

**MEETING MINUTES**  
**Office of Economic Development**  
**Economic Development Advisory Board**  
57 E. 1<sup>st</sup> Street  
Lower Level Council Chambers, Mesa, AZ 85201  
Date: January 9, 2018 Time: 7:30 A.M.

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**MEMBERS PRESENT**

Natascha Ovando-Karadsheh, Vice Chair  
James Christensen  
Jim Kasselmann  
Matt Likens  
Dominic Perry  
Laura Snow

**EX-OFFICIO**

Mayor John Giles, Excused  
Chris Brady, Excused  
Rich Adams  
Brian Campbell  
Jeffrey Crockett  
Sally Harrison

**STAFF PRESENT**

William Jabjiniak  
Kim Lofgreen  
Pat Block  
Tony Garvey  
David Packard

**MEMBERS ABSENT**

Jeff Pitcher, Chairman  
Deb Duvall

**GUESTS PRESENT**

Brian O'Neill, Phoenix-Mesa Gateway Airport

**1. Chair's Call to Order**

Vice Chair Natascha Ovando-Karadsheh, filling in for Chair Pitcher, called the Economic Development Advisory Board meeting to order at 7:31 a.m. She welcomed Brian O'Neill with Phoenix-Mesa Gateway Airport and Kim Lofgreen, Marketing and Business Development Manager with the Office of Economic Development.

William Jabjiniak announced that Tony Garvey, who has been with the City of Mesa for almost two years, will be embarking on a new assignment in Economic Development. He will be working with David Packard and Aric Bopp on business retention and expansion in conjunction with the Chamber and other regional and state entities. We are excited to have Mr. Garvey with us.

**2. Items from Citizens Present – None.**

**3. Approval of Minutes from the December 5, 2017 Board Meeting**

James Christensen noted corrections to the minutes: On page 2 "focus in" should be changed to "focus is" and on page 4 "FHL Bank" should be changed to "Federal Home Loan Bank". Pat Block stated she was made aware of these changes and will send out corrected minutes to the Board.

Vice Chair Ovando-Karadsheh called for a motion to approve the minutes from the December 5, 2017 meeting with the noted changes.

**MOTION:** James Christensen  
**SECOND:** Laura Snow  
**DECISION:** Passed Unanimously

**4. Gateway Airport Update**

Brian O'Neill, Phoenix-Mesa Gateway Airport, explained most airports are either a state-chartered independent authority or owned by a city. Sky Harbor is a department of the City of Phoenix. Phoenix-Mesa Gateway Airport is a joint powers authority owned by six member communities, which is unique.

There is a spirit of regional cooperation with this governing board. Phoenix-Mesa Gateway is a growing commercial service airport with 1.5 million passengers. In 2017, it was the busiest contract air traffic control tower in the entire county, and over 300,000 operations are expected in 2018. It has earned a reputation as a great place for maintenance, repair, and overhaul of aircraft equipment. Constant Aviation recently opened a 70,000 square foot hanger, and is planning to build a second hanger and a paint shop. On airport, there are approximately 2,500 employees, including the non-aviation businesses. Airport operations represent 10,000 jobs in the community. An economic impact study has not been done since 2008, although at the time the airport contributed \$1.3 billion a year to the local economy. Most of the metrics for 2018 have increased, although vehicle parking revenue is down. Both Uber and Lyft have requested the airport rules be changed to allow them to operate at the airport. The airport essentially took the lucrative taxi contract and cut it in half, expecting Uber and Lyft revenues would off-set that loss. Lyft has signed up, although Uber is lagging behind and is expected to sign up eventually. This has had a significant impact on the non-airline revenues. The current route map has 44 non-stop destinations on Allegiant and two on WestJet. In the fall, Allegiant added eight new destinations. WestJet came on in October and will stay through April, 2018.

**Airline Recruitment:** In order for frequent flying business travelers to use Gateway instead of Sky Harbor, we need to attract non-stop regional jet service to a major airline hub. We need to prove to the airlines that the growing East Valley market is sustainable. Some airlines think anything within a two-hour drive of Phoenix is just a bedroom community. Mr. O'Neill hopes to attract United Express with daily regional jets to Denver and 148 connecting destinations. When WestJet started at Gateway, it did not affect the service at Sky Harbor, although they have a higher yield at Mesa. We can use WestJet as a model to show that other airlines can serve both airports and still make money.

Question: Jim Kasselmann asked if we can learn from the Long Beach or Orange County air fields and how they became established around a big hub like LAX. Mr. O'Neill recently learned Arizona topped the 7 million resident mark. There are case studies showing a certain point at which a metro area grows large enough to support two major airports, as in Washington DC, San Francisco, Dallas/Fort Worth, and Fort Lauderdale/Miami. There is an opportunity here to pursue the best as well as unique use for the 1,000 acres around the airport.

**Expanding Air Service:** Of 1.4 million passengers, about 700,000 could be renting cars, staying in hotels, going to restaurants and entertainment venues, and making retail purchases. There is a significant amount of economic benefit to growing the air service, which over the long term will lead to building more hotels and increasing construction jobs in the community.

**MRO/OEM:** For maintenance, repair and overhaul of aircraft, Phoenix-Mesa Gateway has Cessna/Hawker/Beechcraft, Embraer, a Brazilian company, and Able Aerospace, a local tech company. Constant Aviation is the newest addition at Phoenix-Mesa Gateway, predicted to be their largest and most productive facility of four in the country. Phoenix-Mesa Gateway is gaining a reputation as a location for MRO/OEM industry activities.

**Land Development Opportunities:** There are three locations with available land: Gateway Executive Park, SkyBridge Arizona, and the Northeast Development Area. The Governor recently announced that SkyBridge Arizona is bringing a unified cargo processing program to Mesa. This could be a real game changer with Mexico and Latin America striving to catch up with the US in e-commerce. In 2015, Amazon was not even a player in Mexico and is now a growing presence along with Costco, Walmart and others. E-commerce consumers are ordering goods to ship to Mexico, although those retailers cannot guarantee overnight or even two-day delivery. It could take up to 12 days. SkyBridge will provide the ability to have a unified cargo processing program with Mexican customs officials here in Mesa to pre-clear air cargo bound for Mexico. There are 14 airports across the country which have customs and immigration. The ability to have cargo clear customs here in Mesa will then allow for travel to any airport in Mexico as a

domestic product. This is a tremendous opportunity for Mesa to be recognized as an air cargo expediter between the US and Mexico, and eventually Latin America.

The Northeast Development Area received environmental clearance from the FAA last year. This area is currently undergoing land use and infrastructure planning. The 700 acres will be adjacent to an expanding 24 and the 202, and may be a prime area for both aeronautical and non-aeronautical development.

Gateway Executive Park currently has Cessna, Embraer, and Constant Aviation. Lots 11 through 14 are currently under option from a private company. There is significant interest on Lot 18, which is currently under option with a private developer to build a hangar to house larger private aircraft. We are looking to partner with private investors and companies to build the infrastructure necessary to be able to bring in corporate aircraft. Those two large parcels are under option until later this year.

SkyBridge Arizona brought resources to the project to help maximize the development opportunity of the 360 acres. We have entered into a master development agreement with Mesa SkyBridge LLC and a master lease is in negotiations. The City of Mesa will be actively involved in the master planning process. SkyBridge is bringing \$25 million worth of private investment to the project, with an extension of the taxiway, roadway systems, sewer, and water. We are excited this project is moving forward at a good pace. The Governor's office, the ACA, and GPEC are all involved, and we appreciate their partnership. The unified cargo processing program should be operational in February.

#### Board Discussion:

Vice Chair Ovando-Karadsheh asked where the number came from on the 17,000 direct/indirect jobs. The number came from the news release from SkyBridge Arizona. Their preliminary vision was included in their proposal, which outlined various land uses and the 17,000 jobs. Mr. O'Neill is hesitant to use any numbers, although he is comfortable stating this will create thousands of jobs and will result in millions of square feet of additional facilities at the airport. The numbers on the Governor's press release were provided as part of a proposal submitted by Mesa SkyBridge.

William Jabjiniak asked if some of those jobs are anticipated to be in Mexico. Mr. O'Neill stated those are all Mesa jobs associated with the eventual build-out of the parcel.

Jeffrey Crockett noted the airport is critical to what we are doing here in developing jobs. He asked about the potential impact from residential encroachment. Mr. O'Neill does worry about residential encroachment and stated it will have an eventual impact on an airport. It is not so much about taking valuable airport land as there is a well-defined footprint around the infrastructure. He stressed the community needs to think two decades ahead. As an area is rezoned around an airport from industrial to residential and people initially move in, they feel it is not so bad living near an airport. Then fast forward a decade, and the airport has grown significantly. When that original homeownership starts to turn over, there may be a different makeup of the governing body that is now hearing from homeowners that they can't live with the flight path. The governing body then considers a voluntary curfew to provide the residents some relief. This creates significant challenges for the operation of the airport as well as the businesses that have made a significant investment to operate at the airport. Mr. O'Neill is in support of compatible land uses included in the General Plan which will protect the airport as well as protect the community from making decisions having a negative impact.

Vice Chair Ovando-Karadsheh noted the increased activity as it relates to nearby housing with 10,000 flights just for SkyBridge. There may be very large cargo planes that operate at off-peak hours. Mr. O'Neill stated these are all things the community needs to consider.

Dominic Perry asked why the SkyBridge numbers are being used if the Airport cannot provide any information to support those figures. Mr. O'Neill stated he is not uncomfortable with those numbers, he just cannot validate them at this time. Those numbers were contained in the SkyBridge proposal. His

concern is that what is in the proposal and what actually comes out of the master planning process may be totally different. They can use these figures as benchmarks for ultimate development. In the end, the land uses will dictate the types of jobs as well as the numbers. We are still exploring the best uses for these 360 acres. Hopefully, those numbers will be validated during the master planning process.

Laura Snow noted these types of proposals are based on assumptions.

Mr. Perry stressed the Airport needs to have good communication on the numbers in order to be able to answer questions from this Board and other parties.

William Jabjiniak added the Airport has been heavily involved in negotiations, although Mr. O'Neill was just advised of this announcement Thursday afternoon. This was approved by the airport board back in November. There are also relationships from the developer to the Governor's office, and sometimes one of the connections is missed. Mr. O'Neill felt that jobs would more than likely be in the 17,000 to 25,000 range.

Mr. Perry asked if the \$25 million in infrastructure would be redundant power and fiber, and will it include the taxiway and the road? Mr. O'Neill stated all of that will be included. The master development agreement is structured so the roads will be built to City of Mesa standards and turned over to the City as soon as construction is complete. The taxiway will be built to FAA standards and turned over to the airport as soon as it is constructed. Private infrastructure would not have been allowed on the airport layout plan due to access issues. This represents a significant increase to the available infrastructure, which will unlock the entire 360 acres.

Will there be a new tower? Mr. O'Neill stated a site has already been selected on a new tower. In November, the Finding of No Significant Impact (FONSI) was received on the new tower site and the design of the tower is in the 2018 budget. The current tower is inadequate to have an unobstructed view of the airport layout. The new tower will cost \$16-18 million, and because we own it, not the FAA, it will be on our dime. A funding package will use member contributions, passenger facility charges, and a small amount of AIP for the tower. He felt construction would take place in FY20.

Brian O'Neill continued his presentation focusing on the Northeast Development Area. Once SkyBridge is underway, the focus will move to the 700 acres on the east side with a high-level land use plan and initial infrastructure plan. To unlock this parcel, we need to connect Hawes Road with Williams Field Road, connecting the 202 down to the future expansion of the 24. From that point, we can decide whether to do another master development agreement or a series of public-private agreements. A certain portion will be kept available for a future passenger terminal. There will be opportunities for both aeronautical and non-aeronautical development.

During 2018, the master lease will be finalized, the master planning process will continue for SkyBridge Arizona, the land use and infrastructure plans will be developed for the Northeast Development Area, and the TSA checkpoint will be expanded to add two security screening lanes. Improvements to South Sossaman Road will begin in March of 2018 to extend the left turn lane to alleviate traffic back-up in other lanes. The hourly parking lot entrance will be moved to Sossaman Road to alleviate congestion along the terminal curve. A \$5 million reconstruction of Taxiway Alpha is now in progress. When that project is complete, Taxiway Charlie will be extended.

The focus is on Delta, United, and Sun Country for commercial airline recruitment. There is an opportunity to expand the existing Canadian service with nine US customs pre-clearance communities in Canada. Most airports in the country are either an airport or an economic development project. We have the rare opportunity to be a thriving regional airport and a thriving industrial park.

Vice Chair Ovando-Karadsheh stated she was born at Williams Air Force Base and appreciates all of the wonderful things that have been done with the space. With Mesa located between both airports, these developments will be important for our growth.

Mr. O'Neill stated the City of Phoenix is one of the owners, and Phoenix-Mesa Gateway can play a complementary role to Sky Harbor.

#### **5. OED Brand Refresh Update & Marketing Update**

Kim Lofgreen, Marketing & Business Development Manager, reviewed the media relations activities for the first and second quarters. There were four press events, which include media advisories, press releases, and video live streams and clips posted on social media and the City website. Information on press events is included in the newsletter and is sent out to site selectors, and video shorts are done on employment recruitment. There is much going on in the background for press events to drive impressions and media efforts. There were eight press releases as well as eight requests for interviews fulfilled. A total of 36 local stories and 12 national stories were generated and appeared in publications such as Innovation & Tech Today, Trade and Industry Development, and Aviation Week. All of this activity generated over 4 million media impressions.

Social media activity includes posts on Twitter (131,900 impressions), Facebook (15,000 followers), and LinkedIn (1,014 members). The LaunchPoint Video Campaign provides video vignettes of participants and created over 60,000 views and 700 click-throughs.

Tradeshows and events create awareness, build relationships, gather intelligence, and generate leads. In the first quarter, we participated in the NBAA-Business Aviation Convention, NAIOP Real Estate Broker show, CoreNet Global Forum, Arizona UAS Summit, American Aerospace and Defense Summit, and the BIOMEDevice event.

The City's digital campaigns are run through a company called Multiview. These include campaigns for Aerospace, Real Estate Brokers, Medical Device and Advanced Manufacturing. The number of impressions and click-throughs were reviewed for each campaign and are included in the Board packet. A behavioral campaign used internet search behavior and key words to drive ads. An event targeting campaign used geofencing to feed digital ads to attendees. A site retargeting campaign attached a pixel to website visitors to enable ads to be sent. Mr. Lofgreen noted our click-through rates are up to three times the industry average. Examples of digital campaign ads were reviewed.

Brian Campbell mentioned some economic development organizations have done a variation of the behavioral campaign targeting prospects, their employees, and middle management. Due to the HR component, some of the larger companies like Amazon are looking to hear from their employees in the selection process when considering a relocation. Have we explored a behavioral campaign targeted at the business prospect so they are seeing Mesa, its social activities, and Visit Mesa?

Mr. Lofgreen stated Mesa has not done such a campaign, although Multiview does have the capability to target certain executives, URLs, and domain names. Mr. Campbell suggested keeping that in the thought process for the right target.

Mr. Lofgreen reviewed the upcoming trade show and event schedule. The digital campaigns will continue to focus on advanced manufacturing, medical device, and additional industries. Print campaigns will use editorials to develop credibility and will serve as a call to action.

The Brand Refresh is designed to be more engaging by incorporating people in the photography and will be more representative of target industry sectors. Our website is an important tool for economic development in attracting new businesses. Ninety-seven percent of corporate real estate professionals

and site selectors use the internet to research locations. A redesign of the website will begin this week with plans to go live at the end of this fiscal year.

Vice Chair Ovando-Karadsheh requested a preview of the website before it goes live. She noted that many of the companies looking to come to Mesa ask about the lifestyle. She suggested a few pages on what Mesa has to offer on the lifestyle side, such as Visit Mesa, outdoor activities, the area lakes and national forests, and Mesa Art Center. Mr. Lofgreen advised a lifestyle-oriented tourism brochure is in the works and similar brochures are planned on the downtown as a lifestyle, technology, and cultural corridor.

Brian Campbell asked that the term lifestyle be used instead of tourism, as it represents a different connotation.

Mr. Lofgreen reported the website activity on economic development is up 8.3% over last year. The top five website pages are business environment, business district maps, key industries, newsroom, and incentive programs.

Vice Chair Ovando-Karadsheh asked if Visit Mesa has a link for those interested in doing business in Mesa that connects directly to OED. Staff believed there was such a link.

William Jabjiniak explained we are moving to a separate website due to the different audiences.

Mr. Lofgreen stated the look and feel of the City web page is more family friendly, rather than business oriented. The economic development website needs a more sophisticated, business-friendly approach. Other economic development groups across the country are doing standalone websites.

Vice Chair Ovando-Karadsheh thanked Mr. Lofgreen for his presentation, and the Board is excited to see what these changes will produce.

## **6. Director's Update**

William Jabjiniak reported on a housing proposal which was formally submitted this past week next to the Elliott Road Tech Corridor inside the loop. An Innovation District event will be held on January 18, 2018, at the Nesbitt Theater, and will include a panel discussion and presentations with Brookings. He encouraged Board members to sign up and advised there is a cut-off for reservations.

Laura Snow asked what would be the appropriate venues to voice our opinions on the housing development proposal in the loop? Mr. Jabjiniak advised comments can be made directly to the Planning staff as they prepare the case to go before the Planning Board, as well as elected officials. John Wesley has been directed to conduct a study on the loop and along the 24. All of a sudden, there are a lot of housing proposals threatening both airports.

Ms. Snow asked if there are case numbers to be referenced. Mr. Jabjiniak asked staff to have the information sent out to the Board.

The Mayor's State of the City will be held on February 6, 2018 at 7:00 a.m., and the regular EDAB meeting will need to be rescheduled.

Vice Chair Ovando-Karadsheh asked the Board to check their availability to move the next Board meeting to Tuesday, February 13, 2018.

Mr. Jabjiniak stated the SkyBridge announcement is a great start to the new year. There is activity in almost every one of our employment areas.

On January 10, 2018 at 7:00 a.m. there will be a ribbon cutting for Sprouts Market.

Also on January 10th, 7:00 a.m. is the East Valley Governor's Breakfast at the East Valley Institute of Technology.

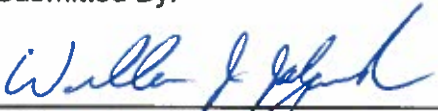
**7. Other Business**

The next meeting of the Economic Development Advisory Board will be changed from the regular date to February 13, 2018 at 7:30 a.m.

**8. Adjournment**

With no further business before the Board, Vice Chair Ovando-Karadsheh adjourned the meeting at 8:34 a.m.

Submitted By:



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William J. Jabirniak  
Economic Development Department Director

(Prepared by Dana Desing, TEI: 14082507)