

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

January 5, 2021 7:30 a.m.

MEMBERS PRESENT

Jim Kasselmann, Chair
Rich Adams, Vice Chair
Brian Campbell
Deb Duvall
Matt Likens
Christopher Nickerson
Natascha Ovando-Karadsheh
Dominic Perry
Brad Wilson

EX-OFFICIO

Mayor John Giles
Chris Brady, City Manager
Sally Harrison
Jeffrey Pitcher
Jennifer Zonneveld

STAFF PRESENT

William Jabjiniak
Jaye O'Donnell
Lori Collins
Maribeth Smith
Natalia Cuneo

GUESTS PRESENT

Marc Alhstrom, Mesa Assistant City Engineer

The meeting was conducted via Virtual Platform

1. Chair's Call to Order

Chair Kasselmann called the Economic Development Advisory Board meeting to order at 7:30 a.m. He welcomed Mayor Giles and City Manager Brady to the meeting.

2. Items from Citizens Present

Chair Kasselmann read a comment card submitted by Tim Mello, Mesa resident, on two agenda items:

Item 4: It's a truism that you can't fix the economy until you fix the pandemic. What impacts from poor progress to stop the spread do you see for 2021?

Item 5: Has the Mayor had time to rethink and revise any previous projects or forecasts that might have been too optimistic? Was the \$90M in COVID Aid, Relief, and Economic Security well spent to deliver outcomes?

3. Approval of Minutes from the December Board Meeting

Chair Kasselmann called for a motion to approve the minutes from the December 1, 2020 meeting.

Brian Campbell moved to approve the December 1, 2020 minutes as presented; seconded by Dominic Perry. Upon tabulation of votes, it showed:

AYES – Kasselmann, Adams, Campbell, Duvall, Likens, Nickerson, Ovando-Karadsheh, Perry, Wilson
NAYS – None

Chair Kasselmann declared the motion carried by unanimous vote.

4. Review Of Economic Development's Five-Year Performance

William Jabjiniak, Economic Development Director, reported that our Strategic Plan was created in FY2019 and runs through FY2022. The goals of the Office of Economic Development are to grow Mesa's economy through business attraction and expansion, to be a premier location for companies to locate, and to increase capacity for quality economic development citywide. The Strategic Plan goals are to attract or retain an additional 7,800 jobs, locate or expand 85 companies, add \$1.6 billion in capital, and add 2.3 million square feet of commercial space. Business retention and expansion became very important during the pandemic as well as growing new relationships. We also continue to build our technical capacity and lead transformative projects and initiatives such as AZ Labs, entrepreneurship programs, workforce development, and redevelopment.

In terms of jobs created or retained over the last five years, we have been right on schedule and have even exceeded our goals in a few of those years. Year to date, we are a little behind schedule in terms of jobs, although we still expect to meet our goals. Our benchmark for average annual wage is 125% of the county median. Wages have grown at a steady pace over the last several years. We had underperformed in FY16/17, although wages shot up in FY17/18. For the year to date, we are ahead of schedule.

Capital investment is a great indicator of the amount of money in the economy. We have seen a nice climb in capital investment in the City. Actual performance over the last five years peaked in FY17/18, then slowed down last year. For this fiscal year, we have already hit our goal in the first six months. During the pandemic, we have seen an uptick in major capital-intensive projects. That is a good sign both from a construction and equipment standpoint with a few billion-dollar projects. For new or renovated square footage, we had projected a slow steady increase through FY20. Our actual performance well exceeded our projection. Year to date, we are at almost a million square feet.

Our performance versus our goals tells the story. We have met a lot of our goals consistently, although there is room for improvement and the idea is to continue to push that number. It will take investment in infrastructure, a vision, and the flexibility of our leadership to pivot during the pandemic. A year ago, we could not have predicted this amount of industrial growth.

BOARD QUESTIONS/COMMENTS

Dr. Deb Duvall asked regarding the steady increase in job wages, what is the level of education that those jobs are bringing to Mesa?

Mr. Jabjiniak advised that when jobs are announced, they come with an average salary. We are after the higher value, higher wage jobs. The average annual wage has bounced up in places compared to the county average. It depends on the industry segment. Office jobs tend to pay more on average than manufacturing jobs, although we have a lot of manufacturing interest. Aerospace and defense pay very well versus retail-type jobs. If we can maintain above 125% of the county median, we are doing well.

Dr. Duvall always hopes that our community is increasing the level of educational attainment by its citizens. She realizes that when we get jobs in our community, that does not necessarily mean that those persons are residing in Mesa. As an educator, she always looks for a more educated community because it seems that people who are more educated have an opportunity to participate in community affairs and civic activities. In relation to economic development, she likes to look at the social development as well. Mr. Jabjiniak and his staff should be very proud of the accomplishments over the last five years, especially under the circumstances of the last year.

Mr. Jabjiniak stated it takes everyone pulling in the right direction as well as the support of our leadership. He noted that what is different now is that the HR director is on the initial site tour looking at whether they can get the workforce, and many don't know the Phoenix market. We often have to talk about different types of engineers or disciplines. That kind of dialogue has also been an important piece as well as having partners like community colleges, ASU, and Benedictine University.

Brian Campbell congratulated Mr. Jabjiniak and his staff on the great numbers. As someone who worked on this plan and helped put it together for the City, he felt we were pretty close on the numbers, except for the square footage. He asked if we needed to revisit the square footage goal in particular, given some of the things we are now seeing in the pipeline and with COVID. Perhaps we need to add stretch goals to our next version. He noted our success will breed challenge as we are setting the bar higher. Regarding the square footage numbers, is there a way we can be more accurate moving forward?

Mr. Jabjiniak noted that we started off with an excellent projection, although it was hard to know what was going to happen this year. We certainly continue to push. In terms of the office numbers, we won't be able to absorb as much, although the industrial numbers are through the roof. We will continue to set the bar high. We were looking at hitting a peak, although obviously that did not happen.

Chair Kassermann felt the numbers and trajectories show how we were able to carry through 2020 and set the stage for 2021. He commended the Economic Development team for a great job.

5. Conversation with Mayor Giles Regarding Economic Development in 2021

Mayor Giles congratulated Mr. Jabjiniak and the Economic Development Office team. It is amazing that in this tumultuous and unprecedented time we are experiencing the level and types of successes that we are in economic development. Things have never been better and things have never been worse. He spoke about a painting he bought several years ago of a woman in a farm field in the rain holding an umbrella and planting seeds. That represents a deep and profound lesson. We can use the storm as an excuse to stay safe in the farmhouse looking out the window, but come harvest time, we'll be in trouble. It is in challenging times that we need to be out in the field with our umbrellas cultivating young plants in order to produce the comeback that we all want to see happen. The economy is booming in some ways, but it has changed. Mr. Mello brought up the question as to whether we are making changes to our five-year plan. Yes, we know the five-year plan will change every year. We are adapting and resetting our goals. As Mr. Jabjiniak indicated, we might have aspired to go after a lot of Class A Office space a year or so ago, although that market is not there anymore. It has been fun to see the level of interest we have received on these mega-industrial projects. We are chasing some now that will be front page news if we are fortunate enough to land them, and Mesa will be very competitive.

The ASU building is coming out of the ground quite nicely. There will be a huge video screen on the side of the ASU Film School building, adjacent to a beautiful city park. It will be a huge amenity to our downtown, although the economic impact will be significant as well. We are already seeing the ripple effect in our downtown with over 2,000 housing units in various stages of development along the light rail corridor, some top class developments, as well as new restaurants opening in this very challenging time. Our plan for downtown is playing out very well.

It is important that we learn the lessons this COVID challenge has to teach us. Early on in this challenge, people in our community were scared about having the necessities of life. With our community being over a half million people, we received direct funding from the federal government. We were immediately in an enviable position compared to some of our neighbors. We took very seriously the challenge of how to use that money appropriately and wisely. We conducted needs assessments in the community and the concerns expressed were about basic services such as food

and housing. We have distributed many, many tons of food over the last few months and Mayor Giles has been involved in several food distribution events. At one of those early events with the United Food Bank before everyone had masks, he remembers seeing elderly people standing in line, many with underlying health issues. He was concerned because these are exactly the people we need to keep at home and here they are standing a couple feet away from each other because they are so desperate about their situation. He heard a quote that while we are all in the same storm in this pandemic, we are not all in the same boat. Some are on life rafts and some are in luxury yachts. There are some real divides that we need to bridge in our community. At another food distribution event at a Mesa elementary school, he saw families coming in to pick up food as well as packets of school work for their kids to do at home. The school office was printing pages and pages so that these kids could have access to an education. It became very obvious that when we shift to an online curriculum, there are some in our community that were being excluded. He was proud that Council dedicated several million dollars to purchase laptops for all elementary school kids in Mesa at the request of our school superintendent.

In a few days, Mayor Giles will be sworn in and one of his priorities will be bridging the divide. To Dr. Duvall's point, Mesa has always been a champion of education. It is not the role of city government to be in the education business, but it is certainly our obligation and our role to facilitate, convene, encourage and to be a great partner with our K-12 districts, higher education and our preschool programs. That is the legacy of who we are as a community. He is anxious to continue and build upon that. Many on this Board have been involved in various efforts through the Mesa Chamber, East Valley Partnership, and others related to education. We will be forming a City of Mesa Education Council made up of education and industry leaders to institutionalize education as something in our City that is a priority.

Mayor Giles is also anxious to make progress in terms of the environment. Our recycling program had to be suspended due to a fire at the landfill and other reasons. That program is back on track now, although we need a renewed commitment to making some infrastructure investments in order to make that a sustainable program. As Mesa is one of the largest cities in the US, Mayor Giles has met with environmental advocates who have asked about Mesa's goals for carbon neutrality. Questions from children and the Mayor's Youth Committee often revolve around the environment and what the City is doing to be responsible about that. He is anxious for the City to look at ways to reduce our carbon footprint and to strive for carbon neutrality.

There will also be a focus for Mesa to make clear how important equality is in our community. We have all seen the George Floyd protests around the country. Mesa has a great police department and chief. Even before the George Floyd incident, we were deep into exploring what we can do as a community to make improvements in our policing. Similarly, the issue of civil rights in our community is something that we need to be very outspoken about. He is anxious for Council to work on adopting a non-discrimination ordinance. Many large corporations have policies that support LGBTQ rights and ubiquitous civil rights. We want people to know Mesa is firmly in that category as a community that protects and celebrates the civil rights of everyone in our community.

In terms of the pandemic, Mayor Giles was very optimistic and anxious to be very involved in the vaccine distribution. In terms of public health and safety, that is the next challenge that is immediately in front of us. Unfortunately, Mesa and Arizona are now back on the national and worldwide front pages as leaders in the spread of the virus. We all need to be very safe and double down and be committed to doing what we can to get this vaccine distributed. There is an important role for the City and our Fire and Medical Department to play in ultimately getting the vaccine out.

BOARD QUESTIONS/COMMENTS

Rich Adams was pleased to hear all of the Mayor's announcements, especially with respect to human rights and equality. Visit Mesa has also made among its priorities issues of that kind. We will see some exciting things in terms of recommendations come out of Visit Mesa in the next 30 days or so. He couldn't agree more with the Mayor's priorities.

Mayor Giles appreciated the support from Mr. Adams and Visit Mesa. No industry has been hit harder than the hospitality industry. Visit Mesa has lent its strength and support to our hotel and tourism industries in such trying times.

Brian Campbell thanked Mayor Giles for his great leadership. He has been working with some folks who are measuring the digital divide phenomenon nationally trying to identify best practices. How can this committee help push that forward? There appear to be significant competitive advantages for those cities that can adopt a digital platform and have the infrastructure to help kids not lose a year or so in their educational development.

Mayor Giles advised that Mesa more so than other communities has conduit running through our streets that can be used by technology companies to get fiber to homes and businesses in our community. Mesa is above average in that regard, although it is not good enough. Most of us have had the experience during the pandemic being in one room on our laptops with our spouse and kids in other rooms on their devices. Even with the best WiFi, there are a lot of frozen screens. What we have now is not good enough. Imagine the many families who have little or no access to WiFi. We as a community need to recognize that WiFi access and access to fiber is an important utility just as essential as water, electricity and other things that we prioritize as a community. Council had hired a consultant regarding what it would cost to have conduit that can deliver fiber to every home and business in our community. It is an astronomically high number. We need to not be afraid of that. Most communities will figure this out over the next five or ten years. Mesa needs to be at the forefront of making the investment and working with tech companies on cost recovery in order to get fiber from the street to the homes. Most companies would really benefit from having that type of access to homes. We are living in the age of the Internet of Things where our items talk to each other through the internet. That is something we will hear much more about from the City of Mesa in the near future. We want to be a city that has ubiquitous fiber throughout our community. Mr. Brady has some of our best and brightest working on this right now.

Brian Campbell noted a lot of the new technology rolling out is using 5G capabilities to help bridge the digital divide. That is something we may want look at as a stopgap measure given the cost of in the ground fiber optics. He felt that was a fantastic initiative and he appreciated Mayor Giles for his leadership.

Mayor Giles stated the Board members can be cheerleaders to those in the high tech manufacturing community as to how important this is. The City of Mesa alone cannot do this, there will have to be some very significant industry partners for this to happen. We are in discussions with some of them right now, but we need more.

Jeff Pitcher also felt strongly about bridging that divide. There are less fortunate kids who may have laptops, but nothing to hook into. It is a daunting proposal to make that fiber available to everyone and every business. Perhaps we can start with the less fortunate and those areas where we could bridge the divide with the kids that need it most. He read about a lawsuit in either Chicago or New York where some of the activists are now suing cities for not providing internet to the kids. He would rather be ahead of this than be compelled to do it. He appreciated Mayor Giles' leadership in this area and felt this group could approach some of these tech companies on behalf of the City.

Mayor Giles stated we are in the process of coming up with a plan and he will come back and present that to the Board. Part of it will be interfacing with the business community to figure out who is willing to chip in to help pay off the bonds over the next 20 years. There will be a contractual right to have access to some fiber to homes in our community. The City of Mesa will be at the forefront of cities in the country to figure this out.

Chair Kasselmann liked the reference to the painting of the woman in the field in the rain. For decades, he has gone out many times when the rain began to fall to spread fertilizer. It comes down to how we look at things as a City. That which happens to us can be a blessing or a curse, and it comes down to our reactions. How we react can turn what immediately appears to be unfavorable into a blessing. We can look at the topic of fiber optic connections as figuratively spreading the seed and providing fertilizer reaching out into the community, which can reap tremendous benefits five, ten, fifteen years down the road.

Mayor Giles noted Dexcom and their expansion in Mesa is one of the top stories of the year. He thanked Chair Kasselmann for being so committed to our community.

6. Mesa Moves Bond Program Update

Marc Alhstrom, Assistant City Engineer, advised that the Mesa Moves Bond Program was started early last year in anticipation of the bond election and builds off some of the previous information that was provided to Council back in June. The Transportation Department did a great job in reaching out to the public, identifying projects, and putting this program together. The Mesa Moves Program involves \$100 million in bonds that was voted on in November, combined with \$62 million in reimbursable dollars from MAG and federal sources for a full program of approximately \$162 million. We have to spend that money before we can be reimbursed. It is one way to leverage these funding sources that are available through MAG and the County sales tax that was implemented in 2004.

Mesa Moves is a balanced program that includes new streets, rebuilding streets, and active transportation. This includes expanding and improving safety on existing roadways as well as building new roads on both the east and west sides of the City. Arterial reconstruction will focus on streets throughout the City that have reached their useful life at 25 to 30 years old. This will include updating the concrete and other components that are needed, but not necessarily capacity improvement. Those funds are mostly coming from the reimbursements for the first group of projects. \$20 million will be dedicated to Active Transportation projects including bike and pedestrian improvements and connectivity. Those projects are still being identified at this time.

Mr. Alhstrom reviewed the projects identified to date:

- Williams Field Road: A new road connecting between Ellsworth Road and State Route 24 will also act as a gateway to the east side of the Phoenix-Mesa Gateway Airport property.
- Signal Butte Road Improvements: A new 2-mile stretch of road from Williams Field to Germann will offer connectivity to the future SR24.
- Sossaman and Baseline Intersection: A minor intersection improvement to add capacity and turn lanes.
- Ray Road Connection: A short connection to line up Ray Road east and west of Ellsworth Road.
- Broadway Road: Capacity improvements from Mesa Dr. to Stapley Rd. in the downtown area.
- Val Vista Drive: Capacity improvements from US 60 north to Pueblo including additional lanes at intersection with Southern Avenue.
- Ellsworth Road: Joint project in partnership with the Town of Queen Creek for an additional lane between Germann and SR24.
- Sossaman Road: A new road between Ray and Warner to offer connection to the Inner Loop area utilizing an existing 202 underpass.

- Stapley and University Intersection: Capacity improvements with additional turn lanes.
- Elliot Road: Capacity improvements along 2 miles between Sossaman and Ellsworth near Hawes Crossing development.
- City Share Program: The City will participate with a developer as new developments come in.

A rough schedule was provided as we are just beginning the design phase on most of these projects as the funding has just become available. It will take five to six years to implement all of these projects with the steps needed to acquire the land as well as meet all of the federal requirements. We also do not want roads to be under construction at the same time in one area to avoid gridlock. All of these factors are taken into consideration and run through City Management to set the schedules as projects come through. We have already started the design process on five of the projects.

BOARD QUESTIONS COMMENTS

Brian Campbell noted that the timing for the Elliot Road corridor was one of latest in the series of projects, although he understood that there may be challenges with some of the extra restrictions involved. Elliot Road from Ellsworth to Sossaman is the latest in that street enhancement project, although it may be one of the most significant given the activity in that corridor. He asked what are some of the challenges in that Elliot Road project and how can that be expedited given all of the successes the Economic Development team is putting in place in that area.

City Manager Chris Brady stated right now, every project is urgently needed. Many of the projects are under design now because we have commitments that are signed and sealed and we have an obligation to meet those deadlines for car dealerships and other major developments. There is potentially a lot of development to take place along Elliot Road, although it is much further behind than some of the areas around Signal Butte and along Ellsworth across from the Airport. We either have development agreements signed or are in negotiations and that is why those projects went to the front.

Mr. Campbell understood and appreciated that, although from our perspective, the City's investment in infrastructure has always been a big driver in attracting some of these major projects. He is always amazed at the City Manager's ability to fit all those pieces together. Is there something this group can do to accelerate some of the program components or take that tool and market as that infrastructure is going into place to help keep the ball rolling?

City Manager Brady stated the development taking place now is pushing us to our limits. We have to be very careful as we are a city of high growth and high demand on the east side, but we cannot forget the other parts of our city that need reinvestment and revitalization to keep thriving. It is an important balancing act to meet the demands of developers who don't want to spend money on infrastructure. We are trying to encourage that they need to be playing a part in this too. When we were building SR24, we advertised and promoted it as an opportunity to bring in high value retail. The car dealerships came, but in order to get them, we had to deliver roads and infrastructure. The data centers are pushing us to our limit on the water resource. It will be a challenge for us to meet those obligations. We have to balance all those things out and figure out what's right for our community. Seeing large capital investment is great, although he is looking for the high value jobs that we need in Mesa. We need to figure out how to deliver both. Mesa has people like Mr. Alhstrom and his team who have great professional capacity to help us deliver these projects much faster than most other communities could. Our Mayor and Council have been very supportive in coming up with the capital financing to build these, although we are being pushed and will probably have to move away from our traditional way of seeking funding authorization for utilities every five years. Things are moving too quickly now and we have to make decisions almost every two years to provide more water and sewer lines and streets. Government is trying to figure out how to pivot to meet the demand on the growth.

Mr. Campbell agreed that those are all critical success points and asked how this group could help. He appreciated the leadership on this issue.

City Manager Brady will come back to the Board when he has more specifics. He noted the Council would like to hear from the Board as to whether this is the appropriate way to address these long term issues. Economic development in Mesa, Arizona is mostly based upon infrastructure and the workforce.

Mayor Giles expanded upon the planning in the rain analogy. Right after the pandemic hit, the City Council had to decide whether to go to the voters with this bond. A lot of people were out of work and we knew there was going to be an economic decline. The prevailing sentiment was that now is not the time to go to the voters to ask for more money for roads. It was not until we really dug into it that we realized we did not want to walk away from the Proposition 400 matching dollars. \$100 million bond is really \$160 million bond. A lot of communities either had bad outcomes in their bond elections or they followed the scare tactic and did not ask the voters for money. He was glad that we demonstrated the courage to go to the voters. As a result, all of these huge economic development projects will be on track and we will be able to keep up with the growth. Now, he can't imagine not having done this.

Chair Kasselmann thanked Mr. Alhstrom for the overview and appreciated the discussion.

7. Director's Report

Director William Jabjiniak was looking forward to a productive 2021. The pandemic will hinder us a little bit in the future, although he felt there were some great projects on our doorstep. Jaye O'Donnell did a press piece on our college recruitment for Benedictine University. There was another press piece on all the development in southeast Mesa. Ms. O'Donnell will be back to talk to the Board about Mesa CARES, what we learned from that effort, and what elements will continue forward. If the Board has specific items to address, he would be more than happy to get those on the schedule in the future. He commended Mr. Alhstrom and his team for their work on Mesa Moves.

8. Other Business

Chair Kasselmann thanked Mayor Giles and City Manager Brady for attending the Board meeting.

The next EDAB Board meeting will be held on February 2.

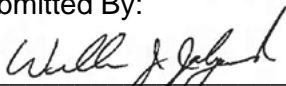
9. Adjournment

Deb Duvall moved to adjourn the meeting; seconded by Chris Nickerson. Upon tabulation of votes, it showed:

AYES – Kasselmann, Adams, Campbell, Duvall, Likens, Nickerson, Ovando-Karadsheh, Perry, Wilson
NAYS – None

Chair Kasselmann declared the motion carried by unanimous vote. The meeting adjourned at 8:34 a.m.

Submitted By:



William J. Jabjiniak
Economic Development Department Director