

MEETING MINUTES

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

Date: January 7, 2014 **Time:** 7:30 A.M.

MEMBERS PRESENT

Rich Adams
Terry Benelli
Tony Ham
Mitzi Montoya
Jeff Pitcher
Tony Siebers
Laura Snow
Jo Wilson

EX-OFFICIO

Mayor Scott Smith (excused)
Chris Brady (excused)
Brian Campbell
Jeff Crockett
Steve Shope

STAFF PRESENT

Bill Jabjiniak
Kelley Keffer
Karen McNulty

MEMBERS ABSENT

James Christensen (excused)
Sally Harrison (excused)

GUESTS

Councilmember Dave Richins
Deanna Grogan, Housing & Community Development
Rob Schweitzer, Housing & Community Development
Cynthia Dunham, West Mesa Community Development Corp. (CDC)

1. Chair's Call to Order

Chair Rich Adams called the January 7, 2014, meeting of the Economic Development Advisory Board to order at 7:35 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 December 3, 2013, Board Meeting

Chair Adams called for a motion to approve the minutes from the meeting held on December 3, 2013.

MOTION: Ms. Laura Snow moved the minutes from December 3, 2013, be approved as presented.

SECOND: Mr. Jeff Pitcher

DECISION: Passed unanimously.

4. Discussion with Councilmember Richins

Chair Adams advised that Councilmember Dave Richins has been invited to participate as a member as opposed to being an observer.

5. Community Development Block Grant (CDBG) Program Proposal Presentations

Ms. Terry Benelli recused herself from the ratings due to submission of an application for anticipated funding for Neighborhood Economic Development Corporation (NEDCO).

Mr. Rob Schweitzer, Housing and Community Development Department, stated instructions which were required by the Community Development Block Grant (CDBG) to the Economic Development Advisory Board (EDAB) on the rating methodology for the FY 2014-15 application process. He explained the process of each presenter which allows 3 minutes to give their presentation followed by 3 minutes of questions from the board addressed to the presenter. After

the presentation the Board will rate the presenter and application based on the evaluation criteria previously established.

The first presentation was provided by Ms. Benelli, Executive Director of the Neighborhood Economic Development Corporation (NEDCO). NEDCO is a Community Development Financial Institution (CDFI), a non-profit 501c(3) that is certified by the US Treasury Department as a community development lender.

Ms. Benelli applied for CDBG funding for a Business Development Program in the amount of \$81,500 to provide Business Planning and Loan Preparation Assistance. Agency expenses include a portion of program staffing, marketing and data management for lending and monitoring of loans for the Executive Director.

NEDCO's mission is to create jobs and assist businesses in low-income areas of the community. NEDCO typically has twenty (20) to twenty-five (25) business loans on their books at any given time with 95% of those in a low-moderate income area in Mesa. Of the twenty-two (22) new businesses in the downtown area this past year, NEDCO provided loans to seven (7) of these businesses and also provided some grant funding and technical support to help other businesses get off the ground.

NEDCO works on several Council initiatives. A few highlighted are the Legacy Projects, job creation (an annual report of new jobs created, numbers and details was provided to the Board), support of the arts and cultural district by starting an art entrepreneurial program two years ago which has trained 72 artists in the business side. These artists go through training and are actively engaged with downtown events, art showings in galleries and supporting the downtown businesses. The art program is currently open to applications for new artists of which 15-20 are selected to go through the training.

Question: Mr. Jeff Crockett asked, "How does NEDCO identify new business?"

Answer: The businesses have identified and expressed an interest in being located downtown. NEDCO supports the new businesses in finding a location, marketing, technical, consulting and business support services. NEDCO also seeks out new businesses that would be a fit in the downtown district. A resource in helping identify types of new small businesses is from information received from a community group they work with, the Retail Arts and Innovation Livability Group.

Question: Mr. Steve Shope asked, "What kind of metrics are used to measure if the financing has provided improvement and paid off in the downtown area?"

Answer: Financials are collected every quarter and the business is followed for three years and job creation numbers are tracked. If NEDCO provides financing the financials are reviewed on a monthly basis. Construction periods do have an impact; however, the businesses are doing well.

Question: Chair Adams asked, "What differentiates NEDCO from West Mesa CDC?"

Answer: NEDCO works with businesses providing loan funds and technical assistance. West Mesa CDC works with the community groups and tries to connect businesses with the community and vice versa.

Question: Ms. Laura Snow asked, "What percentage is operating fund?"

Answer: The operating budget is \$875,000. A handout was provided that outlines the 1.2 million funds leveraged, the budget and grant funding that was provided to other entities such as the ASU Polytechnic for work they are doing with downtown businesses.

The second presentation was provided by Ms. Cynthia Dunham, Executive Director of the West Mesa Community Development Corp. (CDC). Ms. Dunham applied for CDBG funding for Economic Development Program, requesting \$90,000.

The target areas for Mesa's activity will include economic development and job creation. The technical assistance for new and existing businesses includes classes, business coaching, informational events, networking opportunities, guidance in marketing and assistance with site location. This project has been successful in improving the business climate of downtown Main Street.

Over the past year 19 jobs have been created. An incubatee that graduated from the program has purchased a vacant building and created new jobs. Another incubatee has been given a Program of the Year award from the Opportunity through Entrepreneurship Foundation.

West Mesa CDC works throughout the community trying to link people and opportunities to help improve and develop the downtown areas. Job fairs are held to help create employment and create new businesses.

Question: Chair Adams asked, "How does West Mesa CDC and NEDCO work together?"

Answer: NEDCO does the financial side, West Mesa CDC does not provide financing. West Mesa CDC provides technical assistance and does community development in disadvantaged areas. Part of this grant is to provide business consulting and coaching.

Question: Mr. Crockett asked, "Of the 19 jobs created last year; how many businesses does this represent?"

Answer: Ms. Dunham estimated about ten businesses.

Councilmember Richins commented that NEDCO and West Mesa CDC have both been involved in the Mesa community for 10 years or more. They play an important role in community development within Mesa.

Mr. Rob Schweitzer explained how the committee members should complete the scoring sheets for each applicant. Ms. Karen McNulty collected the scoring sheets from the Board.

6. General Plan Update

The next General Plan meeting is January 8. There will be two meetings in January.

After attending the December EDAB meeting, Mr. John Wesley is considering using some of the language and input from this Board in the preamble of the General Plan document.

Mr. William Jabjiniak commented that Mr. Wesley has asked for input from Economic Development on writing certain paragraphs of the General Plan. Mr. Wesley has listened to what the EDAB board has communicated regarding preserving Mesa's employment areas.

7. Accelerator Subcommittee Update

Chair Steve Shope reported the LaunchPoint (Accelerator) open house was very successful and there is nothing new to report at this time.

Mr. Jabjiniak said the LaunchPoint grand opening went off very well with positive feedback. There have been three or four applicants.

Ms. Mitzi Montoya reported there are three ASU students that are part of a separate package to support student entrepreneurs. The university is very supportive and a separate service offering is in the works to support students to participate while still at the university to retain and keep them working on their current projects. There is interest in matching up LaunchPoint with Startup Village for repurposing former officers' houses, which is housing set aside for students trying to launch and start up new businesses.

Chair Shope advised the Board of the resources and guest speakers that are available at the Red Mountain Library.

8. Healthcare Subcommittee Update

Chair Terry Benelli reported the Healthcare Subcommittee has not met since the last meeting.

9. Higher Education Subcommittee Update

Chair Brian Campbell reported the Education Task Force has been meeting and is taking a look at the draft of the Velocity GPAC program. One of the objectives of the committee is to take advantage of the program by taking education assets and products to hopefully position Mesa in the best place it can be pending voter approval.

10. Marketing/Outreach Subcommittee Update

Chair James Christensen is absent from this meeting; however, he has advised Bill Jabjiniak that he will provide an update at the next meeting.

11. Business Retention and Expansion Subcommittee Update

Chair Jo Wilson reported the Business Retention and Expansion Subcommittee has not met since the last meeting.

12. Director's Report

A. AZ Labs

Paperwork is complete, ongoing terms have been agreed to and Council has approved, waiting for confirmation of the 35 day notice.

AZ Labs was not selected for the drone program. The emphasis now is how to fill space and help Alion look into resources. There are several proposals on the table.

Mr. Shope noted that there are still opportunities for AZLabs to play in the unmanned systems arena, especially in the simulation modeling aspect.

B. Baseball

The Chicago Cubs Stadium is complete and a community open house will be held on January 25 at 2 P.M. The first game is February 27.

In partnership with the Cubs, a Starwood Hotel property will be building a 175 room hotel with 12,000 sq. ft. conference center (phase two is being planned) and 20,000 sq. ft. for restaurant and retail adjacent to the ballpark. The property closed January 3 and construction will begin within six months with an estimated completion date of December 15. This has prompted other hotel developers to research areas for locations.

C. GPEC

Metropolitan Business Plan is repositioning as a region to bring more people, innovation and technology.

Mr. Campbell expressed the importance at this stage to understand and try to change the perception and perspective that people have. Since 1990 advanced industry growth was only 12%, this is below inflation. Looking at hospitality, retail, construction and real estate over this same time it grew by 90%. This represents where the jobs are coming from. Our region lost 300,000 jobs during the recession, resulting in the highest poverty rate of the largest 25 regional areas. A recent study reflects 75% of the new jobs created in our region over the next year will have a median salary of \$19,500.

There needs to be a change in the low skill-low age future that the rest of the region is working through. In Mesa we have championed and changed that dynamic by bringing in the Able Engineerings, Bridgestone Labs, the Apples and have our Development Director working with us on programs. The rest of the Region is trying to catch up to us and needs to follow and embrace Mesa's lead and message for the future.

Mr. Jabjiniak reported that GPEC announced an ambassador event called, "Apple, The Art of the Deal." The City objected. The relationship with Apple is more important. Apple has

asked the City and SRP not to participate in the event. Apple is a very confidential company. As a result this event has been cancelled by GPEC.

Mr. Jabjiniak shared that two new major projects visited Mesa on the same day. One of them gave unsolicited feedback that Mesa's reputation to be able to handle large projects is well known in the industry.

Councilmember Richins said that the vetting process, policies and the ideas that go through EDAB make the political discussion for City Council easy to execute on them.

D. Mayor's Urban Development Summit

Ms. Benelli reported the Urban Development Summit was a success with 109 attendees. The afternoon session was a working group which included developers and financiers that were very engaged in conversation. A healthcare piece was very well received. The surveys are being reviewed and compiled, there has been great feedback. The plan is to compile the information and share the results by the end of the month.

Presenters are all scheduled to come back this spring to see where their organizations could benefit from urban development in the Fiesta and downtown areas. An important point from the summit is to be sure there is a plan in place for downtown and the Fiesta district to make the developers feel comfortable that what they are doing with their property will not be mismatched with adjacent properties.

E. Mayor's State of the City Breakfast

The Mayor's State of the City Breakfast is scheduled for February 4 from 7:00am-9:00am at the Mesa Convention Center. A large turnout is expected. Economic Development is not buying a table this year.

13. Other Business

- A. Tuesday, March 4, next Board meeting.
- B. Thursday, January 16, East Valley Breakfast with Governor Brewer
- C. Monday, January 20, City offices are closed
- D. Saturday, January 25, Open House for Cubs Stadium
- E. Tuesday, February 11, Mesa Gateway Area Tour, for the brokerage community
- F. Thursday, March 20, City event at Cubs Park, by invitation

14. Adjournment

Chair Adams thanked Councilmember Richins for his attendance and input and then adjourned the Board meeting at 8:45 A.M.

Submitted By:



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

