

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

MEETING MINUTES

Date: June 5, 2012 **Time:** 7:30 A.M.

MEMBERS PRESENT

Rich Adams
Terry Benelli
Tony Siebers
Mitzi Montoya
Jeff Pitcher
Jo Wilson
Steve Wood

EX-OFFICIO

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

STAFF PRESENT

Betsy Adams
William Jabjiniak
Scot Rigby

MEMBERS ABSENT

Steve Parker (unexcused)

GUESTS

Roc Arnett
Lynn Kusy
Darrell Smith

1. Chair's Call To Order

Chair Jeff Crockett called the June 5, 2012 meeting of the Economic Development Advisory Board to order at 7:34 a.m. at the City Council Chambers, Lower Level, 57 E. 1st Street, Mesa, AZ 85201.

2. Items from Citizens Present

Mr. Darrell Smith, a Mesa resident and member of the consulting/architectural firm Wood Patel and Associates, introduced himself to the Board.

3. Nominations and Election of Economic Development Advisory Board Chair and Vice-Chair

Chair Crockett called for nominations and election of officers.

MOTION: Jeff Pitcher nominated Jeff Crockett as Chair and Rich Adams as Vice-Chair.

SECOND: Mitzi Montoya seconded the motion.

DECISION: Passed unanimously.

4. Update on Phoenix-Mesa Gateway Airport activities

Chair Crockett recognized Mr. Lynn Kusy, Executive Director of Phoenix-Mesa Gateway Airport and Mr. Scot Rigby, City of Mesa Economic Development Project Manager, to share updates on the airport. Chair Crockett shared

with the Board that he and his family took a flight out of the airport. They flew to Rapid City, South Dakota to see Mount Rushmore and had never utilized the Phoenix-Mesa Gateway Airport before. He stated there is a charm associated with the smaller facility. The Phoenix-Mesa Gateway Airport flights made it very convenient to visit other places that were at one time hard to fly to from the Phoenix area.

Mr. Kusy updated the Board regarding the economic impact of the airport and the community, passenger service, employment and development of the airport. In 2010 an economic impact analysis of the airport revealed there were approximately 680,000 passengers a year utilizing the airport and approximately 1,100 jobs at the site. Today the airport serves approximately 1.2 million passengers, almost double from two years ago. Employment stands at approximately 1,400 which is a 25% increase in jobs. Mr. Kusy intends to update the economic impact analysis study in 2013.

Regarding passenger service, Mr. Kusy stated Allegiant Air now serves 32 destinations including Las Vegas and Oakland. Spirit Airlines now serves Las Vegas with continuing service to Denver, and Dallas/Fort Worth with continuing service to Fort Lauderdale. Fort Lauderdale is the hub for Spirit Airlines and from there international destinations can be reached.

Additionally, Phoenix-Mesa Gateway Airport is working diligently to obtain a third airline. Mr. Kusy's staff will soon be meeting with six other airlines to discuss the possibility of starting service to Mesa.

Terminal expansion is continuing as well. Currently the airport houses 58,000 sq. ft. with six gates. Another 30,000 sq. ft. is under construction and adding two more gates which will total 88,000 sq. ft. of terminal and a total of eight gates. Construction is anticipated to be completed in October 2012. Upon completion, the project will double the ticketing space in the terminal. It will enlarge and improve the security screening area with three lanes for screening instead of two lanes. Paradise Bakery is relocating and the concessions are expanding in the terminal. A second baggage belt is being added as well as another baggage screening lane for checked baggage. Additional curb space for drop off and pick up will be created as well. Further anticipated is a ground breaking in November 2012 for two more gates for a total of 10 and 98,000 total sq. ft. in the terminal. Research is currently being done for the possibility of one gate becoming an international gate with service to Mexico and Canada.

There are approximately 1,400 jobs currently in place. Occupancy of the real estate owned is at about 70%. Last year it was under 50% so more people are moving on to the airport and jobs are being created. New tenants are also occupying the private space. Many buildings have been built by the private sector with two new tenants in this private space over the last 90 days. Air Transport Professionals just completed their new building and moved in. Able Engineering has a new building under construction on the airport. They are financing a 190,000 sq. ft. building with the potential of 400 new jobs in addition to the 1,400 jobs currently at Able. The airport is managing the construction of the building and it is anticipated that it will be completed in early 2013. Furthermore, approximately \$3,000,000 worth of other construction projects on

airport this year include expansion of the fuel farm to keep up with the demand primarily from the airlines. The airlines buy the fuel, store it in the fuel farm and the airport charges a storage fee as well as a fee to fuel the aircraft.

Mr. Steve Shope inquired how the new terminal would be funded.

Mr. Kusy anticipates three major funding sources: the FAA for the taxiway and other improvements that are eligible for their funding; airport funds themselves with the help of issuing bonds; and asking the City of Mesa to consider providing some of the public improvements such as streets and utilities.

Vice-chair Rich Adams inquired about parking at the airport.

Mr. Kusy does not believe parking is an issue today. There are approximately 800-900 parking spaces at the terminal and then 2,700 parking spaces at Ray and Sossaman with shuttle service back and forth, approximately a three minute shuttle ride. An additional 2,300 parking spaces will be added so eventually a total of 5,000 spaces will be available at that satellite location.

Mr. Wood asked about the plans for the old terminal once the airport moves to the east side of the road.

Mr. Kusy stated they have worked diligently to insure that the west terminal is reusable. It is designed so that it can be divided into 5,000 sq.ft. increments for multiple tenants. It is also possible that it could be used as a General Aviation (GA) terminal. The utilities run along the length of the building so it can be divided into increments to meet the size and needs of future tenants/businesses.

Mr. Rigby stated that funding between the City of Mesa and the airport for the east side terminal is a priority. The plan is a joint venture as will be seen on the document that will be presented at the June 18th Airport Authority Board of Directors meeting. The City of Mesa realizes funding will be needed for the infrastructure of the east side. The construction of Ray Road between Ellsworth and Power as well as the utilities put into place at that time were designed to serve the east side terminal. Hawes Road at Ray Road is planned to continue into the airport as a major ingress/egress for the airport as well as the infrastructure.

Mr. Rigby also reiterated that shopping, hospitality and retail are important for this area. Infrastructure is critical and is a key component for the airport to be the major center of the Southeast Valley. The city's goal is to build as much infrastructure in and around the airport for current and future needs.

Additionally, improvement for signage on and off the airport is another goal. One of the challenges is there is no directional signage to the airport for people getting off the freeways on Power Road. The Mayors of Gilbert, Queen Creek and Mesa have discussed the need for improvement with signage both on and off the airport. By the fall of 2012, he anticipates the airport will be referred to as the Gateway Area.

The ASU dorms will be open fall of 2012. Mesa is working with ASU to attract more retail service for the ASU students, especially with Power Road improvements in the next 18 months. Power Road is a critically needed improvement for Gilbert and Mesa as well as ASU and the airport.

Although Pecos Road was completed six or seven years ago, it was undersized, causing a bottleneck at Power Road. Wider pipe below the ground is needed. There has been interest in the last few months from heavy industrial and international companies looking for this type of area.

Gaylord recently agreed to lease the management of their hotels to Marriott. The Mesa project is still on the books. More details should be forthcoming in the next year.

The First Solar Project has been placed on hold. A new fire station has been constructed in the area as well. In conclusion, Mr. Rigby stated that not only should the airport area brand be expanded throughout the valley but nationally as well.

Mr. Brian Campbell requested of Ms. Mitzi Montoya an update regarding ASU Poly.

Ms. Montoya stated, the new 300 bed residence hall is very near filled. Although intended to be a freshman hall, it is about 75% freshmen and then backfilling mainly with sophomores and some upperclassmen as well. The goal for the 2012/2013 school year is for there to be a 100% capacity of freshmen. This residence hall is the first of four planned. ASU anticipates continued growth and land has been cleared in anticipation of this growth. A new dining hall is planned. Additional services at the airport terminal and surrounding the campus would be advantageous to the students. The students' recreation (rec) center is targeted to open in January 2013 with multi-purpose fields behind the residence hall, and dining hall anticipated to also be opening. The rec center will house a Health Center, an open fitness facility, modeled after a fitness center in Chandler. The rec center will be run by the students. Student fees have been used to design and develop the center.

Ms. Montoya stated that growth continues and the school is well ahead of goals for enrollment. Recruiting is focusing on retention at this time with anticipated significant growth starting next year. The Health Program was moved from the Poly campus to Downtown Phoenix and as a result several new health programs are being introduced such as pre-med, pre-dental, pre-vet and behavioral health programs. She stated the current enrollment at ASU campus is 3,500 students with a goal for the next three to five years to double the enrollment. She expects accelerated growth over the next two years.

Mr. Shope commented on the infrastructure at the Poly campus that has been completed. He announced that Mesa was responsible for putting the infrastructure in place.

Ms. Montoya stated refurbishing of some of the buildings has been completed with significant improvements made.

Vice-chair Adams inquired of Scot Rigby regarding branding the area, whether there were lessons to be learned from other entities such as UNC or Chapel Hill who were successful.

Mr. Rigby replied that branding is a long-term effort with more education opportunities needed. Essential services must be available in the area as well as to and from the airport.

Mr. Wood asked Mr. Kusy about the future of general aviation at the Gateway facility.

Mr. Kusy stated that Phoenix-Mesa Gateway is a general aviation airport with more general aviation than commercial operations as well as some military operations. Approximately 75 to 80% of the airport's traffic is general aviation. The goal is not to compete with Falcon Field or Chandler for small aircraft although business jet traffic is welcome at the airport. Service centers are available for Cessna and business traffic with itinerant business jet traffic. This is big business for the airport. Retail jet fuel sales continue to increase, selling approximately 300,000 to 400,000 gallons of jet fuel a year. Really successful jet aircraft airports dispense about 1,000,000 gallons a year. Rebranding the General Aviation Center, a new effort within the last 10 years, will be UV Air which provides services to jet travelers all over the world, beginning July 2012.

Mr. Shope inquired about the interest of lodging or hotel on the airport property. He believes the market and the customer base is there.

Mr. Kusy stated that no site is being promoted at this time on the property for a hotel or other lodging; a close proximity to the airport or on the airport would be ideal.

Mr. Rigby replied there is a need at the airport or ASU for a hotel or other lodging. He believes when the airport moves to the east side there will be an opportunity to place hospitality there. Discussions have been ongoing looking at sites for conference centers near the airport. Additionally, regarding business traffic, Able Engineering is an important addition for serving and servicing commercial cargo operations such as Southwest, Delta and Allegiant. Also this project led to the City of Mesa becoming involved in the bond process wherein they can confer with S & P and Moody regarding growth projections. Bringing in the big employer, Able Engineering has been critical in the bonding process.

Chair Crockett stated Mr. Roc Arnett requested to be recognized.

Mr. Roc Arnett commented the East Valley Partnership is examining the concept of a regional brand. They have taken the concept to the managers of cities and to the airport advisory board. Some interesting ideas have been discovered during conferring with ASU's and SRP's key branding teams. He has visited with Chandler and they understand the need as well as to work with Intel. Intel is competing against other countries such as China and Singapore for their product. The Southeast Valley has phenomenal assets to offer and so many things are coming together. He reiterated that this is not an official report but he is very excited about the future of this region.

Chair Crockett inquired as to what the Board could do to assist with the future of Phoenix-Mesa Gateway Airport.

Mr. Kusy replied that the city's infrastructure projects are critical not on only the airport but surrounding the airport. The area surrounding the airport has the assets but not the recognition or completed infrastructure.

Chair Crockett stated that the Board is supportive of infrastructure at the airport. He encouraged other members to utilize the services at the airport and take a trip in the near future. He further encouraged the Board to be ambassadors for the area.

Mr. Pitcher interjected that a partner in his firm just relocated here from New Jersey and he firmly attests that Spirit Airlines is great for business travel. A new ad campaign in June and July is coming for Spirit Airlines.

5. Recognition of Service

Chair Crockett recognized the service of Mr. Steve Parker for completing a partial and full term on the Board. Mr. William Jabjiniak stated Mr. Parker had been a great resource for the Board and thanked him for his years of service.

6. Update of AZ Labs

Mr. Brian Campbell stated that work is currently underway on retention and recruitment at the AZLabs. The FAA's effort to identify six Unmanned Aerospace Vehicle (UAV) test sites in the nation known as Site X is being spearheaded by General Regni. The Site X sites are a hub and spoke concept to integrate technology in the nation as test sites for the UAV's. The AZLabs has an exciting opportunity to be a Site X hub. As a city, focus is being made on this piece of the FAA application. Mayor Stanton of Phoenix was in Senator McCain's office presenting, promoting and supporting the UAV test site push for Arizona.

Steve Shope stated that he met with Karen Taylor of DMB and others who pledge support and will contact the FAA on the city's behalf.

Mr. Jabjiniak added that the Economic Development Conveyance (EDC) application has reached final review by the Air Force. He believes there are no deficiencies in the application. The City is hiring an attorney for assistance in the application efforts. The ability to hire an outside attorney has been made possible by a \$30,000 grant recently obtained.

7. Director's Report

Mr. Jabjiniak reported a ground breaking is scheduled for the Cubs facility at Riverview on July 11, 2012. Work is still being finalized for the design drawings. The Cubs are responsible for retail development including negotiations with ASU for use of the facility as well. Discussions continue on reuse of Hohokam by another major team currently with a facility in Phoenix. Hohokam will be ready for a new team in 2015.

A fourth college announcement is scheduled for July 9, 2012. A focus on the Mesa Center for Higher Education on West 2nd Street is currently looking at architects with deadlines for fall 2013. Benedictine has received state approval with a formal invite and approval from the Catholic Bishop to locate in Mesa. They are expanding their offerings

from three to eight majors. There may be another opportunity for a fifth educational institution announcement but nothing definitive to share at this time.

Terry Benelli inquired whether construction has commenced on the Benedictine project.

Mr. Jabjiniak replied that an eight to ten person office space will be opened at 51-55 E. Main Street. The environmental and remodel work have been approved for 225 E. Main Street; however, environmental has been stymied by vandalism. Construction is anticipated to be completed by August 2013.

Regarding a Market Intelligence update, Mr. Jabjiniak stated a visit to six STET aerospace companies was conducted by a GPEC representative. Three of the visits included Boeing, ATK, and MD Helicopters. Joint visits to Mesa aerospace companies are being scheduled. Sharing information across the region is essential for working together and building a strong organization with a unified front.

East Valley Partnership will hold their Annual Membership meeting on June 7 2012 at EVIT starting at 3:30 pm. Ground-breaking for the light rail was held on May 30.

Mr. Jabjiniak reminded the Board there will be no EDAB meeting on July 3rd and the office will be closed for the 4th of July. Ryan Brault is the new Economic Development Specialist hired. Second interviews are scheduled for additional staffing positions.

8. GPEC Update

Mr. Campbell stated Mr. Jabjiniak is on the GPEC team to assist with the Marketing and Intelligence portion. He commended Mr. Jabjiniak and Mr. Shope for their outstanding work to market Mesa and the state.

9. Other Business

The next scheduled meeting is Tuesday, August 7, 2012, 57 E. 1st Street, City Council Chambers, Lower Level, Mesa, AZ 85201.

10. Adjournment

Chair Crockett adjourned the Board meeting at 8:56 a.m.

Submitted By:



William J. Jabjiniak
Economic Development Department Director
(Prepared by Jeanne LaRue)