

Office of Economic Development
Economic Development Advisory Board
245 West 2nd Street
Mesa Center for Higher Education
Mesa, AZ 85201

MEETING MINUTES

Date: August 6, 2013

Time: 7:45am

MEMBERS PRESENT

Rich Adams
Terry Benelli
James Christensen
Jeff Pitcher
Tony Siebers
Laura Snow
Jo Wilson

EX-OFFICIO

Mayor Scott Smith (excused)
Chris Brady
Brian Campbell
Jeff Crockett
Sally Harrison
Steve Shope

STAFF PRESENT

Andrew Clegg
Jennifer Graves
Bill Jabjiniak
Shea Joachim
Karen McNulty
Jaye O'Donnell
Scot Rigby

MEMBERS ABSENT

Tony Ham (excused)
Mitzi Montoya (excused)

GUESTS

None

1. Chair's Call To Order

Chair Rich Adams called the August 6, 2013 meeting of the Economic Development Advisory Board to order at 7:45am at the Mesa Center for Higher Education, 245 West 2nd Street, Mesa, AZ 85201.

2. Items from Citizens Present

None.

3. Approval of Minutes from June 4, 2013, Board Meeting

Chair Adams called for a motion to approve the minutes from the meeting held on June 4, 2013.

MOTION: Terry Benelli moved that the minutes from June 4, 2013, be approved.

SECOND: Laura Snow

DECISION: Passed unanimously.

4. Role of Economic Development Advisory Board

Mr. Bill Jabjiniak addressed that this board's goal is to advise and give input to the Mayor and City Council, City Manager, as well as the Economic Development Director, by assisting in more than the traditional ways through becoming more engaged.

Mr. Brian Campbell believes the role of the board is to focus on getting others integrated in the current target-rich environment.

Mr. Jeff Crockett opined that the education initiative as a pattern proves what can be accomplished and should serve as a template from this point forward for future endeavors. Knowing what to do and how to accomplish it will grow the community and the job base.

Mr. James Christensen interjected that differing opinions have contributed to the valuable discussions in the past.

5. Role of Economic Development related to Mesa City Council Strategic Initiatives

Mr. Chris Brady reiterated the role of economic development as it relates to the Mesa City Council; namely, a shift over the past five to six years has established a strategic planning effort. He reviewed the Mayor & Council Strategic Plan which is document-driven by the council that meets at the beginning of each year to reaffirm its goals.

Mr. Brady stated everything Economic Development does comes back to quality of life. Education is important in leading students to jobs in the community with diverse career opportunities. This is what will sustain our communities in the long-term. The priorities for community engagement include financial stability and regional leadership in the economic development scheme.

Repurposing the Mesa Center for Higher Education building was a challenge; however, educational institutions were recruited and placement was an important priority. Today the location is productive with former courtrooms restructured as classrooms.

Ms. Laura Snow questioned that with the update to the general plan, what would be the role urban design plays in the population's health. She further questioned what research is being done for low-cost insurance options.

Mr. Brady related the connectivity between neighborhoods and commercial areas is designed to decrease dependency on vehicles by making parks easily accessible. Furthermore, the large-scale master planned communities are being designed to incorporate physical activity. The City of Mesa, as an organization, struggles with healthcare costs and pressures on the budget with approximately 3,800 city employees. Consequently, evaluation is currently underway for an employee wellness center working in conjunction with a local healthcare provider. Presently each visit to a medical provider for a city employee costs the city approximately \$110.

Ms. Jo Wilson noted that numerous educational institutions are now finding their way to Mesa; consequently, she questioned how they can all be successful if they flood the market.

Mr. Brady responded that Mesa has been underserved in this regard; therefore, the need is to get to a stabilization period. The current institutions should have no additional

competition for the next few years. A current challenge is the number of students who are schooling on-line rather than campuses. Additionally, Mr. Brady contends that infrastructure is in place such as light rail that will make Mesa stand out. The area is not saturated.

Ms. Jo Wilson pointed out that the challenge this school year involves incomplete infrastructure.

Mr. Steve Shope inquired about the current plan for parks in the city.

Mr. Brady indicated that there is a 70 million dollar bond program for parks. Riverview is a large investment. Additionally, the federal building downtown is being considered for conversion to a museum. Long-term leases are also being considered for Mesa Junior High as a Little League sports complex as well as plans for Mesa High and other sites that can be repurposed. Leases are currently under negotiation and legal and financial issues are being addressed.

Mr. Brady further confirmed that much has been accomplished during a time of financial instability in the City of Mesa. Community support is necessary to accelerate and push to the next level.

Mr. Steve Shope suggested having someone from the Mesa Public Schools present topics of retention of talent and internship programs and how EDAB can help. Mr. Brady said another resource would be Amy Trethaway, who is on staff with the city, focuses on Mesa Counts on College and the connection with Mesa Public Schools, employers and community colleges. She has presented to the Chamber.

6. Aerospace/Aviation and Tourism

Mr. Scot Rigby pointed out that Queen Creek, Gilbert and Mesa are the top three educational growth areas in the state of Arizona. He further indicated that an urban environment encourages development.

Scot noted that on July 30, the Phoenix-Mesa Gateway Airport welcomed its ceremonial five-millionth passenger to arrive or depart from its facility. The airport anticipates approximately 1.5 million passengers this year. Speculation regarding the departure of Frontier and Spirit reveals that planes were being filled over 80%; however, the two airlines were undercutting each other. November 2nd more gates will open for a total of 10 which will be the last terminal expansion on the west side of the airport. After completion, the airport will have ten (10) gates. This expansion will enable the terminal to accommodate up to 2.5 million passengers annually. We currently see 1.5 million passengers annually. The east side of the airport will not be developed further until more airlines and more hub activity are realized. Able Engineering opened at the airport with approximately 350 employees. They continue to grow and expand.

The Riverview area is on track for completion at the end of the year which will include some unique structures. Approximately 99 million is being invested with the Cubs anticipated Spring Training opening in 2014. The Cubs former location at Hohokam is being renovated for the A's with the project slated to begin in January 2014 and begin spring training at the facility in 2015. Both of these highly successful organizations have different mindsets for operations. Hotel groups have interest in the area; however, the retail needs are still lacking at this point.

Bill Jabjiniak confirmed that Visit Mesa is known for tourism but the focus is also on growing businesses in the city. The economic engine is huge for the East Valley Partnership. We are Phoenix's East Valley. People know Phoenix; they do not always know Mesa. Efforts are being made to change this so that Mesa is as well known. We are part of Phoenix East Valley and that economic engine is here.

Brian Campbell declared the biggest concern is the slowdown at Gateway Airport. He further suggests an education-style initiative to recruit an airline.

Scot Rigby acknowledged the Mayor's challenge to reach out to specific airlines as well as the need to attract business travel to the airport. The kick-off of the Environment Impact Study process, a look at the east side, starts on September 12th.

7. Technology

Mr. Shea Joachim stated that the Mesa Technology Accelerator began as a small business development effort. The mission of the Mesa Technology Accelerator is to stimulate the establishment and growth of small technology based companies and other growth oriented businesses in the East Valley.

In 2010, the effort collaborated with ASU's Office of Knowledge Enterprise Development and identified a location specifically near Phoenix-Mesa Gateway Airport and the ASU Polytechnic campus.

Currently 21 incubators and accelerators exist in the Phoenix area. My Brother's Office, a private for-profit organization, rents office space and provides services such as meeting rooms. AZ TechCelerator, run by the City of Surprise, offers office space and has an on-site property manager. The Center for Entrepreneurial Innovation (Gateway Community College) is more of a traditional incubator such as onsite director, a mentor network, sophisticated programs and both resident and non-resident programs. SEED Spot, which has a narrow focus, is a private not-for profit venture making an impact on social issues.

Brian Campbell opined that education and technology assets need technical access, such as a Hub zone designation, and require an accelerator rather than an incubator for growth.

James Christensen noted that the common theme is lack of funding. Many companies are unsustainable without funding.

Shea Joachim introduced the launching of three programs: Resident Program, Non-Resident Program, and CTI Advancement Program.

Chair Adams inquired about the percentage of success and how to measure it. Shea Joachim responded that, according to the National Business Incubator Association, 84 percent of businesses graduating from the incubator are still in business two years after graduation and remain located in the community.

Currently there is an unlimited capacity for the non-resident program but only 6,500 square feet for the resident program. In the next 60 days facility planning along with data and voice services, signage, office equipment and supplies will be pursued as well as marketing.

8. Education

Jennifer Graves, project manager in the office of Economic Development, presented the overall education initiative and next steps. Mesa Educates U brought education to the forefront in Mesa. Albright College did not have an official grand opening. They have started teaching classes in the Fiesta District this past spring. They are re up and operating and very much part of the initiative. Upper Iowa University had a grand opening on August 5th. Mesa Center for Higher Education, home of Westminster College and Wilkes University, will have a grand opening celebration on August 15th and Benedictine University will have their grand opening on August 27th.

The recruitment focus will be on specialty schools such as performing or graphic arts schools or medical schools that complement existing institutions. The City will continue to promote Mesa Educates U, evaluate needs of partners and identify additional opportunities.

Jaye O'Donnell discussed the demand for medical professions and therefore guide the existing programs to modify for any gaps in offerings.

Jennifer stated the purpose of the campaign for Mesa Educates U (MEU) was to build awareness of Mesa's position as a destination for higher education highlighting new and existing institutions. Multi-media campaign designed and managed by Republic Media was successful. The primary investment of Mesa Educates U supported the development of a website (www.mesaeducatesu.org) with customized pages for each partner. We also developed an MEU app and we also have an MEU Facebook page. Republic Media was chosen because they offered a great value, was able to execute quickly and offered azcentral which focused on a high traffic rate in the southwest area. A total investment of \$86,000 saw a return of \$135,000 worth of advertising. The campaign allowed schools to customize who they wanted to reach in the community.

Tony Siebers felt benefit from the campaign was nominal due to no applications from the endeavor, Jennifer responded that the site continues to be supported, and prospects may go directly to the school's site as opposed to following prompts directly on the site.

Looking to the future, Jennifer believes an outreach to Mesa's new institutions is important as well as gauging interest in supporting Mesa Educates U tools as well as discussions for other opportunities for partnership.

Bill Jabjiniak identified a focus on enrollment and how to open the doors to international students and solve problems. The Mayor continues to travel to other parts of the country and continues to get inquiries about obtaining five educational institutions in such a short period of time.

Brian Campbell declared that higher education is at a crossroads with traditional models no longer working and many looking for a newer model and a new way of doing business. People are looking at Mesa Educates U. Either Harvard or Cornell will do a business study on this model.

Tony Siebers questioned the planning and zoning long-term plans of downtown; namely, where will the development be and how best to show Mesa is worth the investment.

Bill Jabjiniak identified \$17 million in capital investment for the education initiative, which is a major investment in the city. Now there is an opportunity to dialog on master plans. How

does EDAB help each of the 5 schools with enrollment, each one is a little different? How do we market 5 schools?

Jo Wilson pointed out that working with the businesses downtown is continuing to develop downtown Mesa into a college town.

9. Retention and Expansion

Mr. Andrew Clegg, a project specialist with the City of Mesa, provided analysis for opportunities to existing businesses in the city. He noted 24,571 businesses in Mesa with 4,807 employing five or more employees. Looking for opportunities to connect with the business community, he has a desire to better understand their challenges and determine opportunities for growth.

A mid-August draft of a Business Retention and Expansion (BR&E) plan will be reviewed by staff in September and then the program will be rolled out in October. The program will determine target markets, determine number of businesses to visit, business connection methods, define partners, determine program criteria, as well as incorporate the Start Up Mesa initiative. Partnering with GPEC, a focus will be made on software companies.

The three-tiered target approach will be:

- Tier 1: visit with high profile companies such as Boeing and follow up with recent locates.
- Tier 2: visits to H.E.A.T.T. (Healthcare, Education, Aerospace, Tourism, Technology) initiative companies with a focus on healthcare manufacturers, aerospace and technology companies.
- Tier 3: Goal is to have the program well used and well publicized to the business community so that if they have an issue or they have an expansion project they will come to us.

Expected outcomes include increased understanding of issues facing targeted industries, increased understanding of market make up, as well as identification of at-risk companies and industries. Outreach efforts will promote OED as another resource for businesses to get support.

The role of the Economic Development Advisory Board will be to advocate and be the voice for BR&E program, refer businesses board members interact with, and promote the program within the community. Participation is encouraged in selected BR&E visits or forums as well as being a sounding board for program enhancements.

The Board discussed possibly licensing businesses in order to keep more accurate record of the businesses in the city. Suggestions were made for zero-cost or \$10 fee per business. Terry Benelli believes that without the city requiring licensing for businesses, there appears to be a lack of interest in the business from the City.

10. Healthcare

Ms. Jaye O'Donnell, Deputy Director of Economic Development, reviewed the following strategies regarding healthcare with the Board.

The approach for recruitment in higher education includes market analysis and comparative analysis with planning around existing assets. Prioritized targets, interest requests, communicated vision, goals and timeline as well as focus and budget are key. The city invested up front with tenants willing to sign long-term leases.

Mesa's guiding principles include cultivating the environment to create a healthy city promoting wellness for personalized medicine for individuals and population health. Secondly, continued growth for a superior workforce and educational offerings. Thirdly, Mesa should become an international destination for medical tourism and lastly, foster a first class business climate to create jobs.

Future opportunities for Mesa include medical simulation (education and training), medical device industry and virtual primary care and telemedicine (ICT). Healthcare should focus on population health, personalized medicine and prevention/wellness. When you combine the opportunities of devices, molecular diagnostics, clinical trials and bioinformatics you have the potential of creating a medical cluster which can be directed to a medical district within the City. The Recruitment Plan discusses each target opportunity, provides the strategies and next steps, and includes a communications and lead generation plan for implementation.

The primary goals are to leverage existing healthcare assets to expand the healthcare and life sciences sector, to promote Mesa as a medical education and training city, to attract life science companies and to create the framework for the development of next generation wellness centers.

For success, this will take a team approach by prioritizing key goals, combining lead generation, business development and strategic planning as well as segmenting the objectives and strategies.

Short-term objectives (to be accomplished in one to three years) include establishment of Mesa as a center of excellence in medical simulation, creating and branding medical districts within Mesa and providing education and training to expand existing healthcare programs. Varied specialties such as bioengineers, healthcare IT specialists, etc. need fine tuning. In the short-term, the goal is also to attract medical device manufacturing and sterilization companies and develop a strong synergy with Banner Simulation Center.

Laura Snow noted that there appear to be intersects between the initiatives discussed, such as Accelerator and medical device manufacturers as well as the Sim Center and education & training; therefore focusing of attention could cover multiple disciplines.

Steve Shope interjected that innovation council studied these issues and note that a revolution in healthcare is on the horizon. Robotics, home health care, and others should be explored diligently.

Bill Jabjiniak firmly believes that healthcare is the next step. The question is how to prioritize as what part of the healthcare initiative will move forward in a positive direction the quickest.

Brian Campbell pointed out aerospace and tourism have a mature path and further suggests that a healthcare focus on each of the remaining programs such as in the schools could leverage the different assets.

Jaye O'Donnell stated one of the current needs is expertise regarding the Sim Center. The concept of electronic medical records and keeping them secure needs to be assigned to someone familiar with these issues.

11. Discussion of Subcommittees

The healthcare subcommittee will continue as it has in the past. Marketing and outreach committee to businesses as well as special events are some of the needs to be addressed. Subcommittees will be addressed in an upcoming meeting.

12. Other Business

Tuesday, September 3, 2013, will be the next board meeting.

13. Adjournment

Chair Adams adjourned the Board meeting at 11:13am.

Submitted By:



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