

MEETING MINUTES

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

Date: June 2, 2015 Time: 7:30 A.M.

MEMBERS PRESENT

Terry Benelli
Natascha Ovando-Karadsheh
Dominic Perry
Jeff Pitcher
Steve Shope
Jo Wilson

EX-OFFICIO

Mayor John Giles
Chris Brady (excused)
Rich Adams
Brian Campbell
Jeff Crockett
Sally Harrison

STAFF PRESENT

Bill Jabjiniak
Julia Lichtenberger
Karen McNulty
Jaye O'Donnell

MEMBERS ABSENT

James Christensen (excused)
Robert Stanger (excused)
Laura Snow (excused)

GUESTS

1. Chair's Call To Order

Mr. Adams called the June 2, 2015 meeting of the Economic Development Advisory Board to order at 7:32 A.M. at the City Council Chambers, Lower Level, 57 E. 1st Street, Mesa, AZ 85201. Due to Chair Snow's absence, Mr. Adams chaired this meeting.

2. Items from Citizens Present

None.

3. Approval of Minutes from the May 5, 2015 Board Meeting

Mr. Adams called for a motion to approve the minutes from the meeting held on May 5, 2015.

MOTION: Terry Benelli made a motion to approve the minutes.
SECOND: Natascha Ovando-Karadsheh
DECISION: Passed unanimously

4. Election of Officers for 2015/2016

Mr. Adams called for nominations for Chair.

NOMINATION: Brian Campbell nominated current Chair Laura Snow
SECOND: Terry Benelli
DECISION: Passed unanimously

Mr. Adams called for nominations for Vice-Chair

NOMINATION: Brian Campbell nominated Jo Wilson
SECOND: Jeff Crockett
DECISION: Passed unanimously

5. NextMesa Discussion

Mayor Giles thanked the Board for their service.

Mayor Giles stated we are on one level as a community, we are a strong community and are making things happen. We are here to take ourselves to the next level and improve. His mission as the Mayor is to raise the prosperity of our community and to attract new talent to the City of Mesa. Mayor Giles shared ways to achieve the next level: 1) to build on the momentum that is currently taking place and talk about recent achievements; 2) create and/or follow-up on new opportunities; 3) expand on the positive reputation of the community. The EDAB Board's role is to be advocates for the City of Mesa in their daily lives, to spread the message, allow the City to tap into your professional networks, and share any marketing leads and ideas you have.

Mayor Giles shared a conversation with the Mayor of Indianapolis while attending the Conference of Mayors recently. The Mayor of Indianapolis shared his recent experiences with being the voice of reason. He stated his job is to attract talent to Indianapolis and to create an atmosphere that will be attractive for business. Regardless of how you feel on issues he needs/needed to find ways create wins for his community and communicate an atmosphere that will attract talented people and businesses to come to his community. Mayor Giles reiterated this will be an issue in Mesa, as well. The City Council and citizens will struggle with this issue and Mayor Giles asked the Board to give it their attention. We need to be a welcoming community. We need corporations like Apple to find Mesa attractive.

Mayor Giles shared his tour and visit with the Apple Corporation. The gentleman in charge of all their North American facilities who brought the facility to Mesa, shared what he described as the Apple Core Values: 1) education – they are very engaged in schools in their community and bring technology to the schools in the communities they are in; 2) environment – they are extremely sensitive to carbon footprint and are committed to producing as much, or more energy, in any community they have a facility; 3) human rights - Apple is moving into a 1.3 Million sq. ft. building and will only occupy half of that space. The benchmark numbers projected are 150 Apple badged employees, 300-500 contract employees, \$2 Billion in investment and a 30 year commitment. The Mayor added that Apple under-promises and over-delivers, that is their corporate philosophy. They have a history of expanding where they have locations. When they went to Austin, business began with the same numbers as Mesa, now they're are 6,000 jobs. Mayor Giles stated that the table is set to knock it out of the park with Apple. It will not happen if Apple perceives us as not being friendly to the talent Apple wants to bring to Mesa, Arizona. It is a priority for us to be welcoming. It would certainly be helpful if you can be advocates letting the business community, the Board, and City Council know that you see it is important for our economic success.

Mr. Adams shared the discussions the Board has recently had, and the direction Chair Snow has taken to align the Board's work with the visions for NextMesa.

Mr. Campbell shared that one of the items he underlined the most from his notes today was attracting talent. We use different phrases and different things such as workforce development. This is the core issue of what we are trying to do and what we think would be exciting - such as the Downtown area destination to attract talent, education partners, or the Fiesta District. How can we help to facilitate your NextMesa vision attracting talent in these other regions? We see projects out there, but how do we stitch them all together under your leadership?

Mayor Giles responded and noted that Gateway (Elliott Road Corridor) is where the largest opportunity exists with all the infrastructure. ASU Research Park is considering moving forward with developing 300 acres adjacent to Gateway. The Gateway Campus emphasis is on aerospace; new opportunities and announcements may be forthcoming at this location. We need to build on everything aerospace related business as it will be drawn like a magnet to Gateway. On the Elliott Road Corridor we are discouraging housing developments and we will continue to encourage City Council to preserve room for jobs. We are exploring data centers as they are utility users. Technology related companies will want to be located next to Apple.

Mr. Adams noted that in similar fashion the Falcon Field area, has a major plan completed, and once we take action, execute and have resources allocated, we will see success there.

Mayor Giles responded that he and Mr. Jabjiniak have discussed a potential industrial area facility. Falcon Field has nine out of the ten characteristics that makes Gateway great. It still has large areas of developable property adjacent to freeway, is minutes away from Sky Harbor and Gateway. It really is a great place to locate. We need to meet with the real estate brokers out there and help people see this is the last frontier if you want to be near the 101 and on the 202 and minutes from everything, next to one of the biggest general aviation airports, great retail, shops and restaurants – Falcon Field will be successful.

Mr. Adams notes that during his visit to Washington, DC, related to the workforce development track, one of the things that really impressed him was so many of the items that were talked about that other parts of the country are just starting to do (between education and industry job skill development programs), he found himself saying – we are doing these things and have been for years. It was very encouraging and significant.

Mr. Crockett thanked the Mayor for attending the meeting. Over the last several years we have talked about the HEAT initiative which is tangible and concrete with a well put together elevator speech. The NextMesa concept and vision of moving from where we are, to next level, is not as easy to articulate quickly to someone. So, as we have talked about it in our group, this group likes to laser into industries. We have talked about what does the NextMesa look like in education or what does the NextMesa look like in healthcare. We have talked about being helpful to you in spreading the vision and articulating the mission. Is that the kind of thing that is helpful to you if we were to work on telling you what we think the NextMesa looks like in healthcare and develop an outline around what that looks like so that we can be focused on the work that we are doing?

Mayor Giles responded that absolutely – please, NextMesa is a skeleton and he needs meat on the bones. Be industry specific on how to get from one tier to the next in aerospace, healthcare, education. Mayor Giles noted that he looks at Mesa as a collection of communities with varying strengths and challenges in different parts of town which will require different strategies to address.

Mayor Giles reported that Riverview still has some dirt, and the Sheraton has started an expansion. This will attract other activity to Riverview and raise the prosperity and the image of the neighborhood. This will be a very competitive process to build out the rest of Riverview next to the Cubs stadium.

Mayor Giles noted that there will be another milestone event for the light rail tomorrow and more in the future. This will be a great entertainment avenue with development and businesses that will see the wisdom of the light rail convenience.

Mr. Adams stated that with the Mayor's permission, this Board will take the green light and start filling in those pieces. Mr. Adams stated Chair Snow had proposed the idea that EDAB focus on work around the NextMesa concepts. Mayor Giles replied that he is very grateful.

Ms. Wilson inquired of the Mayor if he has received any new ideas from the citizenship that we might look at putting into place.

Mayor Giles noted he hears and receives new ideas daily. We are a blank canvas for interested parties looking at Downtown Mesa. Mesa owns 122 acres in the Downtown square mile, lots of room with much available to develop, as well as a large amount of privately-owned properties.

Dr. Shope noted he would like to see a section added to the agenda every meeting to get input from Board Members as to future suggestions for topics at these committee meetings. This would be a good opportunity for this Committee to be proactive, present ideas and pass them up to the Mayor's office. Dr. Shope also suggested that it would be effective to also have some short term task force committees that would be set up to be more laser focused.

Mr. Jabjiniak noted that is a great idea and noted that the Council is very diligent about reading the minutes. Economic Development has support from the Mayor and Council, there are still opportunities in healthcare and education. What is next? That is the challenge for this group is strategically. The strategic plan for the Office of Economic Development is in draft, but is it the right piece? We waited until Council had their strategic initiative discussion earlier in the year. Where do we want to go as a City and build off that to get us focused, for us to have that laser focus and ability to go out and not just go after every opportunity? Years ago we would not chase retail. We have to go back to chase a high value – high wage job. That is changing a little bit, we are starting to see some of the paradigm shift. We are now looking at select retail opportunities, housing has to fit in select areas. We are being more particular about workforce housing because the

Banners of the world are saying to us – they need people, recent graduates to live here. not in neighboring communities. Strategically it helps not just the Mayor but the whole Council. It is important to build on successes. In addition, Mr. Jabjiniak noted he feels the task forces for laser focus opportunities is correct; however, he is not comfortable with the committee assignments, hence not on the agenda, he will be rethinking the whole committee structure from where it has been. Mr. Jabjiniak noted he depends on the partners such as ACA, GPEC and several other groups to help with the education on things like defense. The by-laws state this Board is not to only advise the Economic Director but the elected officials and management as well. This is where Mr. Jabjiniak has tried to take the Board from day one, to communicate with the elected officials on what is out there and what is going on, presenting and sharing opportunities. Then the question to the elected official - do we have the resources to pursue that now or do we refocus differently?

Ms. Ovando-Karadsheh inquired if the City has the resources to do the development and marketing that we need? When you are trying to launch anything, heavy investment is required in the PR, marketing, development and messaging going forward. Everything that Economic Development is doing has to be supported by the image that is pushing forward. She is hopeful that there are additional resources to support and invest in Economic Development because it really is a front end investment to push that out. Once you get that momentum moving then it generates. Personal relationships are important; however, social media and image is so important. As a City we need to have a plan and resources directed toward that building up.

Mayor Giles expressed agreement that personal relationships and social media are important. We are making improvements in that area. There are several celebrity social media people in the City of Mesa, with 50 thousand followers such as fashion, food or fitness bloggers. We are trying to partner to help each other. The Mayor needs to have 50 thousand followers on Instagram, twitter and Facebook for a city of this size so that when we have an event or when we want to promote something or economic development he presses send and gets the attention of 50 thousand listeners/followers. Mayor Giles shared some ideas in the works for the holiday season to set up events in the community during the Temple Holiday Lights exhibit, especially with the train station stop in front of the Temple. Pioneer Park is a targeted area for a food truck court.

Mr. Adams mentioned that a great partner would be Visit Mesa.

Mr. Campbell has been taking all the comments and putting them into a schematic to help us focus. Thinking back on his experience on this Board, the challenge historically is that we are in a target rich environment. Everything has to go right for it to work, if we are missing any one piece the deal doesn't come through. The schematic has the HEAT initiative down one side and the regions of Mesa across the top. He has started filling in the grid of putting the NextMesa schematic of what we are going to do and how. The trick will be to marry the detail with the vision and to focus strategically.

Ms. Wilson concurred with Mr. Campbell on developing the elevator speech and message for NextMesa. She noted that today it became clear that we have not lost the HEAT Initiative. We now need to look at each and look at what is NextMesa in that agenda, for example education.

Mayor Giles concluded that the NextMesa is very simple – We need to take Mesa to another level, build on our successes, take the great assets we have in education and ask ourselves how do we elevate this to a new level and ask the same question in all the different industries and parts of the City.

6. Director's Report

- GPEC Update:
 - Mr. Adams, Mayor Giles, Chris Brady and Scott Butler attended the GPEC DC conference. Mr. Adams agreed with Mr. Jabjiniak that there is regional attitude that a rising tide floats all boats. Yes, we would like a project in Mesa first, but if not in Mesa, we will settle for a neighboring community because it helps the entire region. Mr. Adams attended the track titled "Developing Workforce for the 21st Century". The City of Mesa made a very good impression of the existing education already in the greater Phoenix area. Mr. Adams also attended a session with Representative Salmon, Senator Flake and Senator McCain.
- Marketing & Business Development Activities:
 - The Sheraton's 80,000 sq. ft. expansion is in process with another 80 rooms and to begin in July.

- Falcon Field – Mt. Baker Vapor, 100 jobs with an average salary of \$34k, \$7M of capital investment and 63k sq. ft.
- Business Accelerator has a new tenant – Mesa Technology Group SBIR/STTR Consulting Group.
- Some spec building is being done in the City.
- Mr. Jabjiniak shared comments that the Editor and Chief wrote in Site Selector magazine from his recent visit to Arizona. “They are all virtually unanimous in the high-value they place on workforce availability”. A senator, who was a guest speaker at Mr. Jabjiniak’s son’s graduate school graduation on the other side of the country, spoke about Economic Development and the availability of workforce. This confirmed that the City of Mesa is on the right track, taking education to a new level making sure that employers have qualified workforce is very important.

The magazine also has a multiplier effect article that mentioned the East Valley and implications of the Apple Command Center and Boeing’s sequestration.

Mr. Jabjiniak noted that average salary is coming down, there are a lot more call center inquiries. There have been some great opportunities at Fiesta and the airport. Mr. Jabjiniak, along with GPEC, SRP, APS, Goodyear, Surprise, Mesa, State of Arizona, visited with site selectors at a data center conference in New York. It was a great opportunity and the group was complimented on their regional representation.

Sensitive Compartmented Information Facility (SCIF) space was a topic of conversation that will be gaining ground and is starting to be recognized nationally. The national marketing firm has been helpful. The key is that we have a very active SCIF and lab. Lockheed Martin closed their SCIF in the west valley due to the new standards, our space meets the new standards. SCIF opportunities are hard to come by because of the new standards so there are more opportunities for Mesa.

Dr. Shope inquired that with the mention of average salaries being down, how does Mesa rank within the communities of greater Phoenix. Is this a trend that is being seen across the entire valley or just Mesa? Does that really reflect our workforce?

Mr. Jabjiniak commented that it reflects more on what we are seeing for opportunities coming through. It is a regional piece that we are starting to see, it is a very stable environment which data centers love. We have the largest university in the country and one of the largest community college districts in the country. We have qualified workforce. Manufacturing numbers are still up, but we are not seeing an abundance of those opportunities. They are few and far between. We are trying to balance and be very careful, the City needs a little bit of everything from an employment standpoint.

Dr. Shope inquired how the City of Mesa is working with the State of Arizona affairs to change policies and can we make a difference.

Mr. Jabjiniak stated that yes, we can make a difference. While in New York, a discussion ensued with one of the ACA representatives about the Legislation as it relates to data centers and who is running what. It really falls back to the relationships the elected officials have with the state officials to lead that discussion. We have to make them aware of the details of an issue. Whether it was maintaining legislation for keeping Apple’s investment here, or anything else, it starts with the Mayor and the elected officials.

Mayor Giles added that he sat next to the ACA Director for Arizona and discussed the state agenda going forward, what laws need to be changed for the State of Arizona to be on an equal playing field with Texas and others that we are competing with. There are clearly some things we need to do in the legislature to take down some hurdles that companies stumble with in coming to Arizona. We know what they are and we are working on them.

Ms. Benelli commented that locally we can work on the SB1062 perception. Mayor Giles discussed who has the non-discrimination ordinance in Arizona. Mesa is working behind the scenes to get to good people and good organizations in our community lined up to get as much support as possible. We must

be thoughtful and careful. The Mayor noted two reasons to approve SB1062: 1) It is the right thing to do, let's not lose sight of the fact that we believe in treating people the same; 2) for economic development reasons, we have to have this in order to be on the NextMesa level we spoke about and for workforce development.

Ms. Wilson inquired where the oppositions are coming from.

Mayor Giles noted that pressure is coming from all extremes – faith-based, political advocates and people of goodwill are in the middle.

Mr. Crockett noted that GPEC approved a statement on this issue in the last Board Meeting and offered to get a copy to the Mayor. It was brought forward in a prior Board meeting and had a lot of debate; however, a revised version was approved unanimously.

Mr. Adams suggested adding an agenda item to discuss SB1062.

7. Other Business

Mr. Jabjiniak noted that in August the Board will see a draft of the Medical Device Strategy for Falcon Field.

Mr. Adams stated the next EDAB meeting will be held on August 4, 2015.

8. Adjournment

Mr. Adams adjourned the board meeting at 8:56 A.M.

Submitted By:



William J. Jabjiniak
Economic Development Department Director
(Prepared by Beth Ann Moore)