



LOCAL REDEVELOPMENT AUTHORITY

MINUTES

February 10, 2011

The Local Redevelopment Authority of the City of Mesa met in the lower level meeting room of the Council Chambers, 57 East 1st Street, on February 10, 2011 at 7:33 a.m.

MEMBERS PRESENT

Chairperson Scott Smith
Alex Finter
Christopher Glover
Dina Higgins
Dennis Kavanaugh
Dave Richins
Scott Somers

MEMBERS ABSENT

None

STAFF PRESENT

Christopher Brady
Linda Crocker
Donna Bronski

1-a. Hear a presentation and discuss the Redevelopment Plan and Homeless Submission Report for the former Air Force Research Lab, and the Security & Defense Systems Initiative.

Economic Development Department Director Bill Jabjiniak introduced Barry Steinberg, an attorney with Kutak Rock, the City's consultant, Economic Development Project Manager Patrick Murphy, and Dr. Werner J.A. Dahm, Director of the Arizona State University (ASU) Security & Defense Systems Initiative (SDSI). He also acknowledged Todd Hardy of ASU, Dane Mullenix of Alion Science and Technology, and Jeff Crockett, Chairman of the Economic Development Advisory Board (EDAB), all of whom were present in the audience.

Mr. Jabjiniak explained that the purpose of today's presentation was to obtain the Local Redevelopment Authority's (LRA) approval of the proposed Redevelopment Plan and Homeless Submission Report (HSR) for the disposition of the former Air Force Research Lab (AFRL). He noted that staff, with the unanimous support of EDAB, recommends that the LRA adopt the resolution directing staff to submit the Redevelopment Plan and the HSR for the AFRL to the Air Force and the Department of Housing and Urban Development (HUD).

Mr. Jabjiniak advised that the Redevelopment Plan would transfer the AFRL to the City of Mesa by means of an Economic Development Conveyance (EDC) so that the site would continue to be used as a center for specialized research in high technology defense and national security fields. He displayed a PowerPoint presentation (**See Attachment 1**) and reviewed the vision and goals for the reuse of the AFRL. (See Page 3 of Attachment 1)

Mr. Murphy reported that the public review period for the Redevelopment Plan and HSR was completed on January 13, 2011. He stated that an Executive Summary was added to the materials that the LRA received in December, but noted that with the exception of a few minor revisions to the wording, the recommendations contained in the Redevelopment Plan and the HSR have not changed. Mr. Murphy added that the City of Mesa received letters of support for the documents from Alion Science and Technology, East Valley Partnership, Greater Phoenix Economic Council (GPEC) and Phoenix-Mesa Gateway Airport.

Mr. Murphy offered a short synopsis of the HSR, which outlines staff and the consultants' outreach efforts with the homeless providers within Maricopa County. He explained that the City did not receive a Notice of Interest (NOI) from any of the providers, but did obtain an expression of interest that was later withdrawn. Mr. Murphy also remarked that in responding to an inquiry from the consultant regarding why several homeless providers did not submit an NOI, staff learned that the site was not suitable for shelter or housing, nor was it situated near public transportation and other amenities.

Mr. Murphy further highlighted the Redevelopment Plan, which includes a facilities assessment, traffic study and economic development findings. He advised that the document also discussed three Reuse Alternatives for the site, with the preferred alternative being that the City would pursue an EDC in order to retain ownership of the property and market it to those companies that require specialized research capabilities and security clearance. Mr. Murphy said that this option meets the vision and goals of the LRA and specifically maximizes the reuse of the facility by maintaining and creating new jobs and capitalizing on the specialized characteristics of the site.

In response to a question from Chairperson Smith, Mr. Murphy provided a brief overview of the three reuse alternatives as follows:

- Conventional Reuse Alternative – Reuse of the buildings and site in a conventional fashion, placing them in the current real estate market as commercial, industrial or retail buildings.
- NOI Response Alternative – Adoption of the ASU/Alion Notice of Intent approach with the university receiving the site through a Public Benefit Conveyance (PBC) for educational purposes.
- Specialized Research Reuse Alternative – Capitalizing upon the distinctive features and construction of the buildings and site to continue and expand upon the current specialized research being conducted at the installation by obtaining the property through an EDC. **(Preferred alternative)**

Chairperson Smith clarified that the City would be able to accomplish most, if not all, of the goals that ASU and Alion have proposed in the PBC for educational purposes, but said that the EDC would provide the City greater flexibility in order to achieve those goals and more without imposing certain restrictions on the use of the property. He also remarked that the preferred alternative assumes a partnership between the City of Mesa, ASU and Alion as participants in the process and primary users in the facilities.

Mr. Jabjiniak confirmed Chairperson Smith's comments, but noted that the City would partner with a variety of entities in addition to ASU and Alion.

Mr. Steinberg reported that the City went “above and beyond” in terms of its outreach to the homeless providers and said the fact they have not requested the property would greatly simplify the process. He noted that with respect to ASU’s PBC request for educational purposes, what the City has devised in this process is a much more flexible capability by not limiting itself for 30 years to purely educational purposes. Mr. Steinberg remarked that ASU was increasing its capability as a magnet for highly specialized research and development and added that the AFRL was “uniquely configured” to support those efforts.

Mr. Steinberg commented that his firm was currently in the process of negotiating an Interim Lease with the Air Force for the former AFRL property on behalf of the City of Mesa. He explained that ultimately, what the City would like to accomplish is to negotiate an EDC; submit the EDC application; and pending approval, the City would enter into a Lease In Furtherance of Conveyance, in which the City would be the contract purchaser. Mr. Steinberg added that the EDC would be a “no cost EDC application” due to the fact that the capital investment that would be required to renovate/improve the facilities for their intended use would be significant.

Mr. Steinberg further remarked that the Air Force was “on the edge” of making a decision with respect to granting approval for an Interim Lease. He explained that “the driver” for such approval was the fact that the facility was presently cleared and approved to accommodate highly classified work (i.e., physical security, electronic eavesdropping capability). Mr. Steinberg stated that it was important for the City to assume the maintenance/operation of the facility before the Air Force withdraws from the site so that there would be “no hiatus” in terms of the security clearance of the buildings and also to ensure that classified missions could be integrated into the buildings.

Chairperson Smith acknowledged that the process outlined by Mr. Steinberg could take a number of years to complete. He also noted that pending approval of the Interim Lease by the Air Force, the City would have actual physical control of the property.

Vice Chairperson Somers commented that there has been “an understandable level of anxiety” among the current tenants/employees at the site and inquired how the next step in the process would impact those individuals and their ability to remain in Mesa.

Mr. Steinberg acknowledged that those highly qualified, well-educated individuals have been dedicated employees of the Federal government and defense contractors for many years. He stated that because of the 2005 Department of Defense (DoD) Base Realignment and Closure Commission (BRAC) decision, they were asked to relocate or, in some cases, lose their jobs. Mr. Steinberg noted that until such time as the City of Mesa has an Interim Lease in place, it does not have the authority to issue sub-leases to the current tenants so that they, in turn, could retain their employees.

Discussion ensued relative to the fact that in the last three to four months, the City’s consultant has worked to negotiate an Interim Lease with the Air Force; that subsequent to the BRAC decision, the Department of Veterans Affairs (VA) requested the site; that in January 2010, after a lengthy period of time, the VA withdrew its request for the property; that the DoD declared the site excess to military requirements and surplus to Federal requirements, thus making it available for civilian reuse; and that the City’s efforts to obtain the property, prior to the Air Force’s withdrawal on September 15, 2011, has been compressed into 18 months.

Responding to a question from Vice Chairman Somers, Mr. Murphy clarified that staff has met on several occasions with the employees at the site in order to apprise them of the City's efforts throughout this process.

Dr. Dahm addressed the LRA and provided an extensive overview of ASU's Security & Defense Systems Initiative (SDSI), which would be located on the AFRL Mesa Research site. He explained that ASU, in partnership with the City of Mesa, Alion Science and Technology, and a number of industry partners, seeks to establish a unique entity that would surpass what one would imagine as "university involvement." Dr. Dahm said that SDSI's focus would be to conduct advanced technology and specialized work, which would contribute to saving the jobs of the military personnel, government civilian researchers and contract personnel currently employed at the site.

Dr. Dahm reported that ASU was a "corporately run enterprise that makes major strategically planned, corporately managed moves" into large areas of research and does so on a scale that few universities have the ability to do. He said that it "breaks the mold" from traditional universities in being able to make use of a site such as the former AFRL.

Dr. Dahm further remarked that ASU has established four major ASU-corporately led research initiatives, including the Biodesign Institute, which has been in existence for approximately six years. He explained that since its inception, more than \$350 million in funds have been executed through the institute; over 60 invention disclosures were filed last year; and more than 500 researchers and students work at the facility. Dr. Dahm added that ASU's SDSI enterprise is the newest of such initiatives.

Dr. Dahm displayed a PowerPoint presentation (**See Attachment 2**) and offered a brief overview of "security research space." He explained that many individuals consider the concept to include only national defense and Homeland Security, but said that it was a much broader enterprise that touched industries and applications far beyond that. (See Page 2 of Attachment 2) He noted that SDSI would focus on the "aerospace and defense" sector, but extend to the broader "security research space" suited to Arizona's role as a key border state.

Dr. Dahm offered a detailed analysis of SDSI's operational model, which would bridge the classic faculty/students/postdocs model of research and the real needs of industry and government. (See Page 3 of Attachment 2) He explained that SDSI would be an ASU-off campus entity staffed with 50 to 60 professional research staff members (scientists and engineers); that the research by the professional staff would be integrated where possible with faculty-student research on campus; that the researchers would be measured by different metrics, which would allow them to engage in activities that traditional faculty members would be unable to perform; that the researchers would focus on advanced technology development, including value engineering, and possess the necessary security clearances in order to perform specialized work through and including the full level of specialization that the AFRL Mesa Research Site enables; and that the researchers would have the ability to "compartmentalize" for security and proprietary reasons.

Dr. Dahm further noted that representatives of ASU have met with the employees at the AFRL Mesa Research site and received tremendous response and feedback from them with respect to SDSI.

Responding to comments made by Vice Chairperson Somers, Dr. Dahm stressed that the partnership between ASU and existing government contractors, industry, other universities and the City of Mesa is central to the business plan for SDSI. He noted that although the business model is centered at ASU, SDSI is based on close collaborations with partners in academia, industry and government.

Chairperson Smith clarified that the City of Mesa does not view the AFRL as a means to an end, but “simply a beginning.” He said that the City was making an investment and partnering with the various entities in order to maximize opportunities at the AFRL. Chairperson Smith further commented that in discussions with ASU President Michael Crow and others, the City has made it clear that Mesa looks to ASU to play a pivotal role, with the idea that the activities would be focused at ASU Polytechnic and the AFRL. He also noted that the City’s mission was to develop a thriving urban area around the AFRL, which would not only benefit Mesa, but the entire State as a whole.

Chairperson Smith acknowledged the efforts of the Science Foundation of Arizona, which assisted the City during this process and would continue to do so in the future. He added that he was hopeful that this process would be an impetus for the ongoing development of the Aerospace Institute.

1-b. Approving and authorizing the submittal of the Redevelopment Plan and Homeless Submission Report for the former Air Force Research Lab – Resolution No. 9805.

It was moved by Vice Chairperson Somers, seconded by Committeewoman Higgins, that Resolution No. 9805 be adopted.

Carried unanimously.

Chairperson Smith thanked everyone for the informative presentation.

2. Items from citizens present.

There were no items from citizens present.

3. Adjournment.

Without objection, the Local Redevelopment Authority meeting adjourned at 8:19 a.m.

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Local Redevelopment Authority meeting of the City of Mesa, Arizona, held on the 10th day of February, 2011. I further certify that the meeting was duly called and held and that a quorum was present.

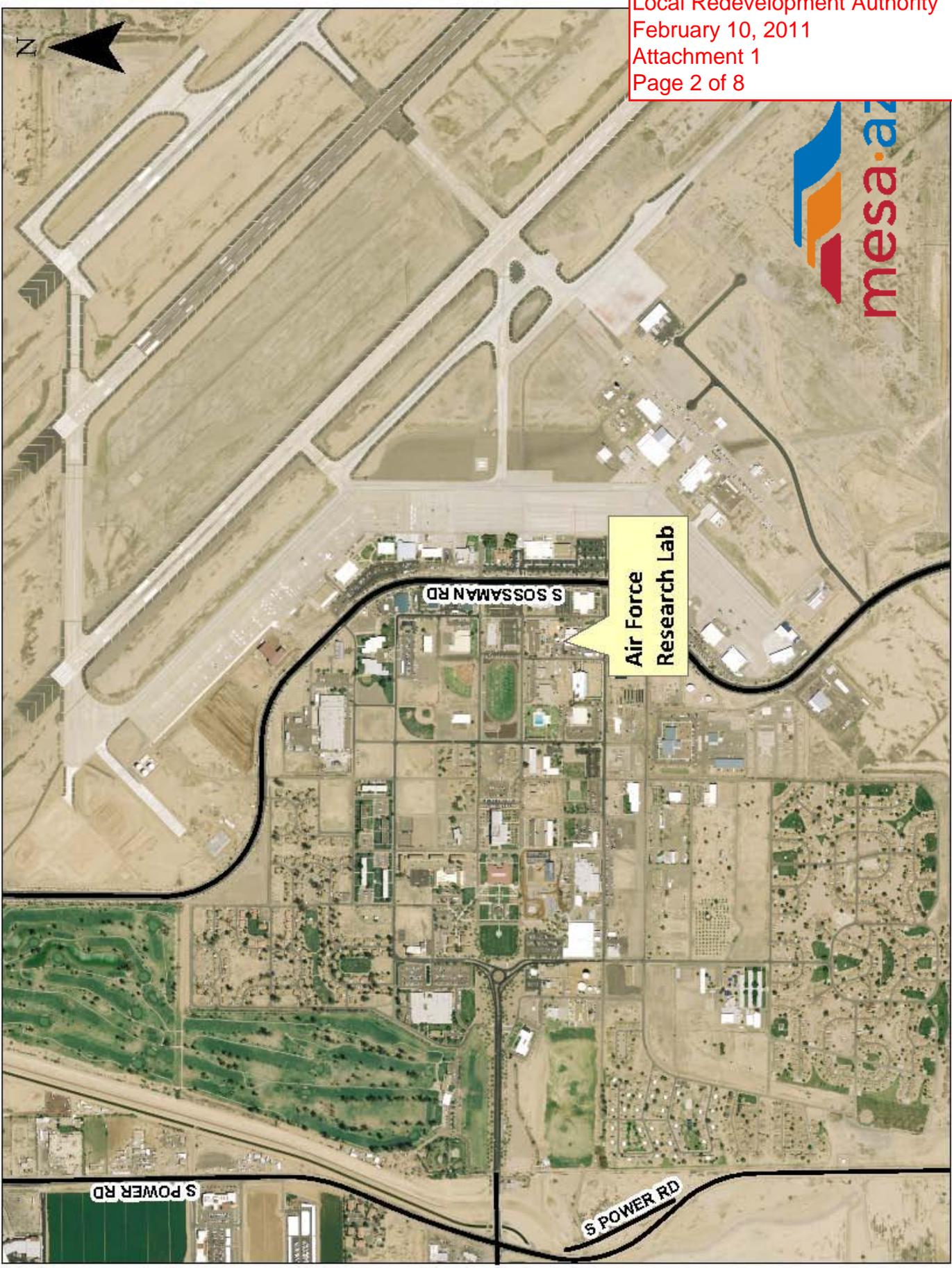
LINDA CROCKER, CITY CLERK

AIR FORCE RESEARCH LABORATORY REDEVELOPMENT PLAN AND HOMELESS SUBMISSION REPORT

February 10, 2011



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**Air Force
Research Lab**

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S POWER RD

S POWER RD

LRA VISION AND GOALS

SAVE JOBS – CREATE JOBS
PROMOTE ECONOMIC OPPORTUNITY

REDEVELOPMENT PLAN & HOMELESS SUBMISSION REPORT



HOMELESS SUBMISSION REPORT

- Thorough outreach effort
- Documented need, but . . .
- No applications from homeless services providers



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THE REDEVELOPMENT PLAN

- Three alternatives emerged
- Preferred Alternative
 - Economic Development Conveyance
 - Reuse of Facility for Specialized Research
- Meets LRA vision, and goals
 - Maintains/creates jobs
 - Capitalizes upon site characteristics
 - Capitalizes upon Mesa strengths and aims

NEXT STEPS

- Submission to Air Force, Department of Housing and Urban Development – FEBRUARY
- Interim Lease Arrangements – March
- Economic Development Conveyance process – Starts in March



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Thank You

Questions?



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A major, new, transdisciplinary research institute to meet national and global security challenges.

Security & Defense Systems Initiative (SDSI) at ASU

Dr. Werner J.A. Dahm

Director, Security & Defense Systems Initiative
Arizona State University

The "Security Research Space"

National Defense



Cyber Warfare



Homeland Security



Intel & Surveillance



Special Operations



Counter Terrorism



International Piracy



Weapons Trafficking



Counterfeiting



Internal Security



Border Security



Cargo Inspection



Immigration & Control



Narcotics Interdiction



Cyber Crime



Energy and Security



Religious Extremism



Legal & Policy Issues



Global Disparities



Root Social Causes



SDSI Operational Model

Security & Defense Systems Initiative (SDSI)

On-campus:	Off-campus:	Industry:
<ul style="list-style-type: none"> Traditional research component based on: <ul style="list-style-type: none"> faculty students postdocs Key ideation source 6.1 and early 6.2 TRL 0 to TRL 2-3 Entirely unclassified Open publications Limited by faculty assessment metrics 	<ul style="list-style-type: none"> Professional research staff members (50-60): <ul style="list-style-type: none"> scientists engineers Advanced technology development 6.2-6.3+ TRL 3 to TRL 6-8+ Ability to do classified projects where needed Closely integrated with on-campus research Interface with industry 	<ul style="list-style-type: none"> Close partnerships with on/off-campus efforts: <ul style="list-style-type: none"> actively cultivated developed maintained Large S&D companies Smaller entrepreneurs Collaborators in higher TRL development work Transition partners Expands opportunities for students/postdocs

TRL 0  TRL 8+

Unclassified  TS/SCI

ASU Research & Engineering (ASURE)

- Off-campus professionally-staffed ASU-affiliated entity for advanced technology development and classified research
- 50-60 research staff of scientists/engineers with clearances; possibly set up as an LLC led by an operating contractor
- Potentially located on current AFRL Mesa Research Site
- Would complement and be integrated with unclassified on-campus research involving faculty/students/postdocs
- Intellectual exchange between on- and off-campus activities will benefit both, as well as government and industry
- Synergy with ASU on-campus research capabilities is a key enabler of new research collaborations for gov't/industry;



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