

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

Date: January 4, 2022 Time: 7:30 am

MEMBERS PRESENT

Rich Adams, Vice Chair
Brian Campbell
Deb Duvall
Matt Likens
Christopher Nickerson
Dominic Perry
Brad Wilson

EX-OFFICIO

Mayor Giles (Excused)
Chris Brady (Excused)
Sally Harrison
James Kasselmann, Chair
Natascha Ovando-Karadsheh
Jeff Pitcher
Jennifer Zonneveld

STAFF PRESENT

William Jabjiniak
Yvette Armendariz
Chris Molnar
Jaye O'Donnell
Maribeth Smith
Bryan Smith

MEMBERS ABSENT

GUESTS

Ty Howard
Travis Cutright

The EDAB meeting was conducted in-person and via virtual platform with options for public participation.

1. Chair's Call to Order

Chair Kasselmann called the January 4, 2022, meeting of the Economic Development Advisory Board to order at 7:30 a.m.

2. Items from Citizens Present - None

3. Approval of Minutes from December 7, 2021, Meeting

Chair Kasselmann called for a motion to approve the minutes from the December 7, 2021, meeting. Christopher Nickerson moved to approve the minutes as presented; seconded by Brian Campbell.

Upon tabulation of votes, it showed:

AYES – Adams, Campbell, Duvall, Likens, Nickerson, Perry, Wilson
NAYS – None

Chair Kasselmann declared the motion carried by unanimous vote.

4. Hear a presentation on Cybersecurity

Chair Kasselmann welcomed Ty Howard and Travis Cutright of the City of Mesa Innovation and Technology Department. Thank you very much for joining us and we look forward to hearing your presentation.

Ty Howard replied that it's on honor to be here with this very important information. The Department of Innovation and Technology (DoIT) includes 17 employees, four who are specifically cyber focused. Hackers can be anyone. What does this mean to Mesa? The Fire and Medical Department have a lot of

data that could be exploited so we must be diligent. We are all in IT security. Cities are facing a deluge of cyber-attacks with more to come. Mesa has an older population which are prime targets. Types of cyber-attacks were discussed. From an economic development perspective with two-thirds of world yet to join the internet, we can expect to see new criminals, new victims, and new kinds of threats. According to the 2019 Official Annual Cybercrime Report by Cybersecurity Ventures, cybercrime is the greatest threat to every company in the world. It's predicted cybercrime will cost the world in excess of \$6 trillion annually by 2021, up from \$3 trillion in 2015. Municipalities must protect their assets by identifying and presenting possible investments and funding to leadership. Standards are in place to maintain confidential data through controls policy, training, technical tools and locked gates and fences.

Chair Kasselmann mentioned they've separated access to the internet in systems that are SCADA driven, such as supervisor-controlled access to platforms in production. Has the City separated systems? Mr. Cutright stated utilities are typically on a different system. An example of a security risk would be a contractor who inserts a flash drive on computer that is then communicating outside.

Rich Adams asked about contractors planting items during construction. Travis replied that while contractors may make the system, they don't make the connections at the back end. Those connections would be made by Mesa employees. Mesa PD has a contracting monitoring system that monitors them online. There are checks and balances and policies and procedures in place.

Mesa's funding and partnerships were discussed. DoIT continuously plans for investments and funding, changing focus or shifting funding when necessary.

Bill Jabjiniak stated the City has approximately 4,000 employees and Mr. Brady is the CEO. He has stepped up to push cybersecurity training to protect the City.

Travis Cutright continued with what is important gets measured. There have been 11,162,744 incidents or attack attempts since we began tracking in February 2019 with no major incidents. SentinelOne Endpoint Security & Protection scans all the City PCs every day. In 2020 there were substantially more incoming emails, blocked emails, and targeted attacks. That volume dropped in 2021 since many were not exclusively working from home. Employee cybersecurity training achieved 99% participation. We appreciate City leadership pushing the importance of the employee annual training. There were 1,212 remote users in the last 30 days. Our helpdesk staff achieved 99% customer satisfaction and are trained to recognize security threats. Virtual private network, dual network login has been implemented. Seven employees in a department were attacked and our systems caught that due to dual factor authentication. Cyber exercises are conducted using penetration testing, scanning for open ports, disaster recovery testing, and phishing training the user to not click on those emails.

Brian Campbell thanked Ty and Travis for the presentation and asked how our security incidents compare to similar cities. Mr. Howard replied that you can't predict attacks, although attack rates are similar. Our deflection rate may not be similar however, since we've invested in this process. We attend a regional meeting quarterly, and many other organizations have only one or two staff. The key to defense of how far hackers make it in.

Christopher Nickerson asked if they are having difficulty properly staffing or finding qualified people and if the competition is outbidding you. Mr. Cutright replied that we are experiencing the same since we're competing with private companies for salaries. Young people typically look at salary first. We are also being affected by retirements but start recruiting as soon as possible. We leveraging contract help and

an intern program partnership with Benedictine University. We are communicating with ASU to grow talent as well.

Rich Adams thanked them for the presentation and asked if they can refer bad actors for prosecution. Mr. Howard replied that it is quite difficult to prosecute because bad actors are hard to track, and we must consider the margin of return to find them. As a city, we invest to protect. Mr. Cutright stated we work with Mesa PD and FBI Homeland Security, and they make us aware of attacks as well. Prosecution is difficult.

Chair Kasselmann thanked Ty and Travis for the important presentation.

5. Hear a presentation on the City of Mesa Business License

Chair Kasselmann welcomed Yvette Armendariz and Jaye O'Donnell. Ms. O'Donnell introduced Yvette Armendariz to the Board. Yvette recently joined the Office of Economic Development in a newly created Marketing and Communications Specialist role to participate in the launch of Mesa's new business license. She was previously with Arts and Culture's i.d.e.a Museum and prior to that was a business reporter for Gannett Arizona Republic and the El Paso Times. Yvette earned a journalism degree from New Mexico State University.

Ms. Armendariz thanked the Board for allowing her to speak with them regarding Mesa's new business license. Effective January 3rd, applications are being accepted online. Information on the website can be translated into Spanish and three Asian languages. The cost is \$10 per location for the first year, \$25 for annual renewals beginning in 2023, and the issued licenses should be displayed in the business location. My efforts this year will focus on building awareness of this license.

Most businesses operating in Mesa will need this license. This includes retailers, wholesalers and restaurants that collect sales tax, but also service businesses and home-based businesses. A comprehensive list of FAQs has been created with the help of our Business Services team to address the most common questions. Some exemptions apply and a listing of those exemptions are on the City's licensing website. These include those businesses called out by state statute. For example, insurance agents, residential rental property owners and food producers. Also, among the exempted are nonprofits, tutoring services, babysitters, and mobile food vendors. Businesses with questions about what licenses apply are encouraged to email Mesa's licensing office for assistance.

Many other municipalities across Arizona require businesses to be licensed or registered to set up a business in their communities – these include Chandler, Scottsdale, and Gilbert.

Rich Adams asked if I have two corporations, one that is state licensed and one that is not, do I need two licenses or one? Yvette replied that if your state licensed business isn't called out as an exemption, then you'll have two licenses.

The key benefit to businesses is that it enables the City to communicate with them. During the height of the pandemic, the City faced challenges reaching Mesa-based businesses with critical information and ongoing updates about available programs and CARES Act funding to assist them. While we worked with several community partners and across departments to gather as much information about our small businesses. Still, we did not have a complete listing of Mesa businesses. Because of that, we know some businesses missed out on federal and local funding programs. Ultimately, it's hard to say how many businesses were missed because we didn't have a comprehensive list.

Having a general Mesa Business License means we have contact information that can be used to provide timely communications about ordinance changes, as well as information about grants and business development services. A bonus this year is for the first 1,000 eligible small businesses – they must have fewer than 100 employees and have registered/received their license – will receive a two-year ASBA membership. We are working with the Mesa Chamber on another potential benefit as well.

We feel this is also a starting point for businesses for information needed in the City - what other licenses, code requirements, permits may be needed? The license may build customer trust by validating the businesses presence in the community.

Businesses will be directed to an online application. The presentation shows the paper version – which will be in limited distribution. However, it shows some of the basic questions about the business that the applicant will provide. The online application walks you through those questions. To address privacy concerns – specifically for home-based businesses, persons applying for the Mesa Business License are asked if their address is private residence and if it can be published. The applicant then pays the fee and the license – if all is in order – should be processed within 10 days. There have been 127 licenses already submitted.

Deb Duval asked how many small businesses are in Mesa or many applications are you expecting?

Yvette replied we estimate between 12,000 – 20,000, which is based on TPT licenses.

Matt Likens welcomed Yvette to the Economic Development team. He stated that if the City's goal is to build trust, why do we need to charge for the business license.

Bill Jabjiniak replied that we've invested in the infrastructure and the administration of this program, so the nominal cost is required to recover some of those expenditures. It will not be a revenue stream. This license has been discussed by Council for years, but the pandemic highlighted that we weren't able to communicate important, beneficial information quickly and efficiently to local businesses.

Sally Harrison mentioned the cost comparison with other cities. Mesa's is the least expensive. The City was very purposeful in making it as minimal as possible.

Brian Campbell mentioned that while he supports the license, the problem is how we are articulating. In every trial or presentation, the why must be addressed. Bill articulated that vision that we had a wonderful program with Mesa CARES but couldn't deliver it. Lead with the why – we're doing this for a very important reason, it's not a benefit but why we're doing it. Lead with that. I've gotten a lot of push back from other businesses.

Natasha Ovando-Karadsheh asked what the penalty was or what is the negative incentive and how are we going to find all the business to let them know. Where are the marketing dollars going to be spent?

Yvette thanked the Board for the feedback and replied that there are no penalties this first year. Penalty fees could be presented at a later date to Council. Marketing has been in a soft roll out. We've ensured the website addressed common questions. We held a focus group with the help of the Chamber to learn more about awareness/perceptions of the license and received primarily positive comments. We're also working social media and earned media. We've gotten some coverage in the East Valley Tribune, KTAR and small publications. Plans include getting word out in Spanish news outlets, as well as through our

Asian business community, local chambers, associations, and Mesa's Small Business HUUB platform. A paid advertising campaign is expected to roll out by March.

Jaye O'Donnell also mentioned additional marketing may include flyers at business service locations and grocery stores as well as apps like Next Door. Yvette has also reached out to mom bloggers as well to reach smaller businesses.

Deb Duvall stated that rather than say you're increasing the fee next year, say the fee is \$25, but the first year is \$10. Reverse the message.

Rich Adams thanked Yvette for the presentation. We've talked about this 10 to 15 years ago, and as I look at this through the lens of my involvement anytime you give government something you lose control of something. Will code compliance be knocking at the door? We're typically not comfortable with government looking over our shoulders. I know from my involvement the purpose but see that others may not look at it that way. Messaging is so important because good ideas can go south quickly on social media platforms. We're all in agreement on the message that should move forward. Bill, do you remember, there were other reasons in place for the need for this years ago such as the business retention program. Although we understand, my clients and others don't understand it that way.

Sally Harrison stated that she works with a lot of other chambers and most businesses are used to this requirement.

Deb Duvall thanked Yvette for the presentation and your work at i.d.e.a. She wished her well in her new position.

Chair Kasselmann also thanked Yvette for the presentation and the Board for their feedback.

6. Director's Report

Bill Jabjiniak thanked the Advisory Board members for attending Economic Development's holiday gathering. It was a nice evening of interaction with our elected officials.

Dexcom held its Regional Distribution Center Grand Opening in December. Bill thanked Jim Kasselmann for expanding Dexcom's presence in Mesa. This Board remembers when Mesa didn't have spec industrial product available for incoming projects, but times have changed. A recently published article highlighted the 20M square feet of spec industrial currently planned or under construction in Mesa, and we expect 2022 to be another big year.

We've had a lot of success with the Asian District branding, although the pandemic through us a curve, there is more signage to come. An Asian Festival is scheduled for February 5th at the Park and Ride Main Street and Sycamore that will include the unveiling of a new Light Rail Station name. We are developing a plan and requesting local input for the Broadway Corridor which includes Dexcom, Banner, Crescent Crown, and many other businesses. Finally, the Mayor's State of the City event will be held February 15th.

7. Other Business

Our next advisory board meeting will be on February 1st.

8. Adjournment

Chair Kasselman called for a motion to adjourn at 8:57 a.m. A motion was made by Matt Likens, seconded by Brian Campbell, that the meeting be adjourned.

Upon tabulation of votes, it showed:

AYES – Adams, Campbell, Duvall, Likens, Nickerson, Perry, Wilson

NAYS – None

Chair Kasselman declared the motion carried by unanimous vote.

Submitted By:



William J. Jabjiniak
Economic Development Department Director