

MEETING MINUTES

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

Date: September 3, 2013 Time: 7:30am

MEMBERS PRESENT

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

EX-OFFICIO

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

STAFF PRESENT

Donna Bronski
Bill Jabjiniak
Shea Joachim
Karen McNulty

GUESTS

Roc Arnett
Barry Broome, GPEC President & CEO

MEMBERS ABSENT

Laura Snow (excused)
Jo Wilson (excused)
Steve Shope (unexcused)

1. Chair's Call To Order

Chair Rich Adams called the September 3, 2013 meeting of the Economic Development Advisory Board to order at 7:34 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 August 6, 2013, Board Meeting

Chair Adams called for a motion to approve the minutes from the meeting held on August 6, 2013.

MOTION: Mitzi Montoya moved that the minutes from August 6, 2013, be approved.

SECOND: Tony Siebers

DECISION: Passed unanimously

4. GPEC Update with a Focus on Metropolitan Business Plan (MBP)

Mr. Barry Broome, GPEC President and CEO, presented goals for the organization and his view of the economic development in the valley. He pointed out that the organization has brought over 100 companies to the valley in the past three years. From an organizational standpoint, a more productive and complex approach to the community has been realized. Additionally, GPEC has seen policy achievements at the Arizona legislature that has helped in the form of tax credit policies, closing funds, a very productive investment tax credit, and an improved corporate income tax position. Approximately 27 companies have shown interest in the area that should be realized within 6-12 months. In the next 18 to 24 months

we will go thru most of the available inventory and the market will go back into new construction.

The traditional economy was based on a correlation between population growth and income, wages and output growth. In the new economy, there is a weak correlation between population growth and income, wages or output growth. Sustainability in the economy has been one of the big challenges in Arizona. Before the economic downturn, six out of ten jobs in Arizona were based on consumption and population. In the recovery, that number is now seven out of ten jobs. The future appears to show a greater dependence on housing by 2015. The best-performing regions build around talented people and a culture of innovation. From all data, it appears the Phoenix area suffered greater than the rest of the country and consequently is recovering at a slower rate. The per capita income is falling as well, with two-thirds of the migrants to Arizona with no post-secondary education. Compared nationally, the area has fallen further behind and it correlates with cuts in education. When you look back at the 1940s-1960s, Arizona was 25 percent above the national average in spending on education. According to current data, we are now 25 percent below the national average.

The metropolitan area is seeing manufacturing as more productive than the national average with technology becoming more intensive. Policy infrastructure is lacking in property tax with the bulk of that tax going into the educational system. Export growth is greatly lagging for the area.

Five federal contract recipients from 2008 (Raytheon, General Dynamics, Orbital Sciences, L-3 Communications, and C.N.S. Communications) were 41 percent R&D funded by the federal government with 85 percent related to defense. This region needs to focus on elevating ASU to the quality of schools such as Georgia Tech and Stanford. The future needs support for healthcare, education and specifically aerospace and entrepreneurial base.

The current dilemma is realizing the slow recovery can return to low wages and cyclical volatility of consumption-based economy or invest in the region's assets for a thriving economy. With the influx of migrants, the tendency is to be reactive rather than focusing on complex and sophisticated answers. With 6,200 digital companies in the East Valley, supply for these entities should be fulfilled locally rather than from foreign markets.

GPEC recently hired Stanford Research Institute to design a \$2 billion science initiative. \$400 million will specifically go to ASU for their engineering school. Of the remaining \$1.6 billion, what are the competencies and technologies targets of the future that will allow us to be a center of excellence? We are going to pivot off of the center of excellence around engineering and move not to basic research but applied and commercial research.

In 90 days, GPEC will have a plan to develop mechanisms to make ASU a premier engineering school and how would we invest these remaining dollars and what would be the discipline? Who will oversee this investment? It will not be GPEC and it will not be a governmental agency, maybe Stanford Research Institute. We need to determine a policy mechanism to generate this income of \$200 million a year for 10 years. Having an institution like Stanford Research Institute manage and run the program would allow GPEC to be the advocate and drive investment, drive industry relationships and would also put Dr. Crow in a position to build a world-class engineering school.

With Silicon Valley realizing approximately a seven percent decrease yearly, greater Phoenix should poise to replace them in the industry.

5. General Plan Update

The General Plan review begins tomorrow with a draft review planned for December by the PAC committee. The draft should be available on the planning department's website.

Bill Jabjiniak expressed his appreciation for the advisory board's participation in the General Plan and keeping economic development at the forefront. He stated the biggest challenge currently is preserving employment sites. With high demand for housing, we have to learn to say no and get people to understand there are parcels in the General Plan designated for employment.

Chair Adams encouraged board members to attend General Plan meetings and stated Laura Snow will be attending several upcoming meetings.

Ms. Terry Benelli asked if there was place on the General Plan meeting agenda for public comment. Chair Adams stated this will be addressed by the committee to assure this is available.

6. Healthcare Subcommittee

Terry Benelli advised that the Healthcare Committee regrouped last week and they continue to compile lists of visits that need to be made to the healthcare community in Mesa to present the committee's plan. The consistent thread appears to be assuring that Mesa is a healthy living city with downtown areas developed into walkable and livable places.

7. Update on AZLabs

Mr. Brian Campbell stated there is little that can be discussed publicly at this time. The conveyance continues to move forward with optimism that this will be accomplished in the future.

8. Director's Report

Bill Jabjiniak stated committee assignments were distributed with a workload balance maintained throughout the board. The newer committee is the Accelerator Committee. This committee will work with Shea Joachim deciding on Accelerator applicants, criteria, and overseeing the growth and interpretation. The Business Retention & Expansion Committee will continue to push and find more information and also continue going out to visit companies with GPEC. The Healthcare Committee remains the same. The Higher Education Committee is no longer recruiting but rather focusing on growth of the schools. The Marketing / Outreach Committee will focus on reaching out to businesses in the right manner and in the right direction and will work with Kim Lofgreen. Every committee maintains one outside person in order to obtain input from the citizenry.

Mr. Brian Campbell queried regarding the open meeting law and whether these committees are subject to such. Ms. Donna Bronski, City Attorney, stated that normally subcommittees are subject to open meeting law. The board discussed whether any procedural errors might occur. Ms. Bronski reiterated that subcommittees are separate public bodies and are also subject to open meeting law. Ms. Bronski stated city staff members are more than happy to assist committees with properly posting agendas and public meeting notices.

Chair Adams called for a motion to approve the committees as proposed.

MOTION: Jeff Pitcher made a motion that the current committees be approved.
SECOND: Tony Siebers
DECISION: Passed unanimously

Bill Jabjiniak announced Sara Sorensen joined the staff as Project Manager on August 26, 2013. She is from the greater Richmond area, has a degree from Virginia Tech as well as a strong marketing background. Economic Development has one remaining vacancy.

9. Other Business

Tony Ham was recognized as an addition to the board. He has been employed with Boeing for 31 years, working in Saint Louis, Missouri the first 26 years and in Mesa for the past five. He also pointed out that Boeing is one of the largest employers in Mesa with approximately 5,000 employees. Mr. Ham shared that he has been married for 27 years.

Bill Jabjiniak announced that he will be on the road recruiting and supporting the region for approximately two weeks the beginning of October. Jaye O'Donnell will cover the October meeting.

Chair Rich Adams reviewed the ribbon cutting and blessing that was held last Tuesday for Benedictine University. Matheson Mesa Air Separation Unit groundbreaking is scheduled for Tuesday, September 17 at 10:00 a.m. He also announced the Fiesta Substation Grand Opening to be held Thursday, October 10.

Terry Benelli interjected on December 9, 2013, the Downtown Development Summit hosted by Mayor Scott Smith will be held with a focus on the Transit-Oriented Development (TOD) vision for downtown Mesa and finishing with financing mechanisms and the healthcare strategy the following morning.

Mitzi Montoya stated that Monday, September 9, 2013, the LDS Institute will break ground at ASU Polytech. She further stated that unofficially, the College of Technology & Innovation has recognized a 15 percent growth in enrollment and on target for making the goal of 7,000 in the next few years. Additionally, new degrees have been launched this year.

Mr. Tony Siebers stated that Benedictine University had their orientation Friday and classes began on campus today.

Tuesday, October 1, 2013, will be the next board meeting.

10. Adjournment

Chair Adams adjourned the Board meeting at 8:27 a.m.

Submitted By:



William J. Jabjiniak
Economic Development Department Director
(Prepared by Jeanne LaRue)