

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

Date: June 7, 2005: 7:01 A.M.

MEMBERS PRESENT

Gary Smith  
Linda Flick  
Don Evans  
Mike Garcia  
Vern Mathern  
Patricia Schroeder

EX-OFFICIO

Mayor Keno Hawker (excused)  
Mike Hutchinson (excused)  
Charlie Deaton  
Jack Sellers

STAFF PRESENT

Betsy Adams  
Sue Cason  
Harold Decker  
Catherine Ji  
Micah Miranda  
Richard Mulligan  
Tom Reyes  
Scot Rigby  
Wayne Balmer

GUESTS

Roc Arnett  
Lois Yates

MEMBERS ABSENT

Raul Cardenas (excused)

Chair Gary Smith called the June 7, 2005 meeting of the Economic Development Advisory Board to order at 7:01 A.M. in the Mesa City Plaza Building, Room 170.

Chair Smith called for a motion to approve the minutes from the meeting held May 3, 2005 (with minor corrections).

**MOTION:** Mike Garcia moved that minutes from May 3, 2005 be approved.

**SECOND:** Vern Mathern.

**DECISION:** Passed unanimously.

Chair Smith referred to the agenda in the packet. He pointed out the list of Board members names on the left hand side and announced three Board members resignation effective immediately. The Board resignations include Dave Woods, Jim Zaharis and Debra Duvall. Some names being considered for appointment are: John Fry, Plant Manager for TRW, Steve Shope, U.S. Positioning, Jim LeCheminant, President of Mesa Bank, Brian Campbell, Attorney with Bonn & Wilkins, Ted Wendel, Associate Provost for A.T. Stills University. Several positions are yet to be filled, but would be filled by the end of June. He commended and thanked the Board members for their personal contributions to the Board and the City.

Vice-Chair Linda Flick expressed her appreciation, pleasure and honor to serve on the Board. She gave a special thanks to the Economic Development staff for all their support, professionalism and hard work. She also thanked Mike Hutchinson for his support.

## **1. Fiscal 2004-2005 Progress Report**

### **Overview**

Chair Smith gave an overview as to how the agenda's are done and agreed upon. Last month EDAB talked about and looked at the status of economic development in the Valley and how all the pieces fit together. It was felt that it was important to look at and give more thought to where the city was going in the context of economic development for the Valley. Chair Smith commended Mr. Mulligan and his staff for an outstanding job well done, especially being understaffed most of the time for the past few years.

Historically, the City had focused on automotive, aerospace and software. Basically, a collection of businesses became a cluster that could be focused on. Not necessarily that we could grow them for the future, but what we had at the present time, was the focus. There were six clusters looked at before Dick Mulligan came to the City. Today there are five clusters melding into four that GPEC looks at in terms of high wage clusters. The strategy from the Business Leadership Coalition and also adopted by GPEC, is to focus on these five high wage clusters in the belief that, if they are successful they will be able to raise the wage level or average in the Valley to the point that it will become self sustaining. The clusters are aerospace, advanced business services, software, computers and bio-industry. Aerospace is doing very well and functions on its' own. The software and computer clusters are melding into one cluster and seem to be functioning on their own. When we did the Economic Development Plan Strategy for the City of Mesa, one of the things that we had strength in was aerospace, especially with two airports and several companies that were working in aerospace.

Chair Smith turned the meeting over to Mr. Mulligan for an overview on the Industry Clusters.

Mr. Mulligan briefed the Board members with a power-point presentation. He explained that not all of the staff's activities fall neatly under a specific cluster, but crosses into several clusters. The performance metrics year to date data will give a comparison from previous years and will give an overview of what is going on with the local economy.

### **Business/Industrial Parks**

Arizona Health & Technology Park  
Broadway 101 Commerce Park  
Falcon Field Airport  
First Industrial  
Greenfield Airpark Center

Hewson Dover Business Park  
Longbow Business Park and Golf Club  
Red Mountain Vista Business Park  
WGA – North/South Business Park

This list has grown over the last year in terms of the activity that we have in our community.

### **Industry Clusters**

#### **Aerospace/Aviation**

Airbus (Project Cloud)  
Air Cargo Center – Himovitz Development, Inc.  
Air West, Inc.  
Base Realignment and Closure (BRAC) Process  
Cessna Citation  
Cuben Fiber  
Falcon Field Employment Center Strategy Plan  
GST Industries, Inc.  
Marsh Aviation  
Military Reuse Zone Certification  
Regional Airlines Academy  
Structures, Inc.  
WGA Air Cargo Task Force  
WGA Passenger Service Task Force

#### **Advanced Business/Financial Services**

AT&T  
Class “A” Office Space  
    One MacDonald Center  
    Stapley Corporate Center  
Choice Bank  
The Mahoney Group

#### **Education Services**

Arizona State University  
    Comprehensive Development Plan for a New American University  
    Framework for a New Partnership  
A.T. Stills University of Health Sciences  
    Center for Excellence  
    Medical School  
Everest College  
Mesa Community College  
    Downtown Campus

#### **Health Services**

A.T. Stills University of Health Sciences  
    Center for Excellence  
    Medical School

Banner Health  
Banner Desert Medical Center  
Banner Mesa Medical Center  
Banner Baywood Medical Center  
IASIS Healthcare  
Mesa General Hospital  
Mountain Vista Medical Center  
Southwest Ambulance  
Vanguard Health Systems

**High-Tech**

Cognitive Engineering Research Institute  
GECO  
IntelaSight  
Pyramid Technologies  
Sweet Spot Solutions

**Retail**

Auto Dealerships  
Cardinale Mazda  
Honda  
Infiniti  
Superstition Springs Toyota  
  
Commercial Retail Shopping Centers  
Fiesta Village  
Groves Town Center  
Riverview at Dobson  
Superstition Gateway  
  
Restaurants  
PF Chang's China Bistro/BJ's Restaurant  
Olive Garden

Mr. Mulligan explained that projects by industry, capital investments and square footage are up. Annual payroll, jobs created, jobs retained and total jobs are down due to buildings not yet completed. Average salary is higher due to quality jobs. Public revenues are down due to unfinished buildings and empty buildings that do not have equipment in them. Number of projects are down due to lower staffing and empty buildings. Unemployment rate is lower. Mesa's and Arizona's Employment Rate is identical. Sales tax revenues and office space grew slightly. Class "A" office space will go up as projects are finished. Industrial space shows a slight increase.

Mr. Mulligan asked for comments or questions from the Board members.

Mr. Garcia asked why the City does not require a business license?

Mr. Mulligan responded that the City Council has not been prone to go in that direction. Mesa is the only City that doesn't require a sales tax/business license or renewal permit. A license or permit is the best way to track data.

Chair Smith asked the Board what clusters should the City focus on?  
Mr. Mulligan suggested that the City focus on what cluster strengths they already have.

Mr. Mathern asked if there is a role that EDAB will have in terms of areas within the City where there are severe problems?

Chair Smith answered yes. Economic Development and the staff have been pulled or directed in different ways over the last five or six years. At one time we were very focused on business expansion/retention as one job and new locates as another. There wasn't a focus on any particular industry, although the City had six clusters. In the last few years as the City has had difficulty with retail or with particular areas, the staff has been asked by the City Manager to focus on retail. Then they were asked to focus on particular areas such as auto dealers, Fiesta Mall and Falcon Field. The staff is moving more towards, and included in the Economic Development Strategy, area development or large neighborhood development rather than towards general concepts. Staff has become more involved in these issues. It is a change in focus and emphasis, and they do a lot more with fewer people. Our question is should we be focused? Should we be focusing on a region, regardless of what is there, or should we focus on retail, aerospace or should we be focusing on Falcon Field and Williams Gateway?

Mr. Sellers commented that the most important thing that EDAB can do is help shape the vision.

Mr. Mulligan commented on the fact that there are four concepts that impact the involvement of economic development and they are:

1. The Clusters concept. The clusters that we are targeting are going to be very closely tied to the strengths that we already have, with some exceptions. We are strong in aerospace because we have two airports and a strong aerospace base and we want to continue to build on that. Same thing with the education, health services, retail, etc.
2. Employment Center concept. When you look at employment centers, the clusters such as aerospace probably don't mean as much to the folks in the Fiesta Mall area because that is office and retail for the most part.
3. West Mesa Revitalization. This is an employment center focus and is why we are hiring Economic Development Program Managers to take these geographical areas and work them. That is just the tip of the iceberg. There is so much more that needs to be done in the west Mesa area, but given the resources that we have you deploy what and when you can.
4. City Council Districts. You can't go to one particular council district and say that the city is just going to focus on aerospace, because there are political demands for all the districts. It is a balancing act of looking at it from all those different perspectives and finding a way to move the community forward in the vision that is talked about.

Chair Smith commented that 78-80% of the growth comes from internal growth rather than bringing folks from the outside. How does the Board want to focus on where they are going? Do you want to focus on the regional areas and not worry about clusters or both? If we do clusters, which ones do we do?

Ms. Patricia Schroeder commented that there is a dialog on the national level called "Strengthening America's Communities Initiative". Basically it is taking several of the large finance funding programs and consolidating it into one. As part of that dialog it seems to be a rejection of the clusters and calls them the flavor of the month. They are looking more at regional collaboration partnerships, bringing in the non-profit into the whole economic development area. It goes back to geographic regions and pulling partnerships and collaborations together in order to focus on those regions.

Mr. Wayne Balmer commented on the lean budget years ahead and the City Council questions how to get the best returns on its investments. How do we regain the competitiveness for Mesa? The City Council is very concerned about retail leakage. In the past we greatly benefited from the Chandler/Gilbert retail leakage coming to the Superstition Freeway and now perhaps it will reverse itself with Mesa shoppers going to the new San Tan Freeway and the Chandler/Gilbert folks staying home. With the freeway extending to the northeast and the Falcon Field area, there is an interest for more retail along that corridor. A full time person needs to be assigned to work with that area. Another area is Williams Gateway with the coming of the San Tan Freeway. A tremendous amount of new things can happen particularly in two areas. One is the State of Arizona owns a big share of the land out through that area. The State owns 480 acres just south of Elliott Road. That acreage possibly will go up for sale in the fiscal year 2005/2006 beginning July 1, 2005. Mesa and other groups may have a fair amount of influence with what the State of Arizona proposes to do with that property. From the Superstition Freeway on around to Power Road it is conceivable to say that would be the piece that would be in Mesa on the San Tan Freeway. There is 5 ½ miles of property that does not have any new employment oriented project currently planned. As a result we see a lot of projects going west of Power Road that Gilbert has available or down in the Queen Creek area. They are going to bypass that area along the San Tan Freeway for retail projects and other employment uses as well. How do we get more development interest in that piece of the San Tan Freeway in the City of Mesa? What can we do to get that to happen? We have been working on getting utilities through to Ray Road across from Power to Ellsworth and south of the San Tan Freeway. Mesa has two great locations for future retail at Hawes and Ray Road and at the northwest corner of Ray and Ellsworth Road where everyone will be getting on and off the freeway. Right now we can't even get a road to the Hawes interchange. We really can make a difference in terms of working with the State of Arizona on what they would like to have planned for that area.

Another area is Williams Gateway Airport itself. Mesa has put a lot of money into it and working with the Airport Authority. Another area is healthcare. Mesa has been the healthcare capital for the East Valley. One of our hospitals is closing and two new ones are opening. Chandler and Gilbert will be adding medical facilities as well. How do we keep Mesa as the healthcare center for the East Valley? The healthcare services is a tremendous investor that we don't want to see leave.

Ms. Yates cautioned everyone to keep in mind that looking at the strategy, we have to review the strategy on a continuous basis and be flexible enough to change what you are doing if it's not working. Employment clusters are a good way to go.

Mr. Evans suggested that part of the Board's task is to understand who is involved in the various activities. There is no need to replicate the work that is being done.

Mr. Mathern suggested inviting Town Center Development to the next board meeting or in the fall so they can brief us on the activities and projects.

Chair Smith referred to three clusters specifically within GPEC's high wage cluster areas. Aerospace, Advanced Business Services and High Tech.

Ms. Schroeder questions retail, health and education as clusters. We call them clusters because that is where we have been going.

Chair Smith commented on Ms. Schroeder's comments regarding clusters. A cluster is normally a group of businesses that are able to establish some synergy because they work together or they have a tendency to draw and work off of a central pool. There is a benefit for them being together. The Economic Development Strategy focused on education as an area/cluster. The Plan recognized that educational institutions in the City were important to support and work with. A.T. Stills, ASU and MCC were recognized for their growth and having a tremendous impact on other businesses growing in the City. The City has received very positive feedback, for example, in the retail area for having meetings with the car dealers, study sessions around Fiesta Mall and working in those areas. Even the study done at Falcon Field was very positive in terms of what to do with the airport and making changes with regard to the hangers.

Mr. Garcia commented that clusters are important and are supportive of all areas that are affected, but a focus is needed. It is not the Board's job to direct the staff. We need to have an agenda to say where are we going and why. What do we want to look like when we grow up in five years? A vision is needed.

Mr. Mulligan referred to the vision. In the spring of 2004 we came to the Board with a presentation of the strategies and asked for the Board to review the 10 key strategies. What has happened since the Strategy Plan was adopted? The Plan was very well received and internal comments made to some staff members was that ideally we ought to be bringing you back an update. It is very staff intensive to do that and with not having a full staff, we have been handcuffed with what we would normally like to be doing. This should precede us bringing back the Action Plan so that you have that perspective. We weren't able to do that this year due to extenuating circumstances, but that gives this Board the ability to gauge how we are doing on the Strategy and where we are going, and to make recommendations, which are very important. One observation we made is that, we have to find a better way to get the presentation in front of the City Council. It occurred to us that the last several times we made major presentations and did Mesa Business Speaks, we didn't have one City Council member in the room and we weren't doing it in the Study Session chambers at any point in time. What we are recommending when you see the Action Plan will be to make a yearly presentation to the City Council as

well. That way you can keep your hand on the rudder for the vision and getting the information to the decision makers so that you can influence public policy.

Mr. Rigby commented that the Board talks about issues and then passes their recommendations or support on to the City Council. What one or two things should the Board focus on?

Ms. Yates commented that the clusters that were established in the 80's and 90's have changed tremendously since then.

Mr. Balmer commented that Mr. Mulligan is going to have a great opportunity to interact directly with the City Council in the next couple of weeks. Earlier this week Mr. Mulligan and I received from the City management staff the Council's Work Program for this year. They have a section on economic development. We need to update the City Council on what we are doing to help the Council achieve the goals they have set for the year and then continue to update them on the activity areas. Another area is how to package and present this information to the City Council.

Mr. Deaton commented that he has heard two statements made about what the role of this Board should be. He's not sure what the role is, but wanted to know if the Board should advise staff, the City Council or both. We keep chasing our tail, saying do we have clusters or do we have retail development, and no decision ever comes out of it. If the City Council and the political process are the issue and problem, then maybe that is where our attention should be as an Advisory Board.

Mr. Sellers commented that part of what our responsibility is to educate the City Council on what it takes to be viable in economic development.

Chair Smith commented on the letters that the Board has authorized to be written. The Board does try to educate the City Council and express thoughts with regard to what we think should happen and how it should be done. One time we were dealing with Big Box and land development in terms of proportion of retail versus office space. We have run the gamete. We have affirmatively said we do not want to be Planning and Zoning, where issues are brought to us and we vote and go through the hoop in order to get to the City Council. Periodically you have to take a look at who and what you are doing. The discussions have focused around the Economic Development Plan. One of the things we said after this Plan was developed was that our role should be to make sure the City Council does everything to move this Plan forward. If they don't aggressively do it, they are going to be behind schedule and then they won't get there. If you look at the things that have been talked about today, we have regional development and regional cooperation. The statewide economic strategies, aerospace, advanced business services and high tech are basically being handled by GPEC. We have strongly said that we want to play with GPEC, because we can't do it alone. We are playing regionally. We look at foundational issues such as educational services, health services and retail. Those are things that need to be a stronger focus, that the City Council wanted to look at and the staff has responded in doing. What I hear as an undercurrent is that we should continue to support the eight economic regions of the city, continue to work the staffing of that, and continue to push the Economic Development Plan.

Chair Smith encouraged Mr. Mulligan for next month to pick-up the Plan and see where we are. We don't necessarily need clusters and focus, but we do need to partnership with GPEC.

Mr. Mathern commented that by focusing on clusters it takes us away from where we should be helping the City Council. The Council looks at us as a diverse group of interests and ideas. They want to be advised by us as to what to do to push the vision or cement the vision and give them direction and ideas.

## **2. Executive Director's Report**

Mr. Mulligan pointed out several highlights of the report. A date of November 2nd has been set for the Annual Breakfast. It will be held at the Marriott Hotel in Mesa.

Mr. Reyes briefed on the Regional Airline Academy. They located here last year and are doing another expansion, adding 60 more employees and building a 20,000 square foot building. They are in the process of applying for Military Reuse Tax Credits amounting to \$100,000.

## **3. Other Business: Public and Board Comments**

Chair Smith welcomed new staff member, Catherine Ji to the position of Economic Development Analyst and Heather Gray to the Marketing/Communications position. He also expressed sympathy to Mike Hutchinson on the passing of his mother this past week.

Mr. Mulligan invited the Board to let the office know of anyone wanting to participate in the GPEC Economic Summit, June 10th at the Arizona Biltmore.

Mr. Mulligan announced the departure of Micah Miranda from the staff and that staffing efforts are going to continue. Hopefully in a few weeks there will be an announcement of new staff. Our dream is by fall to have all staffing positions filled.

Mr. Mulligan thanked Gary Smith, Linda Flick and Don Evans on their service at the completion of their terms. The whole board has been a tremendous help and their support, time and effort is greatly appreciated. The Board had a tremendous influence on the City Council members when we went to the budget hearing and had several of the Board sitting in the audience. You really do make a difference when you are there.

Mr Garcia commented that he was encouraged by the State Training Program, for the first time in four years the Legislation has decided not to scoop funds out of that area to make up for the short falls. It is around \$4 million that will be available for job training for the State next fiscal year.

Vice-Chair Flick thanked everyone and will miss each and everyone.

Mr. Evans thanked everyone and said that he had gotten more out of serving than he thought he had contributed. He appreciates the leadership.

Mr. Balmer commented that the Secretary of Defense has recommend that the Air Force Research Laboratory at Williams Gateway Airport be closed. The State of Arizona is putting together a proposal team led by a retired General, by the name of Tom Brown of the Greater Phoenix Leadership. He will be making a presentation on the 24<sup>th</sup> of June in Clovis, New Mexico to the Base Closure Realignment Commission as to why Arizona thinks the base facility should be kept open. Staff may be called upon for some help.

**4. Adjournment**

It was noted that the next EDAB meeting would be held July 12, 2005.

There being no further business, Chair Smith adjourned the meeting at 8:57 A.M.

Submitted By:

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Richard K. Mulligan, CEcD  
Economic Development Director