



FALCON STRATEGIC VISIONING COMMISSION MINUTES

June 4, 2014

The Falcon Strategic Visioning Commission of the City of Mesa met in the lower level meeting room of the Council Chambers, 57 East 1st Street, on June 4, 2014 at 7:34 a.m.

BOARD PRESENT

Rich Adams, Chairman
Gerald Blomquist
Mike Haenel
Tannis McBean
Rosa Roy
Otto Shill

BOARD ABSENT

Craig Kitchen

STAFF PRESENT

Debbie Spinner
Dee Ann Mickelsen
Scot Rigby

Chairman Adams excused Commission Member Kitchen from the entire meeting.

1. Chair's Call to Order.

Chairman Adams called the meeting to order at 7:34 a.m.

Commission Member McBean introduced herself and highlighted her professional background.

2. Approval of minutes from the May 13, 2014 meeting.

It was moved by Commission Member Haenel, seconded by Commission Member Roy, that the minutes from the May 13, 2014 Falcon Strategic Visioning Commission meeting be approved.

Chairman Adams declared the motion carried unanimously by those present.

3. Hear a presentation on GPEC's Business Attraction Strategy for the Falcon Field Economic Activity Area.

Senior Economic Development Project Manager Scot Rigby introduced Brad Smidt, Senior Vice President, Business Development, with the Greater Phoenix Economic Council (GPEC), who was prepared to address the Commission.

Mr. Smidt thanked the Commission for the opportunity to provide a brief overview of GPEC's initiatives and how they relate to the Falcon Field Economic Activity Area. He displayed a

PowerPoint presentation (**See Attachment 1**) and reported that GPEC is a regional economic development authority that is supported by Maricopa County, 23 cities and towns and more than 170 private-sector businesses. He explained that GPEC works with prospects throughout the United States and internationally to highlight business opportunities in the Greater Phoenix region.

Mr. Smidt discussed various services that are offered by GPEC (See Page 2 of Attachment 1), such as operational cost analysis, regional economic labor market data, and economic impact analysis. He stated that not only was GPEC recently named a top 10 Economic Development Group for 2013, but it also received the Gold Award in the February 2014 issue of *Business Facilities* for "Deal of the Year," which recognized Apple as the best project landed in any U.S. market.

Mr. Smidt, in addition, reviewed GPEC's strategic initiatives (See Page 4 of Attachment 1), including California 50, a program that offers California CEOs "an inside look" at the Greater Phoenix market. He noted that GPEC also works with broker consultants, site location consultants, and develops international strategies with markets such as China and Canada.

Responding to a question from Chairman Adams, Mr. Smidt clarified that when GPEC receives requests for information from site consultants seeking a particular building site, in some cases, an appropriate option to meet their needs may not be available. He noted, however, that since metro Phoenix has a wide variety of land sites and availability, those requests can generally be met.

Mr. Smidt further discussed GPEC's progress toward meeting business development goals as of April 2014. (See Page 5 of Attachment 1) He indicated that the prospects have increased since last year, but noted that employment numbers have decreased.

Mr. Smidt displayed a map of GPEC Locates between 2012 and 2014. (See Page 6 of Attachment 1) He pointed out that with respect to the Falcon Field area, prospective clients look for freeway accessibility when making site selections. He said that many of the companies that GPEC works with tend to locate near I-17, the U.S. 60, I-10, and the Loop 202/Price Road corridor. He added that he would anticipate that this trend will continue as more sites and facilities become available in the outlying submarkets.

Mr. Smidt also summarized the business development trends for office sites. (See Page 9 of Attachment 1) He noted that 93% of GPEC's prospects are requesting existing buildings, which is up from a three-year average of 85%. He commented that with respect to business development trends for industrial sites, 88% of the prospects are requesting existing buildings, with 26% seeking facilities that are at least 200,000 square feet in size. (See Page 10 of Attachment 1)

Mr. Smidt reported that with regard to business development trends for back office/high tech, companies such as State Farm, Wells Fargo and Waste Management are interested in consolidating their national footprints into larger facilities. He stated, in addition, that there is a significant demand for advanced IT and tech centers in the Phoenix area. He added that major employment centers are drawing high levels of prospect interest, especially the Price Road corridor, the Elliot/Ellsworth corridor and the Arizona State University (ASU) Research Park.

Mr. Smidt offered a brief overview of GPEC's current prospect activity, as well as the prospects by region and by industry. (See Pages 12, 13 and 14 respectively of Attachment 1)

In response to a question from Commission Member Haenel relative to GPEC's perception of the Falcon Field area, Mr. Smidt commented that in his opinion, the problem could be the lack of existing buildings. He explained that the lack of buildings has been a difficult position for many cities to be in, including Mesa. He further remarked that he was unaware of any negative perceptions of the Falcon Field area and pointed out that it has great freeway access and available land sites. He stated that another possible consideration might be the size of the parcels. He advised that many of GPEC's build-to-suit clients are looking for 50 to 100 acres or more in terms of size ranges and said that he was unsure whether the parcels in the Falcon Field area meet that demand.

Responding to a question from Commission Member Blomquist, Mr. Smidt stated that he would estimate that the employment increase year over year for metro Phoenix would be in the 3% to 5% range. He stated that GPEC's job counts would be in the area of 5,000 to 7,000.

Commission Member Blomquist commented that most of the job formation in the area is organic and created internally. He stated that while there is the need to bring new employers to the area, it is also important to entice existing companies to locate to the Falcon Field area. He noted that although GPEC may generate 10% to 15% of the job formation, what the Commission should focus on, in addition to GPEC's efforts, is the other 85%.

Commission Member Blomquist further remarked that existing buildings and known employment centers are the key to a successful economic activity area and said that Falcon Field has neither. He suggested that part of what the Commission should be discussing, in addition to input from GPEC, is what is necessary in order to create an identity within the Falcon Field area market, after which national markets will consider the area.

Mr. Smidt concurred with Commission Member Blomquist's comments. He explained that GPEC is "one piece of the puzzle" and targets companies that are new to the Phoenix area. He also made the suggestion that the City raise the visibility of the Falcon Field area with the local brokers, developers and local companies that are considering expanding their operations.

Commission Member Roy remarked that in the last two to three years, she has seen many vacant buildings in the Falcon Field area. She inquired when was the last time that a report was prepared that addressed the issue of vacant and available buildings in the area.

Mr. Smidt responded that GPEC would partner with the City's Economic Development Department to conduct an inventory of the properties and determine whether they meet the requirements of GPEC's clients.

Mr. Rigby concurred with Mr. Smidt's comments. He stressed the importance of City staff, GPEC and the brokerage community "getting the word out" about the existing buildings in the Falcon Field area. He stated that certain structures might require some rehabilitation in order to meet the needs of prospective clients.

Chairman Adams questioned that if the word has not gotten out and the buildings have existed for a period of time, what would be the "missing piece" in the equation.

Mr. Rigby responded that as part of staff's evaluation, it will be important for them to drive the site to assess what buildings are available.

Commission Member Shill reminded everyone that the Commission has yet to define the boundaries of the Falcon Field Economic Activity Area.

Commission Member Haenel, in response to Commission Member Roy's earlier question, noted that the supply of vacant buildings in the Falcon Field market is smaller, with the sizes ranging between 10,000 square feet to 30,000 square feet. He advised that the majority of GPEC's prospects are seeking sites that are 50,000 square feet or more, as well as larger land requirements.

Commission Member Blomquist commented that in his opinion, there is no image for the Falcon Field area. He stated that sooner or later, the Commission must address that issue and establish goals with respect to how that can be achieved. He further questioned whether this was just a neighborhood area around Falcon Field and suggested that perhaps the Commission should be considering the transportation corridor and an employment base around "what just happens to be an airport."

Chairman Adams concurred with Commission Member Shill's comment that the Commission has yet to define the Falcon Field Economic Activity Area and suggested that it was time to do so.

Chairman Adams thanked Mr. Smidt for his presentation.

4. Hear a presentation on methods of improving the Falcon Field Economic Activity Area market awareness within the real estate brokerage industry.

Mr. Rigby introduced Andy Markham, Executive Managing Director with Cassidy Turley, who was prepared to address the Commission.

Commission Member Haenel stated that he wanted to disclose that for the past 15 years, he and Mr. Markham have been business partners at Cassidy Turley.

City Attorney Debbie Spinner noted that she spoke with Commission Member Haenel yesterday with respect to his business relationship with Mr. Markham. She explained that in her legal opinion, Commission Member Haenel does not have a conflict of interest. She stated that if any of the Commission Members have business or personal interests in the Falcon Field area, she would encourage them to advise her of such, after which time she will determine whether it would be appropriate for them to declare a conflict of interest.

Chairman Adams thanked Commission Member Haenel for his disclosure and stated that the Commission was comfortable with his participation in the upcoming presentation and discussion.

Mr. Markham displayed a PowerPoint presentation (**See Attachment 2**) and reported that he works as an industrial broker with Cassidy Turley, with a focus on the East Valley, Sky Harbor and the West Valley. He stated that he has extensive experience working in Mesa, extending from the Gateway area up to Falcon Field.

Mr. Markham highlighted the strengths and challenges associated with the Falcon Field submarket. (See Page 1 of Attachment 2) He noted that the challenges for the area include a lack of awareness, trade radius restrictions and land pricing.

Responding to a question from Chairman Adams, Mr. Markham clarified that in order for someone to take a development risk to come to a tertiary market, such as the Falcon Field area, it would be necessary to discount the land prices.

Mr. Markham noted that Falcon Field has been well perceived as an owner-user market. He stated that with its proximity to the Mesa Groves and Las Sendas, which have higher demographics, people want to live within a short distance of where they work.

Commission Member Shill commented that one of the difficulties for Mesa, in general, has been that for years it has been a bedroom community, with more rooftops than perhaps it ought to have as compared to employment. He noted that although people like to live close to where they work, part of the Commission's role is to encourage more places to work as opposed to more places to live.

Commission Member Blomquist concurred and stated that Mesa has not made the effort to demonstrate that it was an employment center. He noted that it was not the rooftops, but the direction that Planning staff needs to take in order to encourage the right type of jobs.

Mr. Markham displayed an aerial map of the Falcon Field Employment Corridor, which includes Longbow Industrial Park, Falcon Industrial Park, Dover Industrial Park and Mesa Commerce Center. (See Page 2 of Attachment 2) He also highlighted a map of Chandler's Price Corridor Submarket, which illustrates the Mixed Use, Office, Retail and Light Industrial uses. (See Page 3 of Attachment 2)

Discussion ensued relative to potential efforts to promote the vision for the Falcon Field area, including broker roadshows; the placement of articles regarding the area in national publications; advertisements in the *BREW* (Business Real Estate Weekly of Arizona); and attend Falcon Field Airport monthly meetings to encourage revitalization of the area.

Commission Member Shill suggested that the Commission expand the vision for the Falcon Field area and "tell a different story" about northeast Mesa than what has been told before. He stated that there may be redevelopment opportunities within a more expanded Falcon Field area and added that "just focusing on the airport fence," in his opinion, is a mistake.

Commission Member McBean stated that she agreed with the concept of expanding the vision for Falcon Field. She stated that an important part of the visioning process is that the City can jump quickly to campaigns with maps and tenants and things such as that. She noted, however, that it was also important to take a step back and think about the value proposition in alignment of the submarket to the larger markets.

Chairman Adams remarked that in his opinion, this is not a process of reinventing the wheel and suggested that the Commission and staff look to other success stories, such as the Research Triangle Park in the Raleigh-Durham area. He stated that there are some starting points that the Commission can "get their hands on" fairly easily and then incorporate the group's work as well.

He added that it was imperative that no one lose sight of the fact that the Commission must define the Falcon Field Economic Activity Area, which encompasses more than just an airfield.

Additional discussion ensued relative to a tertiary market and the importance of the local brokers being made aware of the available parcels in the Falcon Field area.

Commission Member Shill suggested that the Commission's next meeting focus on defining the Falcon Field Economic Activity Area. He also stated that it would be helpful for the Commission to have some data that compares other areas, such as Raleigh-Durham, in an effort to identify the components of a successful area.

Commission Member Blomquist commented that there are smaller parcels in the Falcon Field area that could easily accommodate employers and generate jobs "if we can get the package right."

Commission Member Shill further indicated that it was important to recognize and support large and small long-time employers in the Falcon Field area. He remarked that it might also be an option to consider high-end recreational facilities in the area which, given the demographics in northeast Mesa, would provide a reason for people to visit the area.

Chairman Adams thanked Mr. Markham for his presentation. He also concurred with Commission Member Shill's suggestion that the Commission define the Falcon Field Economic Activity Area at its next meeting.

5. Discuss and make a recommendation identifying types of industry appropriate for the Falcon Field Economic Activity Area.

Mr. Rigby displayed a PowerPoint presentation (**See Attachment 3**), and discussed Mesa's H.E.A.T. Initiative, which was implemented several years ago. He explained that the City's economic development priorities are guided by the following targeted industries: Healthcare, Education, Aerospace, and Tourism/Technology (H.E.A.T.). He also reviewed a document illustrating various sub-clusters of businesses in the Falcon Field area. (See Page 2 of Attachment 3) He added that he was seeking the Commission's input with respect to other targeted industries that might fit well in the area.

Responding to a question from Chairman Adams, Mr. Rigby clarified that it would be the prerogative of the Commission to decide what types of industries in the Falcon Field area it would like to see, as well as those that might not be appropriate.

Chairman Adams remarked that he would look to the City's Economic Development Department, as well as GPEC, to advise the Commission with respect to what industries would not be appropriate.

Commission Member Haenel commented that he would like staff and GPEC's input with respect to what type of business or businesses would be "the game changers" for the Falcon Field area.

Commission Member Blomquist stated that a key component in this discussion should be pursuing the support of established employers in the Falcon Field area to bring businesses that they work with into the area.

Commission Member Shill cautioned that there are large employers located at the airport that are very concerned about this situation and do not want to be harmed. He noted, in addition, that there are long-time businesses located in and around the airport that the City should continue to support. He also concurred with the comment that the Commission needs to decide what it wants, but at the same time, determine “what fits” and balance those two criteria as it establishes the boundaries for the area.

Commission Member McBean stated that when the Commission reviews various industries, it would be helpful to have some adjudication criteria (i.e., an opportunity, strategic, something someone else has done) that it can benchmark against.

Chairman Adams inquired if any framework exists that the Commission is speaking of upon which the members can start building this document, taking into account the input that has been provided today.

Mr. Rigby stated that staff can come back at the next meeting and make recommendations where they believe there are strengths in certain targeted industries that have an opportunity. He noted that studies were done five to ten years ago with respect to Falcon Field that identify certain industries that could be effective for the area and suggested that many of those industries would still be current today. He further commented that staff could also provide data generated in the past three to five years and update the lists to include current businesses that were not initially reported.

Commission Member Roy suggested that the City invite the current employers to come to a Commission meeting and give a short presentation regarding their businesses, customers and potential customers. She stated that would provide the Commission a better understanding of the types of businesses that might be appropriate for the area.

Economic Development Department Director Bill Jabjiniak addressed the Commission and responded that the Department’s business retention expansion efforts have been active for several years. He stated that staff has gathered additional data and partnered with the Mesa Chamber of Commerce to expand such efforts and solicit input from a variety of different businesses. He added that he would anticipate that the expanded efforts would commence within the next 30 days.

Discussion ensued relative to specific data that would be important for the Commission to consider with respect to defining the boundaries of the Falcon Field Economic Activity Area, including the following: hearing from the business owners in the area; a listing of the available parcels for new construction, infill and redevelopment; reviewing information from the Raleigh-Durham area to learn how that community became successful in this regard; that a major component in determining the boundaries will be the transportation corridor; that at the next Commission meeting, staff will make a recommendation with respect to the proposed boundaries, which will serve as a starting point for the Commission’s discussion and consideration; and that staff will also make a recommendation with respect to the types of industries that the City desires to attract and pursue, as well as those that would not be appropriate for the area.

6. Discuss and make a recommendation regarding the creation of a Planned Area Development Overlay for the Falcon Field Economic Activity Area.

Mr. Rigby displayed a document titled “Light Industrial Planned Area Development (LI PAD) Rezoning Application Narrative” (**See Attachment 4**), which was provided to the Commission Members. He stated that the document illustrates staff’s proposal to establish an expedited and flexible zoning process in the Mesa Technology Corridor that will assist high technology industries.

Planning Director John Wesley addressed the Commission and introduced Senior Planner Tom Ellsworth, who was present in the audience. He reported that he has heard many comments today with respect to improving employment and economic development opportunities in the Falcon Field area. He explained that it was important to keep in mind the land use designation in the General Plan versus the zoning on the ground as it relates to their perception and development capabilities and opportunities.

Mr. Wesley displayed a map illustrating the current zoning designations in the Falcon Field area (**See Attachment 5**) and noted that once an area is zoned, the zoning “trumps” the General Plan. He stated that much of the land in the Falcon Field area is zoned Industrial. He explained that the Mesa Zoning Ordinance allows less intense uses, such as Retail, Office or Commercial, to occur in the Industrial zones. He pointed out that the Falcon Field area already has flexibility in the Industrial zones, although it might not be perceived that way. He added that there may be restrictions with respect to the building forms and types.

Mr. Wesley remarked that with respect to the Mesa Technology Corridor, staff is in the process of preparing an LI PAD overlay for the purpose of attracting high technology industries to the area; that the City Council will conduct a public hearing process and adopt the zoning for the area, but not actually apply it to the land; that the property owners can continue to use the existing zoning or apply for different zoning; and that property owners who wish to “opt in” would sign a form and the zoning would be applied to their property.

Responding to a question from Chairman Adams, Mr. Wesley clarified that once the zoning is in place, the public hearing process is completed. He stated that the remaining steps for the property owner would be to apply for the site plan and complete the design review process, all of which can be accomplished administratively. He noted that the timeframe would be compressed to a few months.

Mr. Wesley indicated that with respect to the Falcon Field area, staff could utilize a similar zoning overlay approach as the Mesa Technology Corridor. He stated that he could envision a variety of uses that would be compatible not only with residential neighborhoods, but also near Boeing. He noted that it might be somewhat of a challenge to create a PAD that would encompass all of the various uses and added that it might be necessary to do so in a series of steps working with the different property owners.

In response to comments from Commission Member Haenel, Mr. Rigby clarified that multiple PAD overlays could be created for specific types of corridors within an employment area.

Commission Member Blomquist recommended that the Commission consider a transportation corridor that includes both sides of the Loop 202 between Dobson and Brown Roads.

Commission Member Shill stated that Commission Member Blomquist's recommendation was consistent with the Mesa Chamber of Commerce's suggestion to expand the area.

Mr. Rigby suggested that the Commission's recommendation to the City Council read as follows: To recommend to the City Council to direct staff to explore as many opportunities as possible to create a PAD along transportation corridors within whatever the boundaries of the Falcon Field Economic Activity Area may be.

Chairman Adams stated that it was the consensus of the Commission to move forward with the above-referenced recommendation. He also commented that Commission Member Blomquist has expressed his opinion with respect to the boundaries of the transportation corridor and remarked that there may be other views as well. He added that the Commission will continue to discuss the boundaries at its next meeting.

Commission Member Blomquist requested that staff provide the Commission aerial maps of the transportation corridor which encompasses the area he previously outlined.

Chairman Adams clarified that the Commission was not making a formal recommendation to the City Council at this time, but merely giving direction to staff to provide additional information at future meetings.

Mr. Wesley suggested that from his perspective as it relates to zoning, it might be appropriate if staff receives more general direction in terms of considering the best ways in which to utilize the zoning tools that the City has in order to facilitate economic development in the Falcon Field area. He explained that although the PAD overlay might be the City's primary tool, there may be others that would also be effective. He added that he would not want to limit the Commission's options to just the overlay.

Commission Member Shill commented that staff knows enough to come back and participate actively in future meetings. He stated that perhaps the Commission's "final product" might be a set of recommendations.

Chairman Adams thanked staff for the presentation.

7. Chair's Report.

- Mesa General Plan 2040 Committee

Mr. Wesley reported that at the June 16, 2014 Regular Council Meeting, the public hearing will be conducted for the Mesa General Plan, after which time the Council will take action on the matter. He stated that at the July 1, 2014 Regular Council Meeting, the Council will approve the language for the measure, which will be included on the November 4, 2014 General Election ballot.

8. Other Business.

- Next Meeting

Chairman Adams stated that the next meeting of the Falcon Strategic Visioning Commission will be held on Wednesday, June 11, 2014 at 7:30 a.m.

9. Adjournment.

Without objection, the Falcon Strategic Visioning Commission meeting adjourned at 9:31 a.m.

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Falcon Strategic Visioning Commission meeting of the City of Mesa, Arizona, held on the 4th day of June, 2014. I further certify that the meeting was duly called and held and that a quorum was present.

DEE ANN MICKELSEN, CITY CLERK

abg/pag
(attachments 1 – 5)