

MEETING MINUTES

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

Date: December 1, 2015 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
Brian Campbell
Jeffrey Crockett
Sally Harrison

STAFF PRESENT

Bill Jabjiniak
Kimberly Freer
Marc Garcia
Julia Lichtenberger
Josh Utterback

MEMBERS ABSENT

Robert Stanger (excused)

GUESTS PRESENT

Roc Arnett
Mike Hutchinson

1. Chair's Call To Order

Chair Laura Snow called the Economic Development Advisory Board meeting to order at 7:35 a.m.

2. Items from Citizens Present

None.

3. Approval of Minutes from the November 3, 2015 Board Meeting

Chair Snow called for a motion to approve the minutes from the November 3, 2015 meeting.

MOTION: Terry Benelli made a motion to approve the minutes.

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

DECISION: Passed unanimously

4. Outstanding Service Recognition

Director William Jabjiniak invited Roc Arnett to come forward to be recognized. Director Jabjiniak, on behalf of the Economic Development Advisory Board and the City of Mesa, recognized Roc Arnett for his many years of service to Mesa and the entire East Valley. Director Jabjiniak presented Roc Arnett with a recognition plaque in the shape of a microphone to thank him for his many contributions. Mr. Arnett then spoke briefly to the board about the many accomplishments Mesa has made in the past few years under Mr. Jabjiniak's leadership and he thanked EDAB for the award.

5. Discuss and Possibly Take Action on the Proposed Development at the NE Corner of Loop 202 & McDowell (Parcel 51)

Chair Laura Snow invited Director Jabjiniak to share any opening comments before Josh Utterback, Economic Development Specialist, began his presentation. Bill Jabjiniak stated that this particular presentation would be a proposed action item. He pointed out that over the years the Board has taken positions on many projects, either by lending support to, or opposing them. After making this clear, Director Jabjiniak then asked Josh Utterback to proceed with his presentation. Mr. Utterback began his presentation regarding the Las Sendas Senior Living Proposal. He presented an aerial shot of the location of the site (Parcel 51). He indicated the site's proximity to the 202, as it is at the northeast corner of the 202 and McDowell. He stated that it is also very close to the intersection of Power and McDowell. He provided details on the traffic flow in the area, pointing out that the 202 carries 70,000 vehicles on an average weekday. In addition, at the intersection of Powell and McDowell, another 34,000 vehicles cross over the intersection each day. Mr. Utterback presented a slide showing the Preliminary Site Plan, which pictured the three types of buildings that were being proposed at the site. The first was a four-story building with a proposed 124 units, and would be for Independent Senior Living. This area would be designated for active seniors. It would include amenities such as restaurant-style dining, housekeeping, laundry services, pool and spa, beauty/barber services, exercise/fitness facilities and billiard, library, card and craft rooms. The second largest building in the proposal is a two-story building with a proposed 60 units which would house an Assisted Living component. In this building, residents would be provided the option of one or two bedroom apartments or large studios. Residents would also be provided with meals, transportation, housekeeping and laundry services daily. This building would be staffed 24 hours a day. The last building proposed would be a Memory Care facility with 32 units, geared specifically toward Alzheimer's residents, and those that have experienced memory loss. The Memory Care unit would receive all the benefits mentioned in the Assisted Living facility, and additionally the residents would have caregiving by individuals who have been specifically trained for the type of residents in the Memory Care facility.

Josh Utterback provided details regarding the current General Plan and Zoning of the property. The proposed site is designated as a Neighborhood Village Character type in the General Plan and is zoned as Limited Commercial (LC) and Planned Employment Park (PEP) with a Conditional Use Permit (CUP) to allow residential as part of a commercial mixed-use center. Mr. Utterback offered a little history from the year 2007, when it was decided that ideally there would be more of a mixed-use center in this area, as opposed to strictly residential. He also detailed the analysis of Planning and Zoning, who felt that the overall proposal is a departure from the approved zoning, site plan, master plan and development agreement for the site. The site has been designated for employment type uses and the existing zoning has been approved to allow these types of uses to develop within the context of the Desert Uplands and the Las Sendas Community.

Mr. Utterback provided the following quote from Councilmember David Luna: "There are certainly other places within District 5 where we could accommodate it, but that property has been very special because of its location and it being right by the freeway. In speaking to economic development officials and the business community (to get their opinions on the project), I feel some resistance, because we really want to put something there that will generate business opportunities. The memory-care idea doesn't really meet those needs." Additionally, Mr. Utterback noted that City of Mesa Planning Director John Wesley had made a comment saying that prior to 2007, the whole property had been designated for a business park to provide a high-end employment office development for executives living in Las Sendas so they could have offices nearby. Mr. Utterback finished his presentation by disclosing that this item is scheduled to be on the December 16 agenda to go before the Planning and Zoning Board.

Question: Steven Shope asked how many jobs this facility would create and what the average salary would be for the employees.

Answer: Josh Utterback answered that he had not been given information regarding a specific average wage, but only an approximation that the facility would create 100 jobs. Some would be trained caregivers and the other would be support staff.

Comment: Natasha Ovando-Karadsheh shared her experience while attending the community meeting regarding this proposal. She said that the Las Sendas community expressed vehement opposition to the project. She cited that the developer's marketing approach at the meeting was to indicate that this was the best possible use of this piece of land. Ms. Ovando-Karadsheh stated that she does not agree with that marketing pitch and doesn't see how the proposal benefits the area. She conveyed that the proposed development doesn't add high-wage jobs and the height of the proposed four-story building is also a concern.

Question: Jeff Pitcher asked Natasha Ovando-Karadsheh if she was aware of what the Las Sendas community would desire for the property.

Answer: Natasha Ovando-Karadsheh did not specifically know what the Las Sendas community would like to see developed on the parcel, but she pointed out some areas on the map that were a cause for concern to the Las Sendas community, as well as to a Ryland Home community in the area.

Comment: Brian Campbell stated that he thought this was one of the parcels originally targeted for a possible health care option. He thought there might still be some active interest for health care on that property. He indicated that he did not feel a memory care facility met the criteria as a health care component, and also indicated that he agrees with Staff, that this property could be used in a much better way.

Question: Jeffrey Crockett asked how many parcels were left at the east end of the 202.

Answer: Josh Utterback deferred to Director Jabjiniak to answer the question.

Answer: Director Jabjiniak answered by sharing some potential development sites that are still available along the 202.

Comment: Jeffrey Crockett indicated he would agree with Mr. Campbell's comments and feels that a much better usage of this piece of land can be found. He feels that the location is very desirable and he believes Staff analysis is correct.

Question: Dominic Perry asked a question about the actual parcel. He wondered how much land was actually available to develop and if this was the last 15 acres available to develop.

Answer: Josh Utterback answered that there were three additional acres available for development.

Question: Dominic Perry asked where the additional three acres was located.

Answer: Director Jabjiniak pointed out the additional three acres on the map, indicating that it was everything on the side of the wash over to Ridgecrest. He indicated the location of the health care component, the school component, and the residential component.

Question: Dominic Perry asked what the health care component was that Director Jabjiniak had mentioned.

Answer: Director Jabjiniak answered that a medical component is currently in development. It's a division of IASIS.

Question: Dominic Perry asked how much space the medical component was taking.

Answer: Bill Jabjiniak replied that the space is approximately 5 acres.

Comment: Natasha Ovando-Karadsheh shared the other argument made by the developer was the anticipated need for this type of assisted living facility in the Las Sendas Community. The developer put forth the idea that Las Sendas would be a cradle to grave community. She shared that the Las Sendas Community President spoke against the proposal. She cited one of the issues that Las Sendas has, is that 30 percent of the existing housing is two-story housing. This housing type needs to attract a younger demographic, as statistics show that 85% of age 55+ buyers don't buy two-story homes. Las Sendas is working very hard to attract a younger demographic to the area to support the current housing inventory.

Comment: Steven Shope stated that the demographics of the people living in this type of facility would not support the economy, as they wouldn't be visiting restaurants and shops.

Comment: Director Jabjiniak mentioned that some local business owners had concerns with the fact that there would be a restaurant inside the facility and they didn't feel this would help their business in the surrounding area. Secondly, he revealed that there has been a lot of interest from other independent care/assisted living/memory care types of facilities throughout Mesa, and in particular, within the northeast quadrant. Director Jabjiniak has shared the same message with all of them that these types of developments are encouraged, but not on premium land near a highway. He suggested two potential sites for this type of facility, one on Val Vista north of McKellips, and another site that is further east.

Chair Laura Snow reviewed what she was hearing. First, she indicated that it seemed there wasn't support from the community immediately surrounding this proposed development. Second, she indicated this usage would require a change in the zoning, as this would not be in line with the intended use of the property. Third, she reminded everyone that EDAB has set precedent in supporting these freeway adjacent parcels be used for businesses that offer more higher-end jobs.

Question/Comment: Rich Adams asked if anyone knows what the Las Sendas community would support. He reminded the Board about a zoning case where high-end office space had been proposed in the area, and the community came out in opposition to that usage as well. Mr. Adams suggested that it would be helpful to find out what the community desires and what type of development they would be willing to support.

Answer: Director Jabjiniak stated that this had always been designated as an employment parcel, from the original Las Sendas masterplan. He also pointed out that in 2007 or 2008, Council had approved the housing component. Director Jabjiniak has heard a lot of interest in a retail usage, as well as some select interest in a medical component. The site currently has a school, which was not in the original vision, but was built. He summed up the situation by mentioning that the Las Sendas community desires to maintain a quality living environment.

Chair Snow called for a motion. She suggested writing a letter reflecting the three points: 1) preservation of higher paying jobs, 2) changes required in the planning and zoning, and 3) commentary from both Councilman Luna and from the community meeting.

MOTION: Steven Shope made a motion to draft a letter reflecting the key points of opposition.

SECOND: Jo Wilson seconded the motion.

DECISION: Passed unanimously

Comment: Jo Wilson pointed out that Councilmember Luna suggested that there are a lot of other parcels that would be better suited for this development. She suggested working with the developer to identify some other parcels for the proposed development.

Answer: Director Jabjiniak said sites have already been suggested that are within three to four miles of this particular site.

6. Visit Mesa Presentation

Kimberly Freer and Marc Garcia were invited by Chair Snow to begin their presentation on Visit Mesa. Director Jabjiniak also acknowledged the presence of Mike Hutchinson, former Mesa City Manager and current board member of Visit Mesa, who would also be contributing to the presentation. Marc Garcia introduced Kimberly Freer, Senior Vice President, Sales and Marketing and asked her to give an update from a sales and marketing perspective. Ms. Freer indicated current sales activity. Currently there have been 121 total bookings. This is a 21% increase year-over-year, year-to-date for the fiscal year. This represents over 20,000 room nights, which is a 15% increase. She provided pertinent information on key National Sales bookings. These national groups were Special Devices, which booked two groups (1539 room nights and 1859 room nights, respectively), Arizona Hemophilia Association (200 room nights), Bridge Hospitality Group (200 room nights) and the Republic of Korea (210 room nights). She also provided information on room nights within the sports category. The sports groups were: Citrus Classic Winter Swim Training (1,000 room nights), Mexican Baseball Fiesta Team (150 room nights), and Waterpolo 12U (345 room nights). She shared that although it is hard to track, travel industry sales are doing well. A video created by Visit Mesa has been playing in 850 McDonald's restaurants all over Germany. This was a great boost in visibility at no cost.

Ms. Freer also revealed that she had just returned from China, where she participated in over 100 meetings with different tour operators, in an effort to gain some tour operator bookings from China in the next few years. Ms. Freer mentioned that they have just begun a Trip Advisor, as well as a Travelzoo campaign, and there is a new product being offered with British Airways Vacations. In addition, Allegiant Airlines produced over 1,186 room nights, year-to-date. She cited information on the following digital campaigns which have just launched: Facebook Ads and Banner Ads, as well as Email Marketing and Print Campaigns. She shared that they are experiencing a very successful click-thru rate on Facebook and Banner Ads with a .29% click-thru rate. The norm for this type of ads is only .11%. Kimberly Freer further provided statistics that communications were very strong. From July through October, 29 Writers were hosted in-market, 79 articles were generated, with an earned media value of \$589,767. Additionally, there were 1600 posts on Instagram with the #VisitMesa. The following media outlets were welcomed: Yahoo! Food, Conde Nast, Huffington Post, The National Post (Canada), Food & Travel Mexico, and Thrillist.com/Examiner.com. Marc Garcia summarized that Visit Mesa was off to a fantastic start from a sales perspective. Visit Mesa is not only on task to beat their record year of two years ago, but possibly to shatter the previous record. He informed the board that Visit Mesa was producing a new video that is focused specifically on downtown Mesa.

Marc Garcia then turned his presentation toward a Proposed Youth and Amateur Sports Complex. He stated that he would talk about the "what and why" of the potential project and Mike Hutchinson would talk about how this could be accomplished. He reminded the board that his job at Visit Mesa is to drive incremental tax revenue for the City, which involves bringing in more visitors to Mesa, and especially focusing on larger groups that generate lots of room nights. Because Mesa doesn't have a one million square foot convention center, nor four and five star resorts to attract guests, this is a challenge. The question Visit Mesa finds themselves with is: How can the Visit Mesa brand be elevated? He indicated

that Visit Mesa has done a good job of establishing themselves as having a very good family brand. He shared that Mesa has the hotel product to support youth and amateur sports and that the youth and amateur sports market is a recession-proof market. The location for this proposed development is at Power Road and Adobe, just off the 202, adjacent to the existing 6 field Red Mountain Soccer Complex. The development would include 24 fields on one campus, with a total of 30 when the other 6 existing fields are retro-fitted. The proposal includes two stadiums with clubhouses, storage, event space, team and referee locker rooms and seating for over 4,000 people. The proposal includes an Indoor Fieldhouse for multi-sport use of over 110,000 square feet. This would afford the opportunity to go after indoor sports that cannot currently be pursued. The facility would include 2,400 parking spaces. The proposed design includes two stadiums, with one having an artificial surface and the other one natural grass. The grass is preferable for soccer instead of an artificial surface, but field hockey, rugby, USA Football, and Ultimate Frisbee like the artificial surface. Marc Garcia presented a slide which pictured the proposed locker room facilities. He pointed out that having this type of locker room facilities would set Mesa apart, as no other product in the market has this type of locker rooms. The design might include office space located underneath the two stadiums, and a potential larger office space in the fieldhouse. He provided statistics on the estimated economic impact, garnered from the feasibility study. The proposed complex would produce approximately 109,000 hotel room nights, as well as \$584,824 in Transit Lodging Tax revenue. Additionally, the facility would bring in \$800,000 in rental fee revenue and \$400,000 in concession revenue. Mr. Garcia then turned the time over to Mike Hutchinson to share how a project of this type could be realized.

Mike Hutchinson began by recognizing Roc Arnett's leadership in the region and thanked him for his contribution. He invited the Board to a recognition being held on Roc Arnett's behalf on Thursday at 4:00 pm at the Downtown Marriott. The recognition will take place at the end of the annual Economic Forum. Mr. Hutchinson disclosed how he came to be a Visit Mesa board member. Contextually, Mr. Hutchinson stated that the entire project would be a \$55 million capital project and additionally, it would cost \$2.8 million dollars in ongoing operating costs per year. Mr. Hutchinson acknowledged it is an important project for the community. He cited some history regarding how the City of Mesa acquired the land from the Bureau of Land Management where the proposed site would be built. He then discussed possible financing alternatives for a project of this multitude. He suggested two different ways to raise the money. The first possibility would be to issue a General Obligation Bond and pay it back with property taxes. He stated that Chris Brady and his staff have looked at this possibility and think it might be feasible. With this scenario, it would be necessary to find additional ways to pay the ongoing operating costs. Some possibilities to pay for the operating costs would be to charge fees, provide concessions, or raise the bed tax. Mr. Hutchinson stated that even after considering the ways to earn money for the operating costs, there would still be a deficit to pay for all the operating costs. Secondly, another possible option is to raise the City sales tax. A group of police and fire personnel are considering taking a sales tax increase to the voters in the next few years. If the City raises the sales tax 1/2 percent, it would generate about \$45 million dollars per year. Some of that would go to needed Police and Fire, but there might be a possibility of having some of that increase go towards this recreation complex. Additionally, Mr. Hutchinson mentioned Mayor Giles' initiative regarding pre-K education in the community and whether or not the City of Mesa should be involved in helping with that issue. This is yet another item that would need to be paid for by the City of Mesa. Mike Hutchinson then gave details about a way the City of Mesa had raised money in the past. In 1998, the City put a proposal together called the "Quality of Life Tax." Voters were asked to agree to a temporary 1/2 cent sales tax increase to provide money for a list of projects they wanted to complete. The proposal allowed for half of the 1/2 cent increase to be removed after eight years, but the 1/4 cent increase remained in place to pay for the operating costs. The voters approved this proposal and this increase provided funds to pay for additional police officers and firefighters, as well as allowing the City to build

additional parks, make library and mass transit improvements and pay cash for the Mesa Arts Center. After eight years, half of the tax was removed and the remaining 1/4 percent pays the ongoing operating costs. Mr. Hutchinson voiced the possibility of proposing another quality of life sales tax increase. He conveyed that he is now having some preliminary conversations about the possibility of putting together a package that would include some increase in the sales tax (possibly a 1/2 cent). The concept might include that half of the increase would go away after the \$55 million dollar project was paid for, but the remaining 1/4 percent would remain in place to pay the ongoing operating costs of the facility. There has been discussion regarding the possibility of teaming together to create some type of package involving public safety, youth recreation, and tourism. A possible package might also include the Mayor's potential Pre-K program as well. Mr. Hutchinson shared that no decisions have been made, but they are having preliminary discussions. He indicated the Council will be briefed on the proposal a week from today. Ideally, Visit Mesa would like this to go on a ballot a year from now during the General Election of November 2016. If the Council supports moving forward with one of these methods to raise funds, those in the community that support the project will have to get behind the project and promote it. He suggested that the effort to raise awareness about the project would cost between \$500,000 and \$700,000. He said that he would be glad to help in this area to raise the funds to promote this proposal.

Comment: Steven Shope said that he thought this project really needed to address the need for additional soccer fields, as currently there are not enough soccer fields to support the intrinsic population. He further articulated that many soccer teams have to practice in retainage basins because there are not enough fields for them to practice in. He pointed out the increase of interest in soccer and felt it should be included in any plans for a youth recreational facility.

Answer: Mike Hutchinson agreed there needs to be more fields for various different sports.

Answer: Marc Garcia agreed there is a major demand for quality soccer fields and this is being looked at. The proposed complex includes six artificial fields, so that locals could be training on the fields every night.

Comment: Mike Hutchinson indicated there will be an Economic Development Analysis and the firm of Elliott Pollack has just been hired to do the analysis. He mentioned that Director Jabjiniak and his team would be helping with the analysis. This study should provide good numbers to show the significant income generated by the proposed facility to the City Council and the public.

Comment: Brian Campbell expressed his support of the proposed youth facility. He detailed his observation that the location of the proposed facility would ensure that the visitors to Mesa would stay in Mesa. This site is not on a border with another city, which often results in visitors seeking lodging in another city besides Mesa. He suggested that he sees a potential growing need for the community of Mesa to go it alone in terms of financing these types of projects.

Comment/Question: Rich Adams also declared his support and excitement regarding the proposed project. He asked if Marc Garcia could provide examples of similar projects in other parts of the country. He mentioned that it was his understanding that the data is already available showing these types of projects are successful.

Answer: Marc Garcia gave some detail about Reach 11 Sports Complex, a facility in Phoenix. He pointed out that the project is struggling now, but it had worked well when it was supported from a sales and marketing perspective. He shared that Disney's Wide World of Sports has been very successful since it opened. He also mentioned a similar project recently developed in Indiana, which is proving to be extremely successful, resulting in 180,000 visitors being drawn each year. He thinks the projected tax revenue dollars will be greatly increased when the analysis is completed by Pollack and his team.

Comment: Jo Wilson expressed that a facility of this type would be very appealing to Benedictine University as they look to bring in colleges from all over California, the primary location of the teams in the league the school plays in. The school is currently in the process of hiring a soccer coach and will be looking for fields to play on.

Response: Marc Garcia thanked Jo Wilson for her comments and expressed interest in talking to Benedictine about the possibilities of having an NAIA sanctioned school, which would allow the facility to market to NAIA tournaments.

Question: Jeffrey Crockett asked a question regarding the availability of hotel rooms, if the growth anticipated were to be realized. He wanted to know if existing hotel facilities have the capacity to handle the anticipated number or if Marc Garcia and his team envision additional hotels would be constructed if this facility is built.

Answer: Marc Garcia answered that Mesa did not have the capacity to handle the largest tournament crowds that would be coming in. He believes additional hotel product would be built if the project comes to fruition.

Chair Snow thanked Marc Garcia and his team for the presentation.

7. Director's Report

William Jabjiniak introduced Lynn Spencer, who has recently joined the Economic Development team from Corpus Christi, Texas. She will be focusing on import/export activities, as well as assisting with business retention and development. He asked the Board to welcome her to Mesa. He invited the Board to participate in the many Merry Main Street activities in downtown Mesa, which includes an ice skating rink which opened the previous Friday, and a 30 foot tall Christmas tree located at McDonald & Main St. He conveyed that there are many activities going on in and around the Mesa Temple, including food trucks at Pioneer Park. He said participating in some of these activities would be a great way to experience how vibrant downtown Mesa is becoming. Director Jabjiniak cited that through GPEC there are 308 current, active prospects, with a capital investment potential of \$5.9 billion dollars, job potential of 17,263 and 31 million square feet. Year-to-date prospects are up 22 percent over last year, and 18 percent of those are international leads. He disclosed that GPEC was really picking up the pace on international leads. He further noted that 10 companies had located in Mesa by the end of October, creating approximately 3500 jobs and \$38 million dollars for capital investment. GPEC is pushing towards additional marketing opportunities. He pointed out that GPEC needs to be careful going forward and stay within fiscal responsibility, but still get things accomplished. Brian Campbell provided insight regarding the need for additional tools in their toolbox to meet ever changing needs.

Question: Chair Snow asked what were some of the tools needed that other states or other regions are able to offer that the City of Mesa, as well as the broader region, currently don't have.

Answer: Brian Campbell discussed some history regarding the job-training tool – Tax Increment Financing.

Answer: Director Jabjiniak stated that when he arrived there wasn't much in the economic toolbox across the entire state. The state has since developed some tools that have made a real difference, but agreed that the loss of job-training was a step backwards. He mentioned other potential tools that would be of help in the City's efforts.

Question: Steven Shope said that a community group had asked him about the status of the Goldwater Museum, so he asked for an update from Director Jabjiniak.

Answer: Director Jabjiniak stated that in 30 days the foundation's agreement would expire and due to the fact that Judy Eisenhower, the Executive Director of the foundation, had passed away, he does not feel that the project will likely be coming to fruition.

Question: Steven Shope asked if the City would be extending the agreement.

Answer: Director Jabjiniak did not think the agreement would extend as the foundation had not raised any money for the project.

8. Other Business

Chair Snow disclosed that the next EDAB meeting is set for January 5, 2016. She shared that there were a number of upcoming ribbon cuttings. On December 1, CMC Steel will have a ribbon cutting at 11:00 a.m., National General will have a ribbon cutting on Wednesday, December 9 at 10:30. On December 12, Falcon Field Airport's ribbon cutting will take place. On December 15, the Courtyard by Marriott ribbon cutting will occur at 11:00 a.m. She invited the board to the EDAB holiday social on Thursday, December 17 at the Las Sendas Grill at 5:00 p.m. She asked for RSVP's to Julia Lichtenberger by Monday, December 14. With no further action before the board, Chair Snow adjourned the meeting at 8:50 a.m.

Submitted By:



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