hand with the airport, promoting not just their sites, but actually pushing them to a new level. He shared that the OED will be rolling out the 60 acre site, which Andrew Clegg mentioned in the presentation, in March. They are hoping to integrate more technology into the aerospace sector. He indicated that the Falcon Airport is closer to Sky Harbor than any other general aviation airport in the valley, but that very few people realize this.

Question: Jeffrey Crockett asked if they had looked at what drives people to the other valley airports, as opposed to the Falcon Airport. He asked if it was just a simple marketing problem of not having the word out, or was there something that could be added there to help the airport become more competitive, as compared to these other airports.

Answer: Mr. Jabjiniak pointed out in the real estate world, location is the most important thing.

Answer: Dominic Perry stated that currently Scottsdale Airpark and Deer Valley Airport were the primary hubs of activity.

Question/Comment: Jeffrey Crockett asked if this was primarily due to the freeway access they have. He also indicated that Falcon Airport has good freeway access also.

Answer: Natascha Ovando-Karadsheh shared that these other airports are surrounding by hotels, shopping, and retail.

Answer: Dominic Perry also pointed out that there is a lot of industrial based around Deer Valley Airport. He also shared that both the Scottsdale Airpark and the Deer Valley Airport have longer runways than Falcon has, which means larger jets are able to land. He also indicated that although there is a flight school at Falcon, there is a bigger one near Deer Valley, bringing a lot of traffic and revenue to that airport.

Comment: Brian Campbell said that the East Valley Partnership had been working on this regional approach and he mentioned the different market niches that the individual airports cater to. He said there are a lot of high technology applications that could be driven into Falcon Airport.

Question: Dominic Perry asked Mr. Jabjiniak when he has conversations with companies that are looking at coming to the area, what are the key reasons they decide against the area.

Answer: Mr. Jabjiniak pointed out that the biggest reason given is a lack of available product that fits their demand. He also indicated that the second biggest reason is their concern regarding where their executive workforce will live. With a very competitive workforce environment, they want to make sure people are willing to drive to where they locate. He mentioned that there is available land, but developers need to work together to build a product that is in demand. He stated that there are very few existing buildings with large square footage and not everyone is willing to wait if they can't find existing product and have to explore build-to-suit opportunities. He shared that sometimes this is a way that site selectors eliminate a market.

Question: Terry Benelli asked about the salary range Andrew Clegg had given in his presentation, and the fact that the salary range was \$10,000 less than the call centers at Fiesta.

Answer: Mr. Jabjiniak shared they were very fortunate with Santander coming in with jobs in the salary range of \$51,000, but depending on the type of call centers or back office operations, this will drive the salary range being looked at. The light industrial market has seen salaries adjust to a slightly lower level. He pointed out that it would seem logical that a lack of supply would drive a higher price point, but that isn't always the case. He also indicated that on leads, they are seeing a different average salary. They are trying to look for jobs that are 125% of the county median. He indicated that distribution jobs were predominately in the West Valley, but the East Valley had more light-manufacturing. They are definitely trying to bring in the higher quality jobs to the area.

Chair Snow thanked Andrew Clegg for his presentation.

5. Director's Report

Mr. Jabjiniak introduced Michele Freed to the Board. She is an Administrative Assistant in the Office of Economic Development. He shared that GPEC had distributed a draft of their Strategic Plan. He

mentioned they had gone from a 5-year plan to a 3-year plan. He thought this was a welcome change. He indicated that over the summer, he had met with the incoming chair of GPEC, who is a Mesa resident. Mr. Jabjiniak had the opportunity to sit down and discuss what the City of Mesa desires from GPEC. He acknowledged that business attraction had always been and would continue to be one of the number one needs from GPEC, but they are looking at competitive tools as another way that GPEC can help out the City of Mesa. In his opinion, he thinks GPEC is narrowing their focus just a bit.

Comment: Brian Campbell stated the desire to shift the focus of GPEC to the East Valley and having a Mesa resident heading up GPEC is a definite plus. He feels that the East Valley has the assets people are looking for.

Question: Steven Shope asked if assistance is available through MAG.

Answer: Brian Campbell answered they are working with MAG through their TPC so that the City of Mesa can benefit from MAG.

Answer: Mr. Jabjiniak stated that the OED are indeed trying to identify the ways in which MAG can play a role.

Question: Steven Shope asked if MAG is involved in planning a lot of the infrastructure.

Answer: Mr. Jabjiniak answered this was true, but they need to work together in regards to infrastructure.

Mr. Jabjiniak continued his update by sharing that he is very pleased with the direction GPEC is going. He had just returned from an International Economic Development Council event, and told the Board that GPEC is very well thought of across the country. He mentioned that this coming Thursday, the East Valley Action meets on a business retention discussion. He pointed out that site selectors are in Mesa this week due to the Waste Management Open. He reminded the board about LaunchPoint, an effort a few years ago to partner with ASU in the area of entrepreneurship. They have written a new business plan and will be seeing some exciting changes coming up in the future, including a possible change of location.

Question: Steven Shope asked if there was any opportunity to build curriculum around LaunchPoint.

Answer: Mr. Jabjiniak indicated this was a definite possibility. He mentioned the Allan P. Kirby Center for Free Enterprise & Entrepreneurship in northeast Pennsylvania and indicated they are looking at how a similar type of model might be achieved here.

Mr. Jabjiniak passed out copies of the OED Strategic Plan. He pointed out that this was a 3-year effort and includes some great information. He stated that although there are some great opportunities and resources available, they need to continue to be aggressive and find ways to position themselves well. He shared that Business to Baseball was coming up and the Board would be getting an invite. It will take place on two different dates. March 10th will feature the A's and the Dodgers at Hohokam and on March 14th the Cubs and Padres will play at Sloan Park. Both events start at noon. It will include lunch and then the first pitch will be at 1:05 p.m. Council members will be available, as well as other businesses, in an effort to develop relationship building. The OED will also be hosting their own Executours on five other dates and he mentioned that the board might be receiving invites to those events. He also indicated that MultiView, a digital advertising lead generation campaign, would be launching in March.

Question: Steven Shope asked if there were any updates on AZLabs.

Answer: Mr. Jabjiniak answered that he had nothing to share at the moment.

Comment: James Christensen stated he thought moving LaunchPoint was a great idea. He pointed out it is very important to connect these entrepreneurial individuals with people who can help take them to the next level.

Response: Mr. Jabjiniak commended the efforts to encourage entrepreneurship. He said they needed to figure out all the parts involved to best help interested entrepreneurs to partner with the right people and tools they need to succeed.

Comment: Steven Shope articulated that he thought that Mesa and the whole valley were completely underrepresented in the SBIR program. He said it was competitive and required good ideas, but it was a great opportunity that few people were taking advantage of.

Question: Chair Snow asked Steven Shope what SBIR was.

Answer: Steven Shope answered that it stood for Small Business Innovation Research. Every government agency that has more than 100 million in extramural research has to participate. If a small business develops a product under SBIR, that business will have sole source rights to sell to the government. He indicated that the program provides real money and great opportunities

Question: Chair Snow asked if there was a way to make sure that people are aware of these opportunities.

Answer: Steven Shope mentioned that some of what is needed is education, as well as knowing where to look for the opportunities.

Comment: Brian Campbell shared that there is now a budget in the defense sector and some of the aerospace partners will have more access to capital than normal. This may provide an opportunity for the City to take advantage of additional opportunities this may provide.

Comment: Steven Shope stated that there is a lot of money from NIH, which is one of the biggest sectors in the SBIR program.

Comment: James Christensen said it seemed important to have someone who was aware of all these points of contact and could point interested parties in the right direction. He thought this might be a full-time position.

Question: Natascha Ovando-Karadsheh asked if they hosted anything annually that allowed all of their aerospace partners to come together for a roundtable. She thought this type of collaboration would be very helpful.

Answer: Bill Jabjiniak stated that at this time there isn't anything on an annual basis in terms of aerospace partners. However, he revealed that in southeast Mesa, some of the heavy industrial users are getting together monthly to talk about common issues faced, such as flooding. He said he and Sally Harrison had talked about getting some of the business people together annually, but haven't followed through with anything specific at this point.

Comment: Steven Shope said that the federal government requires that large companies like Boeing, Honeywell and Raytheon subcontract a certain percentage of their work to small businesses. It would be great to subcontract to Arizona companies. He thought it would be very helpful to have a roundtable with these large companies.

Mr. Jabjiniak finished his update by informing the Board that on Thursday morning, February 4, Mayor Giles will deliver the Mayor's State of the City address at an event. He invited the Board to sign up if not done so already.

6. Other Business

Chair Snow suggested that later this month, she would like to see EDAB divide up and meet with individual council members and the mayor to dig a little deeper into the vision they have individually for the City as well as for their districts and talk about some of their strategic priorities. She would then like to use that information to consider restructuring their committees and agendas for the remaining calendar year. With the Board's permission, she would like to ask Mr. Jabjiniak and his staff to help coordinate this effort.

Chair Snow told the Board that the next meeting would take place on March 1, 2016. Without anything further before the Board, Chair Snow adjourned the meeting at 8:37 a.m.

Submitted By:



William J. Jabjiniak
Economic Development Department Director
(Prepared by Debbie Frazey)