

**Office of Economic Development
Economic Development Advisory Board
MEETING MINUTES**

Date: February 1, 2011: **Time:** 7:30 A.M.

MEMBERS PRESENT

Rich Adams
Terry Benelli
Jared Langkilde
Jim LeCheminant
Steve Parker
Jeff Pitcher
Jo Wilson
Steve Wood

EX-OFFICIO

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

STAFF PRESENT

Betsy Adams
William Jabjiniak
Jaye O'Donnell
Patrick Murphy

MEMBERS ABSENT

Dan Olson (excused)

GUESTS

Robert Brinton
Milt Fort
Michelle Street
James Tevault

1. Chair's Call To Order

Chair Jeff Crockett called the February 1, 2011 meeting of the Economic Development Advisory Board to order at 7:32 A.M. at the City of Mesa Council Chambers, Lower Level, 57 E. 1st Street, Mesa, AZ 85201.

2. Items from Citizens Present

Mrs. Terry Benelli introduced and welcomed Mr. George Bach from the Mesa Leadership Training Development (MLTD) Program. He is a small business owner in Mesa and is shadowing her today as part of the MLTD program.

3. Approval of Minutes from January 4, 2011 board meeting.

Chair Crockett called for a motion to approve the minutes from the meeting held on January 4, 2011.

MOTION: Rich Adams moved that the minutes from January 4, 2011 be approved as written.

SECOND: Steve Wood

DECISION: Passed unanimously

4. Report on Local Redevelopment Agency (LRA)

Mr. Patrick Murphy stated that the Air Force Research Lab Reuse Plan (AFRL) and the Homeless Submission Report Public Review was completed on January 13, 2011. Suggested comments were for minor word changes, however the recommendations noted in the documents did not change. Letters of Support were received from East Valley Partnership, GPEC, Phoenix-Mesa Gateway Airport and Alion regarding the recommendation that the City work with the United States Air Force on an Economic Development Conveyance (EDC).

The recommendation to the Mesa Local Redevelopment Authority (LRA) is to request that the Air Force work with the City on an EDC. A meeting with the LRA has been scheduled for February 10, 2011 with the expectation that the recommendation will be submitted to the Air Force, as well as to Housing and Urban Development (HUD).

Conversations have begun with the Office of Economic Adjustment (OEA) on a potential grant application that will be submitted to help fund some of the cost of the EDC application.

Mr. Murphy encouraged EDAB to make a recommendation to the LRA to direct staff to submit the Air Force Research Lab Reuse Plan and Homeless Submission Report documents to the Air Force and HUD.

MOTION: Mr. Rich Adams made a motion to the LRA for the adoption of the Air Force Research Lab Reuse Plan and Homeless Submission Report.

SECOND: Mrs. Jo Wilson

DECISION: Accepted unanimously

Mr. Jabjiniak commented that there were multiple tracks with the Air Force Research Lab (AFRL) Reuse Plan with one of the steps in the process completed. The next step in the process is divided into two (2) parts. The first is to become an implementing LRA. The second piece of the process is the Interim Lease. We are currently working with the local AFRL, Senator McCain's office, Air Force Headquarters, Wright-Patterson Air Force Base and Alion to carry out a short term lease/lease back to take control of the site before the Air Force departs. Taking control before the AFRL departs will enable the City to maintain the security clearance and to complete some improvements to the site. The City is working with Alion on a proposal to operate the facility. The City will own the facility; however the City does not plan to operate the specialized facility.

Mr. Brian Campbell commented that this LRA process was one of the fastest achieved in the whole BRAC procedures on a nationwide basis. The City had approximately ten (10) months from when it was appointed the LRA up until this point. He commended Mr. Murphy's outstanding leadership and the entire staff's outstanding efforts in assisting the process.

He stated another step in the process comprises the educational component. ASU is the critical partner that is supporting this effort. They have been working hard with outreach to the leaders of the AFRL, and the employees.

5. Report on activities of Convention and Visitors Bureau (CVB) regarding tourism

Mr. Robert Brinton discussed the CVB's partnerships over the years in working with Planning and Zoning, EDAB and city staff. The CVB has been involved with bringing the Broadway Palms to Mesa, promoting Waveyard, Gaylord, and the Cubs. These partnerships are more visible; however you may not be familiar with the on-going work CVB does because their goal is to market outside of Mesa and to bring people into Mesa. This in turn brings in new dollars to Mesa's economy.

Mr. Brinton introduced his staff; Milt Fort, Michelle Streeter and James Tevault. He invited them to present information regarding their jobs.

Mr. Milt Fort, Director of Marketing, shared numbers and ideas of what the CVB has been involved in the last six (6) months of 2010. Advertisements were placed in more than thirty (30) publications. The combined circulation of those publications totaled eight and one-half (8 ½) + million. The publications were a mix of consumer, travel trade and meeting marketing placements, Canadian travel trade and publications, and sports travel marketing, etc. Other advertising was done on the internet with twelve (12) paid targeted websites reaching approximately two and a half (2 ½) million people. In addition to the paid advertising on the internet the current publications also offer web banners, directory links and complimentary web advertising. Other advertising done is co-op advertising, such as the Allegiant Sunseeker In-flight publication that is in the pocket of all Allegiant's flights in their western region flights. They fly in and out of fifty-eight (58) cities and have ninety-seven (97) routes currently served in the western region. A total of four hundred-thirty thousand (430,000) passengers travel on Allegiant's routes on a monthly basis in and out of Phoenix-Mesa Gateway Airport.

Ms. Michele Streeter, Director of Public Relations, stated that the CVB hosts media throughout the year on Familiarization (FAM) Tours of Mesa. A Chicago journalist will be doing a feature article for the February 20th travel feature regarding the Cubs and their Fans. The article will be in the Chicago Sun Times. The CVB work with the media and send out national press releases, sharing all the different stories in Mesa.

Ms. Streeter stated that in addition to the City of Mesa the CVB works with other partners. They align with the Greater Phoenix CVB, Scottsdale CVB, Tempe Tourism Office, and Chandler Tourism Office. Partnering with the regional alliances allows a greater area of coverage and stretches the budget even further. Partnering with the Arizona Office of Tourism offers an international representation to market Mesa in the foreign countries. The Mesa Official Travel Guide communicates that Mesa is a premier destination along with a new publication called Exploring Our Desert – A Pocket Guide for the Mesa Visitor.

Mr. James Tevault, Director of Sales, commented that the Sales Teams job is responsible for Sports, Leisure, Convention/Groups, Travel Trade/Leisure and the Partnering Program. There are three (3) other staff members and each has a responsibility in marketing or selling Mesa. They attend or coordinate various Tradeshows, Sales Missions, Convention/Groups with Conferences and Tradeshows for Leisure.

Sporting events are another focus due to the large access and numerous partnerships from the City of Mesa, Mesa Public Schools, Mesa Aquatics and Mesa Community College.

The CVB works with all the partners to bring sporting events and tournaments to the various facilities. They are also partners with Arizona Sports Alliance, Arizona Sports Commission and other local tourism cities.

Mr. Tevault stated that the City of Mesa is becoming an Aquatics destination. Aquatics events are becoming very busy and popular especially with the new premier aquatic center at Kino Junior High. A new aquatics center will be opening in the near future at Skyline High School.

CVB markets Mesa through messages on the social media pages such as; Twitter, Facebook, You Tube, Flickr, Word Press Blog, Four Square, Microsoft Tags and other websites. The CVB will launch a new updated website the second week of February 2011.

Vice-Chair Rich Adams commended CVB for all they do and using the social media. It is important to be on the cutting edge in order to stay competitive.

Mrs. Jo Wilson also commended CVB for all they do. She inquired if tourism is on an uphill climb or if it is declining due to the economic conditions.

Mr. Brinton responded that tourism had been declining for the last three (3) years due to the economy with Mesa and the Phoenix area being hardest hit. People's discretionary spending money has declined greatly due to the economy. A modest increase is anticipated over the next six (6) months, but it will take another three (3) or four (4) years to come back to the 2006 level of tourism.

Mr. Campbell inquired as to what effect SB 1070 had on the valley tourism, conventions, etc. He encouraged CVB to continue to get the message out that negative comments dramatically affect the whole state and Metro area.

Mr. Brinton responded that SB 1070 hurt the entire valley; however large conventions, conferences, and meetings have not been canceled or affected in Mesa. There has been a major effect on tourism in Phoenix along with all of Arizona.

Mr. Steve Shope inquired if there were more visitors from a certain geographical area or age bracket.

Mr. Brinton responded that between twelve (12) to thirteen (13) per cent of tourist were international with a large portion being from Canada. Most visitors were from areas that had a cold and snowy climate. Also the average tourist is mainly from the older age group; however tourism for the younger age group is beginning to increase.

Mr. Jared Langkilde asked for an update on Waveyard, Gaylord and the Cubs. Mr. Brinton commented that Waveyard has until July 2011 to achieve financing and start construction. Gaylords has sought an extension on the Development Agreement due to the economy and the Cubs process is moving forward. Mr. Jabjiniak commented that a Cubs Development Agreement has not been finalized. The RFQ for a Design Firm is due to close shortly with another RFQ to be submitted for a contractor in the next several weeks.

Mr. Peter Sterling thanked the CVB for everything they do to make Mesa a better place to live, work and play.

6. Discuss and recommend Phase 2 Scope of Work for the Healthcare Study

Mr. Jabjiniak commented that Chair Crockett has called for a Subcommittee on Healthcare. Ms. Terry Benelli has been asked to Chair the Subcommittee. Other members include Jared Langkilde, Jim LeCheminant, Jeff Pitcher and Tony Marinello from Mountain Vista Medical Center.

Several months ago the Healthcare Feasibility Study was completed by ESI Corporation (ESI). The summary of the Next Steps with Key Tasks suggestions on developing the scope of work comes from Phase 1 of the study.

Ms. O'Donnell gave an overview of the Key Tasks for Phase 2. The following is a discussion on the proposed Scope of Work:

1. Develop and define Mesa's vision for healthcare services, or what it wants to accomplish. This vision will also delineate key guiding principles and Mesa's role in the development process.
2. Engage industry representatives to further refine the growth potential of healthcare providers to determine what the market can support.
3. Research and identify bioscience/biotechnology opportunities that fit within the City's vision.
4. Develop a Marketing Package for Downtown Mesa focused on medical, biosciences and healthcare development.
5. Identify strategies to leverage Mesa's existing assets in order to attract healthcare providers and create jobs for area residents.
6. Identify how Mesa will capitalize on and complement the local, regional and state assets.

Ms. O'Donnell asked that EDAB discuss the recommendations from Phase 1 and to determine exactly how to proceed for Phase 2. The Healthcare Subcommittee is being asked at this point to help draft the Scope of Work for Phase 2.

ESI identified a list of "opportunities" with Mesa having several healthcare "gems", making it unique in comparison to its neighboring cities.

The opportunities include:

- The breadth and depth of high quality services including training. These programs give Mesa the backbone upon which to build a healthcare strategy.
- Wellness and fitness are major tenets of the healthcare reform legislation. Local healthcare providers are extremely interested in expanding into this realm.
- There is an opportunity for Mesa to work with M.D. Anderson and possibly Gilbert to develop the necessary hotels, temporary housing, restaurants, entertainment, retail, etc, to support and cater to a diverse, out-of-state population and ultimately, clinical research, biotech start-ups, and/or cancer-related vendors to the general area.

- Banner's Simulation Medical Center has perhaps the greatest potential to become a major draw for Mesa, especially with the potential to broaden its mission and scope.
- Cardon Children's Hospital currently serves local families but the plan is to draw from neighboring states.

Vice-Chair Adams questioned why the healthcare study was focused just on the Downtown Area and not all of Mesa.

Ms. O'Donnell responded that Phase 1 was focused on the Downtown Area as a stipulation of the CDBG grant used for the Healthcare Study; however Phase 2 will be a comprehensive look at the entire City of Mesa from a Healthcare perspective.

Mr. Jabjiniak explained that CDBG money was utilized simply because the focus was on healthcare in the downtown area. The findings confirmed that a broader look was indeed needed and that is the direction that is being followed.

Mr. Jeff Pitcher wanted to know about the industry representatives.

Ms. O'Donnell responded that the partners that have been brought to the table recently have been wonderful to work with. A healthcare provider being recruited from another state visited Mesa and met with our other partners. They could not have been happier with the existing businesses that the city brought in to talk about partnerships and actual agreements that they could work on together. Mesa's healthcare providers have been very supportive of recruiting additional companies to the market. Engaging industry representatives now will ultimately help in developing the strategy and making certain that each area will complement instead of competing with each other.

Mr. Jared Langkilde also encouraged the inclusion of the whole city and not just focusing on the downtown area. He also suggested looking into naturopathic and homeopathic care doctors and specialists. The Southwest Hospital of Naturopathic Medicine is in this region. Arizona has one of the highest concentrations of registered mid-wives out of any state in the union. Florida has capitalized on this. Naturopathic care is used in conjunction with gene therapy and other methods to allow people to heal themselves holistically. This seems to be a growing field and a suggested area to explore.

Mr. Steve Shope wanted to know if the majority of the industries were non-profit or for-profit. Also he inquired what the percentage was for serving the local populace versus people coming distances to seek medical care.

Ms. O'Donnell responded that in terms of drawing outside the region it would depend on what type of campus it would be

Mr. Jim LeCheminant suggested partnering with the hospital heads and those in the areas that would surround the hospitals and include an education component with wellness programs including exercise physiology partners.

Mr. Steve Wood inquired if other cities in Arizona were looking to do the same thing and if so how would Mesa compare with them.

Ms. O'Donnell commented that there were a few other cities looking at healthcare from a business development perspective. One of the things that came out of the Phase 1 Study was that Mesa is well positioned in terms of healthcare services. While there is a physician gap in Mesa and Arizona there is also a physician gap nationally. Mesa does have a "continuum of care". Mesa is well represented with primary care physicians, pediatrics, orthopedics, and hospitals being well situated in the city. Mesa is better positioned than other cities in the East and West Valley for developing and expanding on healthcare.

Mrs. Wilson suggested that there is a primary need for training in the field of veterinary medicine. She inquired if that area/aspect has been explored or is being considered as part of the whole medical issue.

Ms. O'Donnell responded that there have been discussions regarding that aspect with various educational providers. That aspect should be incorporated into the scope of work; however it is extremely expensive to start a veterinarian program. Also the space necessary to implement the curriculum with the animals and labs is sometimes prohibitive especially in a city space. It would be a good compliment and certainly an area to look at closer.

Chair Crockett suggested as part of the scope of work to contact other people that have been involved with establishing a campus in downtown Phoenix. He suggested speaking with Mr. Dick Mallory who has been very involved with establishing a campus in downtown Phoenix. He also suggested contacting someone to talk to from the Mayo Clinic.

Ms. O'Donnell responded that those were good recommendations and certainly important to survey the internal businesses and also look outside for the expertise and visionaries. We do recommend hiring a professional consultant to do this work for us. We will also be contacting those experts that have developed a medical center in Tucson to give us some guidance into how to make this happen.

Mrs. Terry Benelli commented that it would be helpful to try to attract a Foundation, even if it is not a local foundation, to become involved with our endeavor.

Ms. O'Donnell then discussed a Project timeline include a development of a RFP for the consultant work.

Chair Crockett stated that it appears that the scope of work is on target from the perspective of the Board.

7. Directors Report

Mr. Jabjiniak congratulated Mrs. Terry Benelli for receiving the Mayor's Award for "Building a Better Mesa" at the Mayor's Breakfast held on January 27, 2011. He also congratulated Mrs. Jo Wilson for the 2010 "Woman of the Year" Award to be awarded on February 15, 2011.

Crescent Crown held a Ground Breaking Ceremony on January 25, 2011. Four hundred + (400) jobs will be coming to Mesa. The new headquarters will be on the north side of

Broadway between Dobson and Alma School (1640 W. Broadway Road) on a twenty-three (23) acre parcel. They have closed on the property and a Development Agreement will go to City Council on February 7, 2011 for approval. The GPLET tool is being used and a variety of little pieces of the puzzle are still being put together. The building will be complete in early 2012 with a lot of the jobs transferring from their central Phoenix location.

Mr. Jabjiniak provided an update regarding the Cubs Project. A Request for Qualifications (RFQ) for a Design Professional has gone out for Design-team candidates with a closing the end of January. A Design-team should be chosen by April 2011. A RFP will also be issued for a general contractor (GC) with a goal to select a GC by the end of April. The Cubs facility is still in the preliminary stages, and a Development Agreement is in the process. The proposed site is still controlled by Waveyard. Waveyard has until July 2011 to decide their role.

The B2B (Business to Baseball) events will begin on March 3, 2011. A total of three (3) events will take place the month of March at Hohokam Stadium. The first event will focus on Brokers and Developers and the remaining events will be focused on the pillars of our efforts in Healthcare, Education, Aviation and Tourism effort. March 3 is the first event followed by March 9th and March 18th Cubs games. He encouraged EDAB members to attend the events if their schedules permit.

Chair Crocket requested sponsorship information be e-mailed to the Board members.

Gateway is hosting an Aviation Day on March 12th from 9-2 p.m.

The Power Knowledge Corridor is seeking to brand the area with new signage similar to what has been done in the Fiesta District area. Bus service has been started from MCC-Red Mountain to Phoenix-Mesa Gateway Airport.

Brown and Brown have announced a one (1) million dollar renovation investment at their downtown Main Street location.

The Mesa Chamber of Commerce Board has renewed its efforts to assist with Business Retention visits for 2011.

The POOL has recently announced they are closing. The POOL was an effort to utilize the old Mervyn's building on Main and Stapley and to assist merchants in starting their business. City staff, the Chamber and Downtown Mesa Association (DMA) did an outreach to the businesses to help assist and provide opportunities for moving into the downtown area.

Mr. Shope inquired if there was going to be a Master Plan for the Cubs released for public input.

Mr. Jabjiniak responded that there is a site plan posted on the City website for the Cubs. It provides an idea of how the baseball facilities will be laid out, where commercial development will be placed, and the reserved area for Waveyard. Nothing has been decided yet.

8. GPEC Update

Mr. Brian Campbell commented that Legislative efforts are on-going. The Arizona Commerce Authority has a multiple prong approach with there being seven (7) different components. Of those seven (7) components there is only one (1) that GPEC feels very strongly about and that is the Invest in Arizona Program. This program is taking the successful principles from Renewable Energy Program and expanding them state-wide beyond the Renewable Energy area. That component was the only one to get a JOBC score of no impact to the budget, which is critical to passage. One of the most conservative members of the Senate has agreed to sponsor the Bill.

These discussions have an impact nationally and you may have heard about Illinois. Illinois caught a lot of heat lately for raising its corporate income tax; however Illinois raised its corporate tax rate to match Arizona's. These are important issues that the business communities obviously consider.

Mr. Brian Campbell commented that GPEC is returning to Washington, D.C., as part of a larger delegation, in April 2011. This is a working trip with meetings involving healthcare, renewable energy, banking, financial, media and aerospace defense. GPEC is also going to market the AFRL unique asset as part of their trip.

GPEC will also be attending a Solar Conference in China in February, along with officials from the Arizona Commerce Authority and Arizona State University.

The Foreign Domestic Investment component is made up of the GPEC International Leadership Council. They are going to China in April 2011 on a working trip that hopefully will set up a larger political delegation trip later in the year.

9. Other Business

Chair Crockett announced the appointment of a new Board member. Mr. Dan Olson is Vice President and General Manager of ATK Integrated Weapons Systems. Mr. Olson had a prior commitment and will be formally introduced at the next Board meeting. Contact information will be provided.

Chair Crockett reminded the EDAB members of the next scheduled meeting on March 1, 2011 to be held at the City of Mesa Council Chambers, Lower level, 57 E. 1st Street, Mesa, AZ 85201.

10. Adjournment

Chair Crockett adjourned the meeting at 9:02 a.m.

Submitted By:

William J. Jabjiniak
Economic Development Department Director
(Prepared by Betsy Adams)