



## Joint Meeting of the Economic Development Council Sub-Committee and Economic Development Advisory Board

May 15, 2012

The Economic Development Council Sub-Committee of the City of Mesa met with the Economic Development Advisory Board in the lower level meeting room of the Council Chambers, 57 East 1st Street, on May 15, 2012 at 7:30 a.m.

### COMMITTEE PRESENT

Scott Somers, Chairman  
Alex Finter  
Dennis Kavanaugh

### COMMITTEE ABSENT

None

### STAFF PRESENT

Donna Bronski  
Chris Brady  
Bill Jabjiniak

### ADVISORY BOARD MEMBERS PRESENT

Rich Adams  
Terry Benelli  
Jeff Pitcher  
Tony Siebers  
Jo Anne Wilson  
Steve Woods

### EX-OFFICIO MEMBERS

Chris Brady  
Brian Campbell  
Jeffrey Crockett, Chairman  
Steven Shope

### MEMBERS ABSENT

Mayor Scott Smith, Ex-Officio  
Mitzi Montonya  
Steve Parker  
Peter Sterling

(Items were discussed out of order, but for purposes of clarity will remain as listed on the agenda.)

Jeffrey Crockett, Chairman of the Economic Development Advisory Board, called to order the monthly meeting of the Economic Development Advisory Board.

Chairman Crockett excused Boardmember Parker, Boardmember Montonya and Boardmember Sterling, from the entire meeting.

1. Items from citizens present.

There were no items from citizens present.

2. Approval of minutes of the following previously held meeting:

2-a. Economic Development Advisory Board Meeting held on April 3, 2012.

The Economic Development Advisory Board approved the minutes from the above-listed meeting.

3. Presentation/Action Items.

3-a. Hear a presentation and discuss Market Intelligence in the Aerospace and Defense Industries.

Barry Broome, President of Greater Phoenix Economic Council (GPEC) displayed a Powerpoint presentation (**See Attachment 1**) and provided brief background information relative to the retention/expansion of local economic development shops. He explained that GPEC's main objective was to drive investment and industry into the market and provide information to local Chambers and Economic Development staff regarding the businesses located in the Valley.

Mr. Broome briefly described the Market Intelligence program that has been designed to assist Chambers and communities in building their retention/expansion activity. He said that the program, which is still in the pilot phase, would focus on the aerospace and defense industry. He advised that the aerospace and defense industries have been targeted for defense cuts that could range from \$250 to \$300 billion.

Mr. Broome advised that GPEC's program would provide an analysis of the defense cuts and an in-depth due diligence of the Tier 1 and Tier 2 companies (primary contractors, large suppliers, technology companies). He explained that a Tier 1 company could be a business such as Boeing and a Tier 2 company would be a supplier for Boeing. (See Page 2 of Attachment 1)

Mr. Broome reported that the legislature has expanded and funded the renewable tax credit program out to the year 2019. He advised that the \$630 million refundable tax credit was now available to all export industries and that GPEC would provide a refundable tax credit of up to 10% of their capital investment to aerospace and defense industries. Mr. Broome explained that if a company such as Boeing were to consider a \$200 million investment that would add more jobs in Mesa they would be eligible for a tax credit against the capital investment. In addition, he said that the tax credit program favors export type industry companies who make capital investments.

Mr. Broome briefly summarized the aerospace and defense industry trends and noted that small businesses thrive in areas where there are export industries. He advised that the refundable tax credit combined with a Military Use Zone and the Foreign Trade Zone would be appealing to many companies. He also advised that Arizona had the fifth largest share of defense contracts in 2011 and the fastest growing research and development market in the region since 2004.

In response to a question from Chairman Somers, Mr. Broome explained that the \$480 billion in defense cuts would be strictly to defense contracts. He said the cuts did not appear to be part of a Base Realignment and Closure Act (BRAC) process nor would they affect Luke Air Force

Base however, he stated that the defense cuts were a real threat to Arizona and should not be taken lightly. He added that the original super committee projected that the cuts would cost the state 33,000 aerospace jobs.

Mr. Broome reported that there have been discussions regarding an additional \$500 billion in defense cuts. He stated that these defense cuts were the reason the aerospace and defense industry was selected for the retention/expansion program. He noted that some aerospace companies have already provided notice to cities that they would be closing.

Mr. Broome briefly outlined the top prime aerospace and defense contractors in Arizona and said that nationally companies such as Boeing and Honeywell have been targeted for defense cuts. He noted that he was more concerned with how the cuts would affect Raytheon, a company in Tucson, that manufactures missiles. (See Page 3 of Attachment 1)

Mr. Broome displayed a chart (See Page 4 of Attachment 1) that illustrated the threat analysis process. He stated that while 800 companies have been identified, GPEC would focus on the 114 contractors and 20 prime contractors located in this region. He explained that staff would be monitoring industry trends, merger acquisitions, private equity activities and defense cuts. He said that the City would be notified when companies within the region were acquired by private equity funds with the intention of reducing operations.

Mr. Broome discussed the closing of Covance, L.L.C. in Chandler and said that when a plant closes notice is not usually provided and is why the Market Intelligence program would need to be aggressive. He stated that GPEC's goal was to build market intelligence and work with the communities to promote company engagement. He briefly highlighted some of the added benefits that could come from meeting with the companies as follows:

- Meetings could lead to expansions
- Staff are alerted to any other business activity
- Ability to share information with communities

Mr. Broome briefly outlined the process that would be used to engage the 700 service providers and suppliers as follows:

- Obtain coverage and provide each of the 700 ambassadors with an engagement kit
- Meet and update the profiles of all aerospace and defense companies by the end of the summer
- Seek letters of support for ACA's Unmanned Aerial Systems Test Range Effort

Mr. Broome advised that GPEC would explore the technologies coming out of the defense sector and determine if they can be used to create other business opportunities in the Valley. He briefly summarized the objectives of the GPEC Market Intelligence program as follows:

- Robust intelligence model to get ahead of potential threats/opportunities
- Market Strengths Weakness Opportunities and Threats (SWOT) analysis for next-generation technologies
- Workforce talent retention

In response to a question from Boardmember Adams, Mr. Broome explained that the \$480 billion in defense cuts, which is targeted specifically towards defense contractors, represented an estimated 8% of the total defense budget. He said that the cuts would be manageable as long as the additional \$500 billion in budget cuts was not implemented.

Responding to a question from Boardmember Shope, Mr. Broome explained that the total defense contract for McDonnell Douglas Helicopter was \$634 million. He said that he was uncertain as to how much of that \$634 million was located in Mesa.

In response to a question from Boardmember Siebers, Mr. Broome explained that Arizona's position on export was sliding due to the declining exports of the semiconductor industry. He noted that the exporting industry of the entire country had also declined however, he said that the legislature was beginning to focus more attention on the export industries.

Responding to a question from Boardmember Siebers, Mr. Broome explained that the next step would be to focus on the unmanned aerospace vehicle and build the expansion/retention model. He advised that discussions relative to next generation technology would need to take place at the Conference of Mayors. He also said that the federal government would need to provide entrepreneurs freedom to operate.

Mr. Broome advised that there are individuals who have Intellectual Property rights (IP) and trade secrets with national defense conditions that prevent them from working in the industry. He explained that industries that have large IP rights will "buy an employee's life" and prevent them from working in the industry for two years. He said that these individuals are compensated for the two years however, their talent is lost instead of being used to create innovative entrepreneurs.

Mr. Broome advised that he has had discussions with Congressman Ben Quayle and U.S. Senator John McCain regarding the importance of having freedom to operate in the wake of the defense cuts. He said that if the federal government was going to cut billions of dollars out of the market, the workforce would need to be liberated to allow employees who have trade secrets and IP rights the ability to work on a civilian level.

Discussion ensued regarding how to approach the federal government with regards to the defense cuts; freedom to operate; and the setting aside of \$15 billion to stimulate new technologies and incubator models.

Chairman Crockett thanked Mr. Broome for the presentation and said that the Board appreciated the work that GPEC was doing for Mesa.

3-b. Hear a presentation and discuss a Brookings Institute report regarding the Metropolitan Business Planning Initiative.

Dr. Steven Shope, a GPEC representative, displayed a PowerPoint presentation (**See Attachment 2**) highlighting the Metropolitan Business Plan Initiative established by the Brookings Institute. He said that the Metropolitan Business Plan Initiative selects certain metropolitan areas in the country and assists them in developing a next generation business plan for the region. He reported that the initiative was being funded by the Rockefeller Foundation and the cities that were selected for this initiative included Phoenix, Memphis, Lexington and upstate New York.

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Dr. Shope explained that one of the goals of the initiative was to convert the low-cost consumption economy into a high-value export economy. He briefly reviewed two high-level strategies that would be used to reach this goal as follows:

- Strategy one: Advance renewable energy and energy efficiency technology innovation and adoption
- Strategy two: Become a region known for excellence in remote operation technologies and the industries that use them

Dr. Shope advised that there has been tremendous growth in the global market with regards to energy efficiency, technology and services. He said that in order to take advantage of these opportunities a large range of local competencies in diverse sectors would need to be engaged and supported.

Dr. Shope provided a brief overview of green energy, which is a renewable energy that includes the following:

- algae for fuels
- renewable solar
- thermal solar
- building materials
- developing green energy building codes
- building homes that require net zero energy

Dr. Shope said that a clean energy organization would need to be established that would combine the different technologies into one unified service sector. He said that this organization would need to be market-driven and have the ability to provide technical and financial services. (See Page 5 of Attachment 2) He briefly touched on the following risks associated with clean energy development:

- Sector competitiveness
- Financial sustainability of institution
- Policies not in alignment (building codes and tax credits)

Dr. Shope discussed the growth market of the unmanned systems and commercial applications that have been driven by the defense industry. He said that the sensors and the data produced from the unmanned aircrafts were more important than the aircraft itself. He stated that unmanned aircrafts would be used by Boeing, law enforcement and Federal Express (FedEx).

Dr. Shope said that the first step in establishing a center of excellence for unmanned systems would be to facilitate the transfer of unmanned system technology, knowledge, products and services from the defense industry to the commercial sector via the following areas:

- Robotic and remote medical
- Information technology (IT) and cyber warfare
- Sensors
- Data/sensor analysis

Dr. Shope advised that individuals on the ground have been overwhelmed by the information that is relayed from the unmanned vehicles. He explained that for one unmanned aircraft flying in Afghanistan there are 21 people involved with that vehicle, in one way or another, on the ground. He briefly touched upon some of the risks associated in the development of a center of excellence as follows:

- Determine competencies and coordinate activities
- Referral policies and regulations may inhibit transfer to other industries
- Inconsistent industry standards may emerge
- Market competitiveness and transferability may not be viable

Dr. Shope stated that the best location for a center of excellence would be near AZLabs. He discussed some of the next steps that would need to take place in order to develop a center of excellence, which included:

- Obtaining a better understanding and coordinate with existing efforts such as Arizona Commerce Authority (ACA)
- Engage firms and develop an understanding of technology applications and needs
- Organize Arizona's industry leadership and identify champions

Responding to a question from Chairman Somers, Mr. Shope explained that most of the efforts have been focused on the regional aspect. He said that feedback received from the Brookings Institute indicated that they were not interested in the green energy effort however, they were very interested in the capabilities of the unmanned systems and believe that Arizona has a "leg-up" on the industry.

In response to a question from Chairman Somers, Brian Campbell Chairman of the Mesa Redevelopment Advisory Board, explained that the ACA was pursuing a center of excellence designation for Arizona. He advised that 42 states would be competing for the center of excellence designation and that the southwest valley could become a hub for this technology.

Dr. Shope said that compared to other states, Arizona was by far a leader as it has many assets related to unmanned systems. He stated that a significant amount of focus has been placed on the FAA designated test range however, there will be many other opportunities that will result from this effort.

Discussion ensued relative to what other states have done with regards to developing a center of excellence.

In response to a question from Chairman Crockett, Mr. Campbell explained the uniqueness of AZLabs and said that transitioning the unmanned aircraft system (UAS) technology from a military to a civilian application would be challenging.

Dr. Shope discussed the importance of simulated modeling, which he said could be applied to UAS development. He also said that there were not many facilities equipped for simulated modeling that have the capabilities of AZLabs.

Responding to a series of questions from Boardmember Adams, Dr. Shope explained that in the future there would be non-military uses of the UAS. He said the UAS would first be used by Federal Express (FedEx), United Postal Service (UPS), air cargo and medical transport vehicles in the air and on the street.

In response to a question from Chairman Crockett, Dr. Shope explained that funding would be necessary in order to coordinate the activities needed to start a center of excellence. He added that an investment by the state demonstrating their commitment would be beneficial.

Responding to a question from Committeemember Finter, Dr. Shope explained that a center of excellence would cost approximately \$5 million a year for the first five years. He said that this would include the cost to hire world-renowned researchers who would bring forth some of their own funding.

Mr. Campbell discussed the ACA's effort to identify state funding. He said that in order to ensure that state level funding was channeled to the southeast valley some public/private partnerships may need to be explored. He noted that having infrastructure in place would increase the opportunities in southeast Mesa.

Dr. Shope commented that regional or county level incentives might be more beneficial as state level incentives tend to become spread throughout the state.

In response to a question from Chairman Crockett, Dr. Shope explained that the main focus of the center of excellence would be on UAS however, there could be a similar model for green technology. He said that agencies who have demonstrated an interest in this project have requested that there be a strong affiliation with an academic institution. He noted that it was anticipated that there would be such an affiliation with Arizona State University (ASU).

Responding to a question from Chairman Somers, Mr. Campbell explained that City leadership can help drive where the center of excellence will be located. He said that it was important for the City to become engaged now as there were strategic opportunities that needed to be pursued.

Discussion ensued with regards to the ACA being a newly formed organization; the leadership of the ACA and their understanding of the political aspects; the need for outreach to congressional leaders; and the development of a regional funding model.

Chairman Crockett thanked Mr. Shope for the presentation.

3-c. Hear a presentation and discuss the Mesa Business Accelerator Program.

Economic Development Project Manager Shea Joachim displayed a PowerPoint presentation (**See Attachment 3**) and provided an update on the Business Accelerator program. He advised that the Economic Development Strategic Initiative would focus on the following:

- Entrepreneurial development of new businesses
- Development/growth of small businesses as an engine for our economy
- Development of Arizona State University Polytechnic (ASU) as a business accelerator

Mr. Joachim provided brief background information relative to the development process of the Business Accelerator program. He displayed an aerial photograph of the Phoenix-Mesa Gateway area and said that staff had been working with ASU to identify a building for the accelerator on the ASU campus. (See Pages 3 and 4 of Attachment 3)

He said that after reviewing a variety of options, ASU proposed that a portion of the classroom building (CLRB) adjacent to AZLabs be used to house the accelerator. He stated that negotiations were underway with ASU to lease approximately 6,400 sq. ft. of space within the CLRB. Mr. Joachim displayed a floor plan of the area that was being negotiated along with several photographs of the CLRB and said that \$72,000 had been allocated in the FY 2012/13 budget for facility improvements and operations. (See Pages 5, 6 & 7 of Attachment 3)

Mr. Joachim reported that he and Dr. Shope attended the inaugural meeting of the Arizona Business Incubator Association, which serves as a platform to share information across a variety of incubator concepts in the state. He advised that in March the Small Business Development Center (SBDC) hired a procurement specialist to lead the Mesa Procurement Technical Assistance Center. He explained that the Procurement Technical Assistance program was enacted by congress in an effort to help businesses “do business” with federal, state and local governments. He stated that it was anticipated that the City would be partnering with the SBDC to assist in small business innovation research and transfer programs through the federal government.

In response to a question from Chairman Somers, Dr. Shope explained that there were many different models of incubators/accelerators. He said that competition was not a concern however, acquiring effective ideas from other communities so as not to “re-invent the wheel” would be beneficial.

Committeemember Kavanaugh remarked on how long the process was taking and said that it had been two years since the business incubator was identified as a priority for the City in terms of Economic Development. He stated that it was his hope that through these negotiations the City would soon have a product to demonstrate to the community.

Economic Development Department Director Bill Jabjiniak advised that originally, the plan was to construct a new building however, through the partnership with ASU, a great location has been identified and only \$72,000 would be needed to start the development. Mr. Jabjiniak expressed his appreciation for the support of the Council.

Mr. Joachim briefly highlighted some of the recent headlines in the accelerator/incubator community as follows:

- February 2012 – Chandler Innovations announces 25,000 sq. ft. expansion of their incubator (former Intel facility)
- March 2012 – Gateway Community College opens \$6 million business incubator on campus (partnership between City of Phoenix, Blue Cross Blue Shield and Economic Development Administration)
- May 2012 – Peoria City Council approved \$1.6 million annual operating plan for bioscience incubator

Mr. Joachim advised that the next step would be to finalize the negotiations with ASU and develop a management and operations plan that will outline how the facility will be operated.

Committeemember Finter remarked that there has been significant progress made since the initial conversations began. He voiced his concerns with regards to the taxpayer's return on investment as well as the possibility that businesses could accelerate right out of the City. He expressed his support for the relationship that was being established with ASU and the reasonable start-up costs.

Chairman Somers commented that the City of Chandler has been successful in growing businesses that have all been incubated within the community. He said that some businesses have spread to other communities regionally but most have stayed within the City. He noted that the focus has been on the aerospace, engineering and technology industries and how to utilize the defense cuts to grow businesses. He stated that the City now has an opportunity to obtain some control and have a center of excellence located in Mesa. He added that the next step would be to develop a business plan and a sustainable model.

Mr. Jabjiniak advised that the \$72,000 needed to start the development was included in the budget proposal. He said that the next step would be to engage ASU as a partner and develop a business plan. He added that it was difficult to outline a business plan without having a physical space identified.

Boardmember Siebers expressed a personal interest in connecting with the incubation program to help sustain his business.

Mr. Jabjiniak advised that six different items were still being negotiated with ASU, therefore, he suggested that this item remain a priority on the agenda.

Mr. Shope commented that a center of excellence next door to the incubator would be a tremendous asset that could generate additional "spin-off" businesses. He also said that he would like to see involvement at the high school level so that students could begin to learn about the incubation process.

Chairman Somers remarked that obtaining a physical space for the accelerator was important however, considering the field that was being explored, a virtual component could be an option.

Discussion ensued regarding the addition of a virtual component such as a Mesa Technology cloud.

Mr. Campbell reported that plans were beginning to align however, without the financing there would not be any job growth or return on investment. He advised that a group of community leaders formed the Arizona Venture Partnership, which is a separate 501C3 organization. He said that this organization would raise money that will be given to qualified ASU students who would then partner with companies coming out of the accelerator program and prepare them for venture capital purposes. He said that the Arizona Venture Partnership would then take a small portion of the company as it emerges to put back into the 501C3 to fund the processes as it moves forward and becomes self-funding in the future. Mr. Campbell stressed the importance of establishing the business accelerator at this critical juncture.

Boardmember Adams expressed his support for the location that has been identified for the business accelerator. He said that this location would allow synergies to develop between the different businesses at a reasonable cost.

In response to a question from Boardmember Adams, Mr. Jabjiniak explained that the Council would be interested in hearing feedback from the EDAB. He said that while there have been some long delays in this process they have not been without reason and that it was important for the City to continue to support the effort.

Responding to a question from Boardmember Benelli, Mr. Joachim explained that the City of Flagstaff owns the building where their incubator is located and it is managed by a third party group. He advised that all the different incubator models would be evaluated to determine which model would be best for the City of Mesa.

Chairman Crockett thanked Mr. Joachim for the presentation.

Chairman Crockett stated that the EDAB meeting schedule is as follows:

Monday, May 28<sup>th</sup> – Memorial Day, City offices will be closed

Wednesday, May 30<sup>th</sup> – Groundbreaking for Metro Light Rail Extension

Tuesday, June 5 – EDAB meeting to discuss the election of officers

Mr. Jabjiniak introduced the new Economic Development Specialist, Ryan Brault, and advised that two additional project managers would also be hired. He also advised that the Mayor would be announcing that another Institute of Higher Education would be joining downtown.

Boardmember Adams advised that a Review Committee had been formed to review the City's General Plan. He said that he would keep EDAB updated on the review process as well as solicit their feedback.

Chairman Somers commented that the information presented would have a positive affect on Arizona and the community in the form of high wage jobs.

#### 4. Adjournment.

Without objection, the Economic Development Committee and the Economic Development Advisory Board meeting adjourned at 9:11 a.m.

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the meeting of the Economic Development Committee of the City of Mesa, Arizona, held on the 15<sup>th</sup> day of May 2012. I further certify that the meeting was duly called and held and that a quorum was present.

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LINDA CROCKER, CITY CLERK

bdw  
(attachments – 3)

# **GPEC MARKET INTELLIGENCE PROGRAM**

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## **PILOT: AEROSPACE & DEFENSE**



## MARKET INTELLIGENCE: A&D

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Regional approach to track and monitor clusters to quickly respond to opportunities and threats.

- Pilot program focused on region's aerospace and defense industries.
- GPEC's program provides analysis on cuts to defense contracts and in-depth due diligence on tier 1 and 2 companies (primary contractors, large suppliers, technology companies).



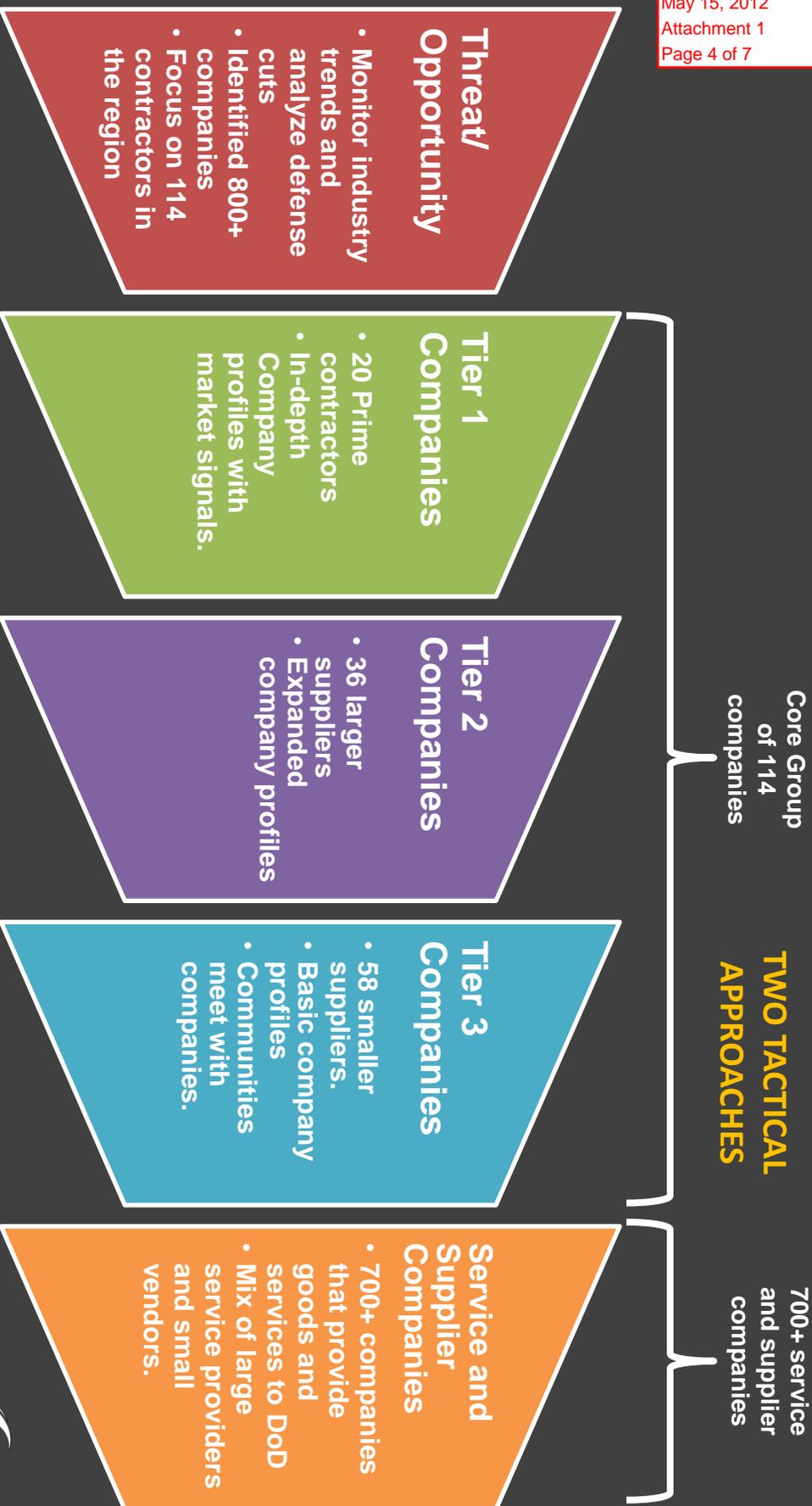
## MARKET INTELLIGENCE: A&D TRENDS

- Nationally, \$480B in defense cuts over next 10 years. Potentially another \$500B in cuts.
- Arizona had the 5<sup>th</sup> largest share of defense contracts in 2011.
  - The top five states: Virginia (\$43.0B), California (\$40.8B), Texas (\$32.4B), Maryland (\$13.6B) and Arizona (\$13.1B).
- Top prime contract products and services in AZ are:
  - Guided Missiles: \$2.2B
  - Aircraft, Rotary Wing: \$925M
  - R&D - Missile & Space Systems: \$557M
- Top prime contractors in AZ are:
  - Raytheon: \$4.1B
  - The Boeing: \$901M
  - McDonnell Douglas Helicopter: \$634M
  - General Dynamics: \$571M
  - Honeywell: \$519M

Source: U.S. General Services Administration. USASpending.gov. Accessed March 8, 2012.

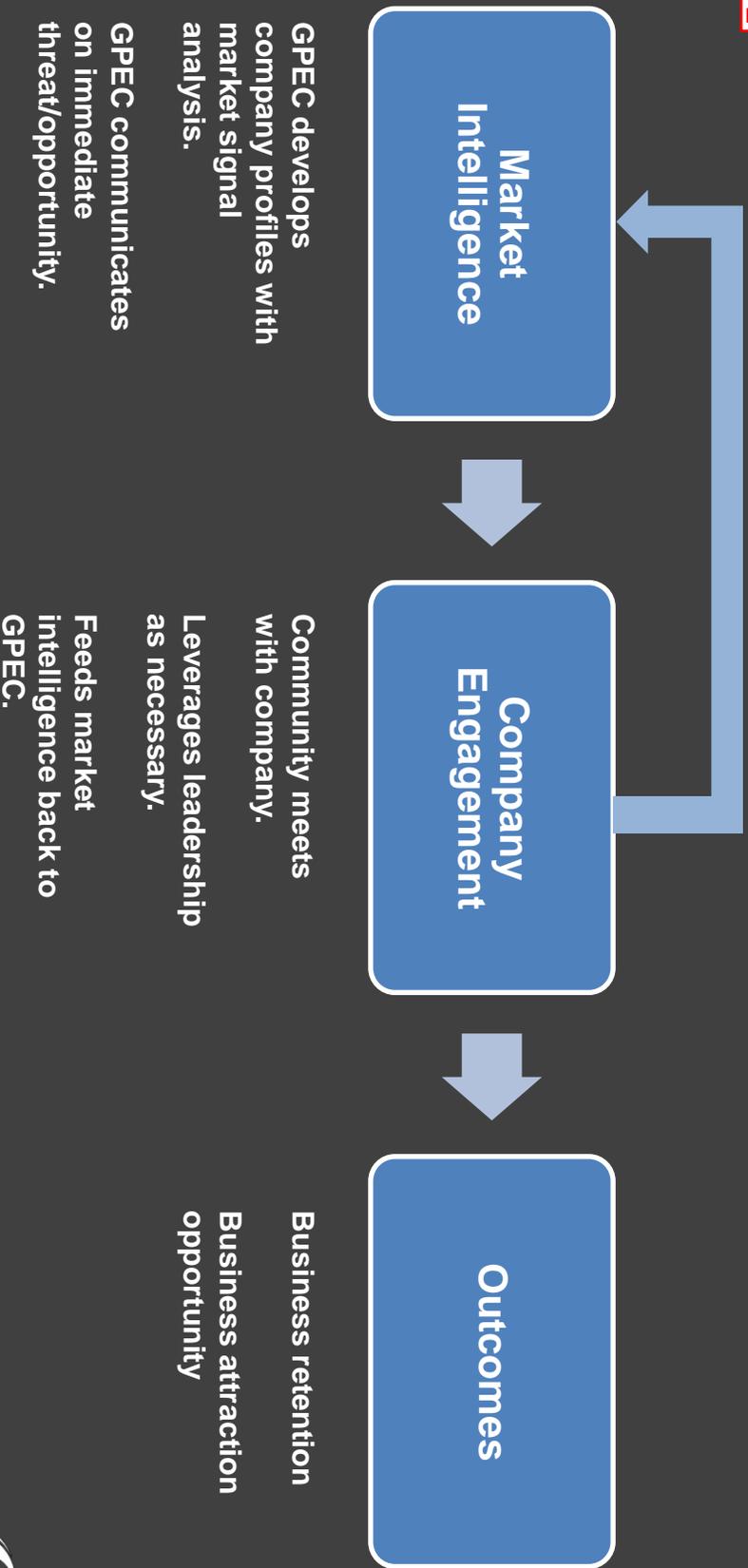


# MARKET INTELLIGENCE: A&D



# MARKET INTELLIGENCE: A&D

## Engagement Process for 114 Companies:



# MARKET INTELLIGENCE: A&D

## Engagement Process for 700+ Service Providers and Suppliers:



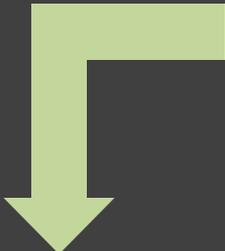
GPEC will provide a kit to GPEC ambassadors.

- Talking points on industry overview.
- Interview template and guidelines.

GPEC Ambassadors and local chambers meet with companies.

Feeds market intelligence back to GPEC.

Current trends, opportunities/threats.



Seek letters of support for ACA's Unmanned Aerial Systems Test Range Effort



# MARKET INTELLIGENCE: A&D

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## Summary

- Robust intelligence model to get ahead of potential threats/opportunities
- Market SWOT for next-generation technologies
- Workforce talent retention



**Overview of the  
Metropolitan Business Plan Initiative- All Teams Meeting April 2012  
for the  
City of Mesa Economic Development Advisory Board  
May 15, 2012**

# **GREATER PHOENIX REGION**

## **Metropolitan Business Plan Initiative- All Teams Meeting April 2012**



Steven Shope, Ph.D. – GPEC Economic Council  
Amy St. Peter - MAG

# GREATER PHOENIX STORYLINE

CONVERSION FROM LOW-COST CONSUMPTION  
ECONOMY TO HIGH-VALUE EXPORT SECTORS



## REVIEW OF HIGH-LEVEL STRATEGIES

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**Strategy One:** Advance renewable energy & energy efficiency technology innovation & adoption.

- **Strategy Two:** Become a region known for excellence in remote operations technologies & the industries that use them.

# ROAD INITIATIVE #1: CLEAN ENERGY DEVELOPMENT CENTER

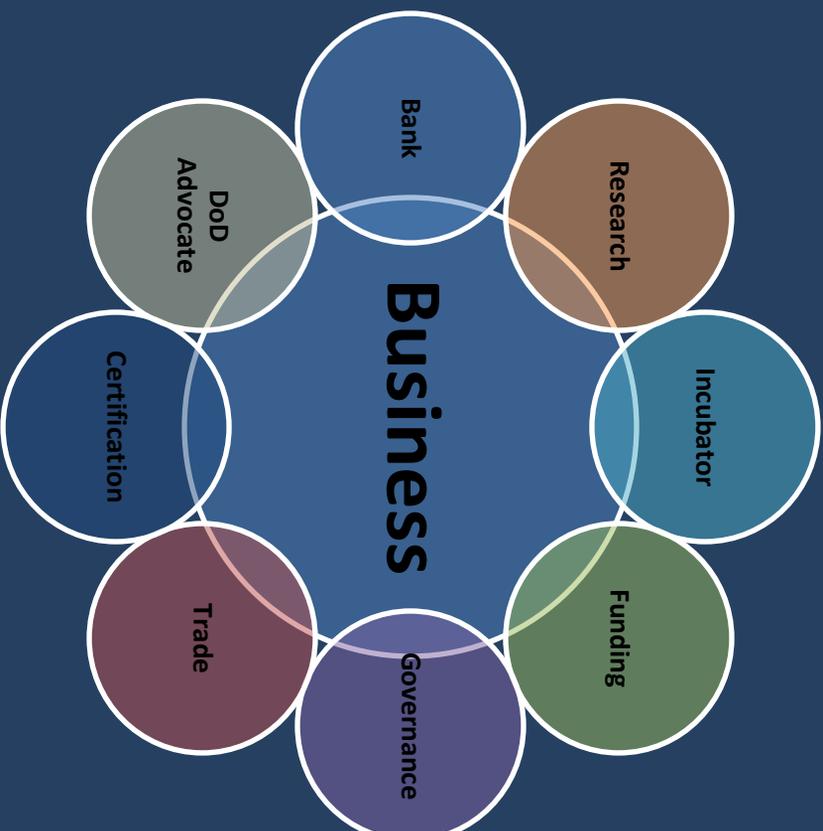
## MARKET ANALYSIS

- Huge global market growth in energy efficiency, technology, and services.
- Need to better define multiple and emergent dynamics of industries.
- Range of local competencies in diverse sectors needs to be engaged and supported.



# LEAN ENERGY DEVELOPMENT SECTOR

**Strategy:** Continually provide firm-driven, value-added research and services by sector.



**Institutional form:** A market-driven organization with technical and finance staff who can provide services.

## NEAN ENERGY DEVELOPMENT CENTER- RISKS

- Sector competitiveness.
- Financial sustainability of institution.
- Policies not in alignment.



## AD INITIATIVE #2: CENTER OF EXCELLENCE

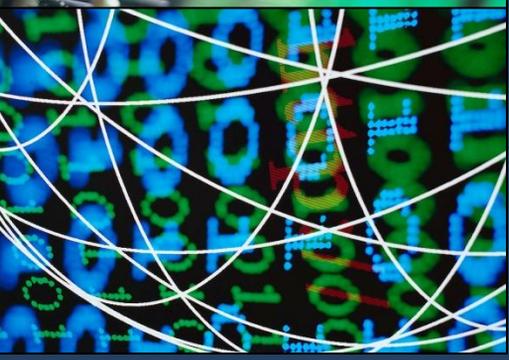
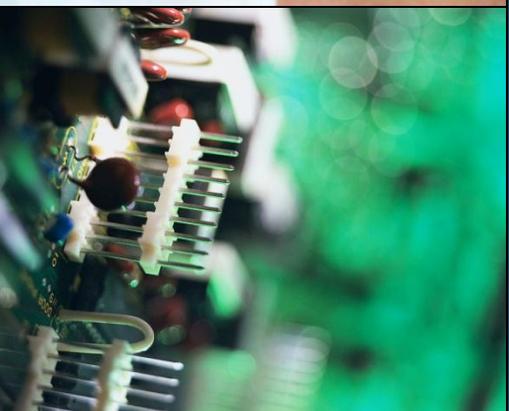
### MARKET ANALYSIS FOR AN UNMANNED SYSTEMS CENTER OF EXCELLENCE

- The region has significant activity in UAS, a growth market.
- The underlying technologies connect to other sectors with a wide variety of commercial applications.
- There are many existing and pending research and training institutions relevant to UAS technologies.



## ENTER OF EXCELLENCE FOR UNMANNED SYSTEMS

- Facilitate the transfer of unmanned systems technology knowledge, products, and services from defense into the commercial sector via the following sectors:
  - Robotic & Remote medical.
  - Information technology (IT) & Cyber Warfare.
  - Sensors.
  - Data/sensor analysis.



## ENTER OF EXCELLENCE- RISKS

- Determine competencies and coordinate activity.
- Federal policies and regulations may inhibit transfer to other industries.
- Inconsistent industry standards may emerge.
- Market competitiveness and transferability may not be viable.



## QUESTIONS AND NEXT STEPS

- Better understand and coordinate with existing efforts such as ACA.
- Engage firms to better understand technology applications and needs.
- Organize Arizona's industry leadership and identify champions.

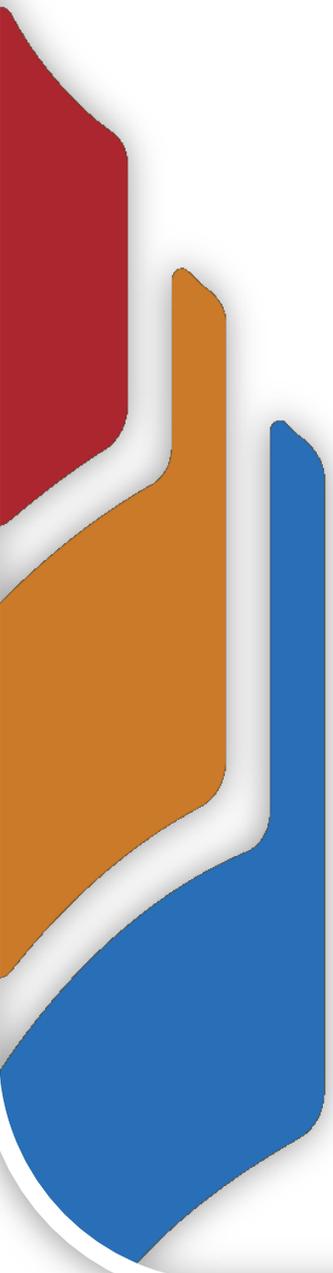


**END**

# **Technology Mesa Update**

***A collaborative designed to accelerate the growth  
of small businesses in Arizona.***

**May 15<sup>th</sup> 2012**





# Strategic Initiative

## Economic Development Strategic Initiative:



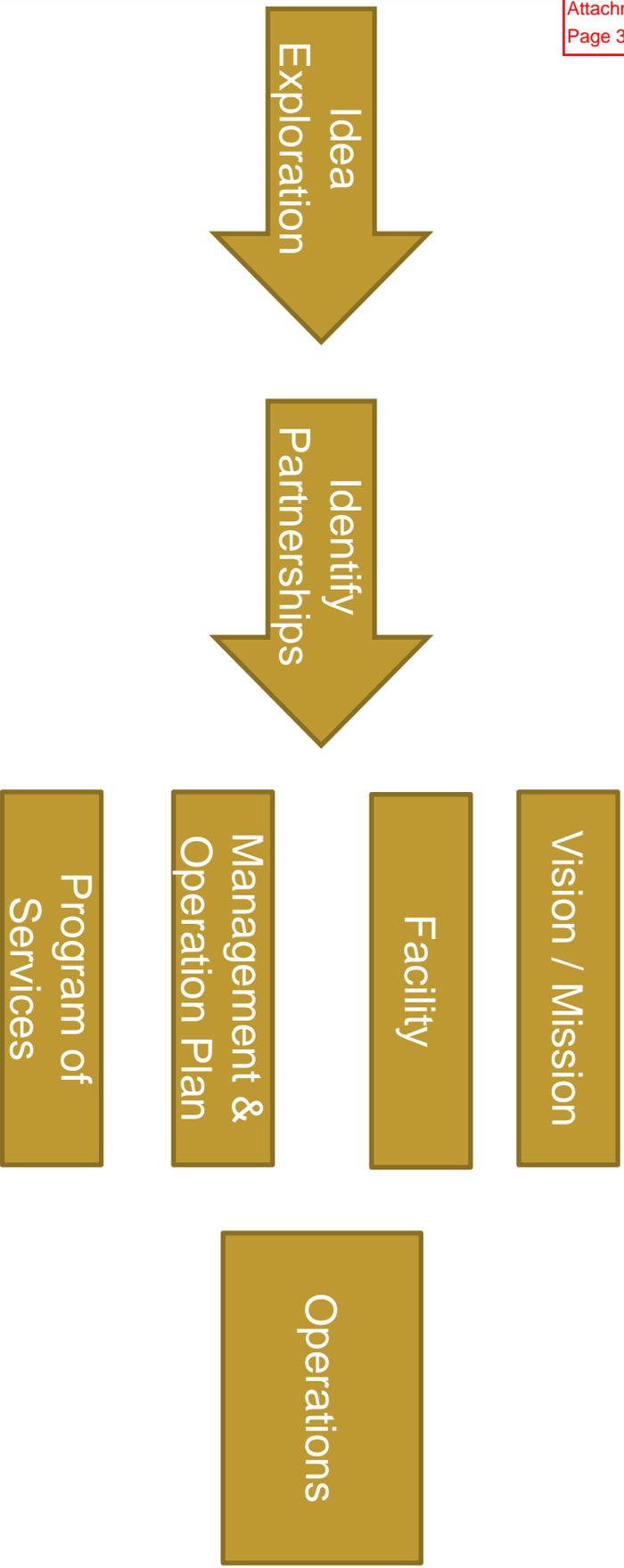
**“A new focus on entrepreneurial development of new businesses”**

**“A focus on development/growth of small business as an engine for our economy”**

**“Further development of ASU Poly as a business accelerator”**



# Development Process





**AZ Labs**



**CLRB Building**



**Sossaman Road**

**Phoenix-Mesa  
Gateway Airport**





# Facility Update

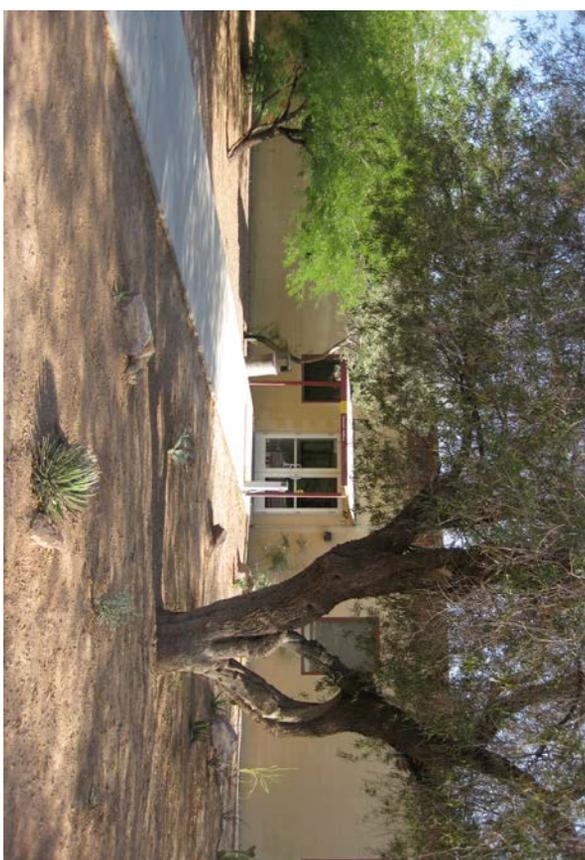
- **ASU identified an opportunity for the Accelerator in the CLRB Building adjacent to AZLabs**
- **Currently negotiating with ASU to lease approximately 6,400 SF**
- **\$72,000 allocated in 2012-2013 budget for facility improvements and operations**



Aerial View - Looking North



Ground View Of South Entrance



Ground View Of South Entrance



Ground View – East Side of Building



0 4 8 16 32





# Recent Related Activity

- **January 2012 – Mesa attended inaugural meeting of the Arizona Business Incubator Association**
- **March 2012 – Small Business Development Center (SBDC) hired a Procurement Specialist for the Mesa Procurement Technical Assistance Center**



# Around the Valley

- February 2012 - Chandler Innovations announces 25,000 SF expansion
- March 2012 – Gateway Community College opens \$6 million business incubator
- May 2012 – Peoria City Council approves \$1.6 million annual operating plan for bioscience incubator



# Next Steps

- **Finalize negotiations with ASU for space**
- **Develop Management and Operations Plan**

# Questions/Comments

