



ECONOMIC DEVELOPMENT COMMITTEE MINUTES

September 3, 2024

The Economic Development Committee of the City of Mesa met in the lower-level meeting room of the Council Chambers, 57 East 1st Street, on September 3, 2024 at 10:00 a.m.

COMMITTEE PRESENT

Scott Somers, Chairperson
Alicia Goforth*
Julie Spilsbury*

COMMITTEE ABSENT

None

STAFF PRESENT

Lisa Anderson
Jaye O'Donnell
Kelly Whittemore

(*Participated in the meeting through the use of video conference equipment.)

Chairperson Somers conducted a roll call.

1. Items from citizens present.

There were no items from citizens present.

2-a. Hear a presentation, discuss, and receive an update on the results and recommendations from the Quality Retail Attraction Strategy Report.

Deputy Economic Development Director Maria Laughner introduced Economic Development Project Manager Elyce Gobat; Aaron Farmer, consultant and president of The Retail Coach; and displayed a PowerPoint presentation. **(See Attachment 1)**

Ms. Laughner provided background regarding Mesa's business strategy for attracting retail. She explained the focus has been on creating high-wage jobs that will draw industries that will expand Mesa's economy, as well as lead to an increase in residential growth. She noted in April of 2023, City Council allocated funds to create a plan to attract quality retail, adding that retail follows rooftops. (See Pages 2 and 3 of Attachment 1)

Ms. Gobat discussed the original scope of work for which The Retail Coach was hired to conduct. She stated that the bulk of the strategy included the entire city; however, the focus was targeted on eight areas. She commented that each area was analyzed individually based on trade areas, cell phone data to determine demographics, gaps in the market, and psychographics. (See Pages 4 and 5 of Attachment 1)

Mr. Farmer explained that a full analysis of each submarket was conducted to determine trade areas. He reviewed the demographics for the various trade areas to identify the spending potential. He compared the retail demand projections for each submarket, and explained that retail demand is determined by the amount the average consumer in Arizona spends on retail and restaurants. He indicated that the data illustrates that retail demand is on the rise in each submarket, which is critical for recruiting quality retail candidates. (See Pages 6 and 7 of Attachment 1)

Ms. Gobat discussed the meetings between The Retail Coach and various stakeholders interested in Mesa's success. She shared stakeholder feedback on recruiting potential retailers and brokers. (See Pages 8 and 9 of Attachment 1)

In response to multiple questions from Chairperson Somers, Mr. Farmer confirmed that the concern regarding zoning code policy interpretation is common in other cities, but admitted it is a higher in Mesa. In regard to the lack of retail space, he suggested targeted recruitment to the newly redeveloped or revitalized developments.

In response to an inquiry from Committeemember Goforth as to why developers have a misconception of Mesa, Mr. Farmer clarified that the reasons were captured and detailed in the full plan packet, which he could provide to the committee members after the meeting.

Ms. Gobat reviewed the challenges and opportunities for the Riverview District. (See Page 10 of Attachment 1)

In response to a question from Chairperson Somers, Ms. Gobat stated that Kimco, the developer of Riverview, does not allow the City to use their parking facilities for spring training or the Mesa marathon and are unwilling to work with the City in certain areas.

Mr. Farmer commented that he has been collaborating with Kimco to negotiate a better partnership for the City of Mesa.

Discussion ensued relative to property redevelopment, partnerships, population density, an aggressive strategy to recruit retail, economic development, and attracting quality retail, restaurants, and hotels.

Ms. Gobat discussed the Asian District's challenges and opportunities. (See Page 11 of Attachment 1)

In response to multiple questions from Chairperson Somers, Economic Development Director Jaye O'Donnell replied that the density for Asian businesses occurred organically more than a decade ago. She indicated that four years ago, as part of the redevelopment area plan to brand and develop marketing, the City attracted additional employers and businesses to the Asian District that are Asian owned and Asian-related businesses but initially started with a single developer.

Ms. Gobat summarized the challenges and opportunities in Downtown Mesa and stated that people are drawn to other downtown cities that are more vibrant than Mesa. (See Page 12 of Attachment 1)

Chairperson Somers and Committeemembers Goforth and Spilsbury shared that the Downtown Mesa area should be organic and is best suited for small and local businesses, similar to the Asian District.

Ms. Gobat reported the challenges for the Fiesta District include a lower income area with high density. She mentioned that the Fiesta District has high daytime traffic, which is a great location for restaurants near the U.S. 60 Freeway with great visibility. (See Page 13 of Attachment 1)

Ms. Laughner pointed out that Northeast Mesa has several of the same challenges as the Fiesta District with lack of population density and building availability. She anticipates future developments for commercial and retail use that will attract residents. She emphasized that Northeast Mesa is unlike other districts due to the Federal Aviation Administration (FAA) restrictions related to Falcon Field Airport and The Boeing Company (Boeing), two important companies for Mesa's economy. She commented that the restrictions create density issues since the City does not want to add single family homes, multi-family homes, or other residential construction near the airport due to the noise. She explained that the City is working with property owners for the possibility of a full-service hotel near Boeing, as well as the potential to attract destination retail. (See Page 14 of Attachment 1)

In response to a question from Committeemember Goforth, Ms. Gobat replied that the Northeast Mesa map on Page 14 only illustrates potential targeted areas for retail and does not include trade areas or individuals that live in the district.

Mr. Farmer explained that developers and retailers want to look at the data to determine where people are traveling from and the size of the trade area. He noted this approach versus the one, three, five-mile radius helps to get the area noticed by destination prospects. He elaborated that cell phone data is used to determine the current trade area, as well as the future potential trade area.

Ms. Laughner provided an overview of the Superstition Springs District, which is focused on redevelopment. She commented that Superstition Springs has the greatest number of demographics for people traveling into the area and has good incomes; however, its immediate population is largely composed of retirees. She mentioned that the opinion of retailers is that fixed income areas have limited potential and looking at larger areas would be beneficial. She noted that Macerich, the owner of Superstition Springs Mall, is a good partner with the City and is working proactively to revitalize the mall. (See Page 15 of Attachment 1)

Chairperson Somers expressed his opinion on the redevelopment of the Superstition Springs mall and the surrounding area.

Mr. Farmer stated that his focus for areas with large numbers of retirees is to highlight the net worth of retirees as a tool to recruit developers and retailers.

Ms. Laughner discussed the Power Road corridor, which has many exciting developments coming, including the unique Cannon Beach and existing Gallery Park. She indicated there are many opportunities at the Power Road corridor for development, including a hospitality sector and full-service hotel. She mentioned the corridor has high-income levels with land available. (See Page 16 of Attachment 1)

Ms. Laughner described the challenges and opportunities for the Gateway area. She stated that with the new ownership of Arizona Athletic Grounds (AAG), the City will be able to attract national and international competitions and sporting events. She shared that property owners in the nearby vicinity of AAG have expressed interest in bringing in full-service hotels for destination travelers. She pointed out that many great jobs have been attracted to the area, generating growth in the industrial buildings that are being occupied by the high-level jobs. (See Page 17 of Attachment 1)

Chairperson Somers expressed his opinion regarding the types of developments needed in Gateway and along the Power Road corridor. He emphasized the importance of holding the developers accountable to adhering to the vision of the areas.

Committeemember Spilsbury shared her concerns for the area on Power Road from Southern Avenue to Brown Road which has been neglected.

Mr. Farmer highlighted the short-term and long-term strategy recommendations for attracting high quality retail to Mesa. He advised that the industry is competitive and recommends an aggressive retail recruitment strategy. He reported that he has already begun outreach to prospects that are interested in coming to Mesa. He discussed the benefits of marketing campaigns and focusing on redevelopment of five of the target areas, as well as considering the use of incentives for higher-quality retail. (See Pages 18 and 19 of Attachment 1)

In response a question from Chairperson Somers, Ms. Laughner confirmed that the City provided incentives to Riverview.

Discussion ensued relative to providing incentives for certain businesses, improving infrastructure, the Fiesta Mall redevelopment, national and local marketing campaigns, aligned partnerships, and economic development.

Mr. Farmer reminded the Committeemembers that outreach has begun, and research and development takes time. He emphasized implementing a three-year strategy to receive the benefits, with prospects showing interest in a 12- to 36-month time frame is recommended to produce results.

In response to a question from Committeemember Goforth, Ms. O'Donnell explained the collaboration between the Economic Development Department and The Retail Coach to promote a quality retail attraction strategy. She commented that if Council requests to shift the direction of the recruitment strategy or would prefer a three-year quality retail attraction plan, additional resources are needed.

Chairperson Somers recommended that the retail strategy be presented to full Council for consideration upon completion.

Chairperson Somers thanked staff and Mr. Farmer for the presentation.

3. Adjournment.

Without objection, the Economic Development Committee meeting adjourned at 11:34 a.m.

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the meeting of the Economic Development Committee of the City of Mesa, Arizona, held on the 3rd day of September 2024. I further certify that the meeting was duly called and held and that a quorum was present.



HOLLY MOSELEY, CITY CLERK

lr
(Attachments – 1)

Quality Retail Attraction Strategy

For Economic Development Council
Committee
Sept 3, 2024

Elyce Gobat, City of Mesa
Maria Laughner, City of Mesa
Aaron Farmer, The Retail Coach



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ECONOMIC DEVELOPMENT

Agenda

- Background of Retail Attraction Strategy
- Overview of Strategy Report
 - Opportunities
 - Recommendations to Consider
- Mesa Office of Economic Development
Next Steps



Background

CATALYST

- Retail Develops Independent of Office of Economic Development and Strategic Vision
- Perceived Lack of Quality in Mesa
- City Council Allocates Funds for Retail Attraction Strategy

TIMELINE

- August 2023: RPF Issued
- November 2023: The Retail Coach (TRC) Engaged as Consultant
- December 2023-March 2024: TRC Conducts Research and Stakeholder Meetings
- July 2024: Retail Attraction Strategy Finalized

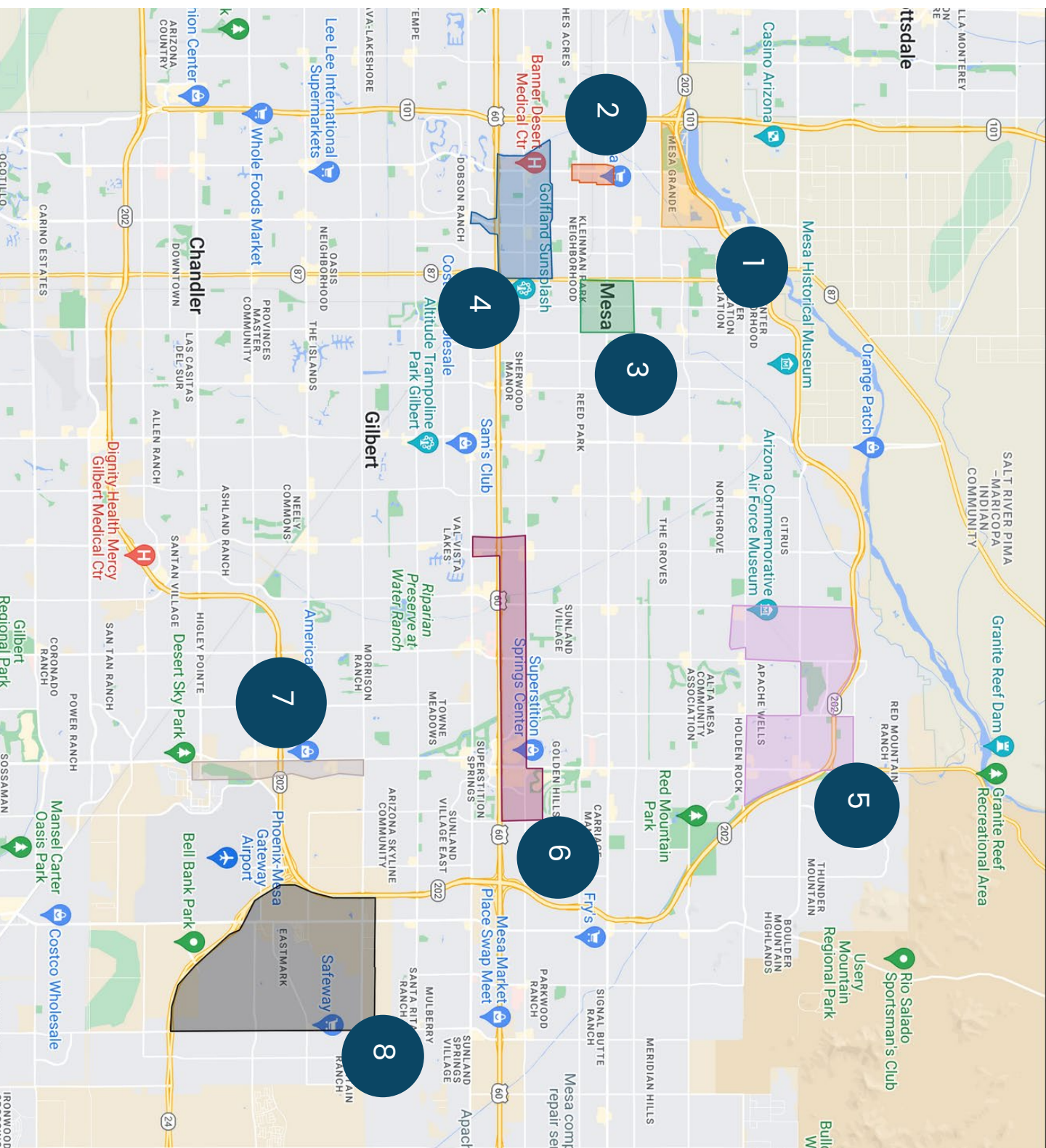
Strategy Overview / Method of Approach



- Data Analysis
- Stakeholder engagement
- Strategy Recommendations
- Next Steps

Targeted Areas

1. Riverview
2. Asian District
3. Downtown
4. Fiesta District
5. NE Mesa
6. Superstition Springs & Dana Park
7. Power Rd Corridor
8. Gateway



Task 1: Data Analysis

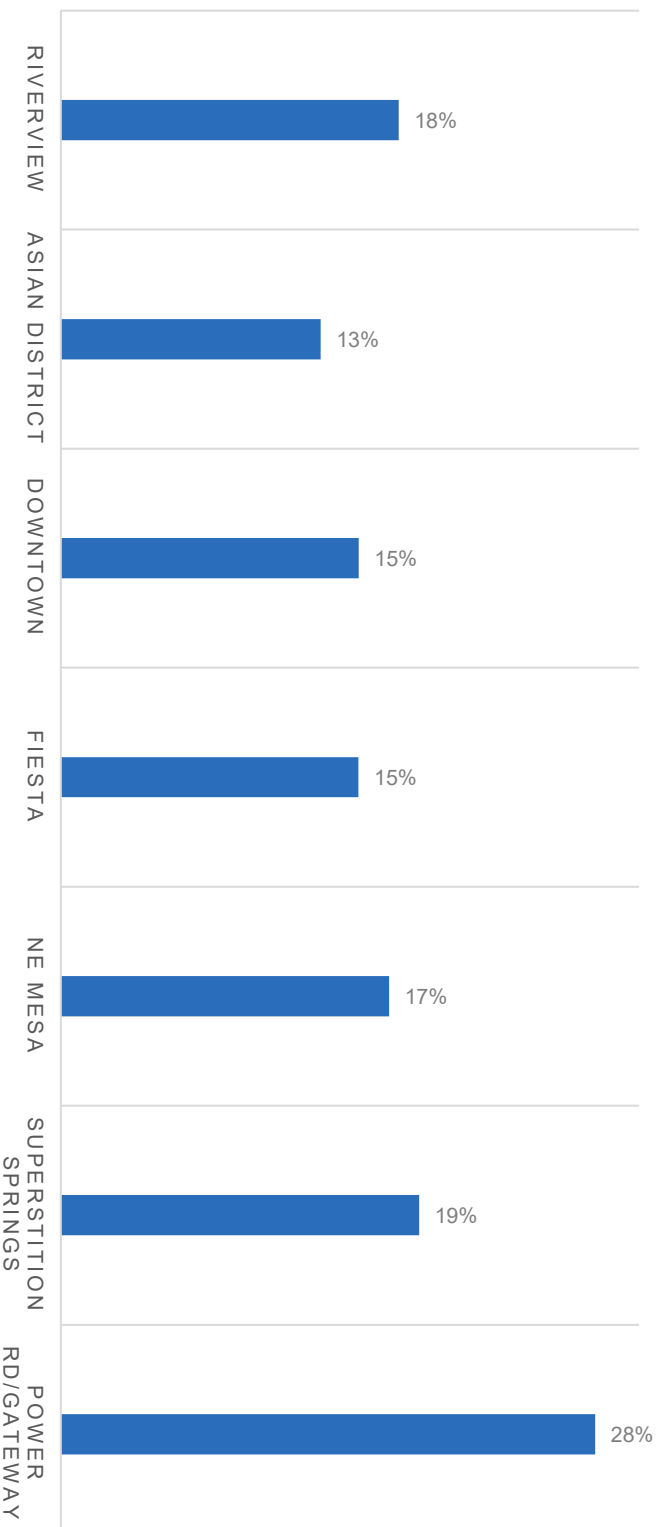
DEMOGRAPHICS

By Trade Area	Population	Median Household Income	2023 Demand	2028 Demand
Riverview	206,603	\$62,675	\$1,977,913,742	\$2,324,620,732
Asian District	176,488	\$53,173	\$1,673,148,255	\$1,898,677,076
Downtown	118,384	\$54,454	\$977,474,298	\$1,128,588,004
Fiesta	116,123	\$58,742	\$1,085,024,882	\$1,252,601,944
NE Mesa	215,999	\$78,063	\$2,490,601,810	\$2,914,682,581
Superstition Springs	465,066	\$79,648	\$5,210,767,627	\$6,179,257,242
Power Rd/Gateway	222,068	\$114,590	\$2,346,481,451	\$2,997,032,774

Task 1: Data Analysis

DEMAND OUTLOOK

DEMAND OUTLOOK GROWTH 2023-2028



Task 2: Stakeholder Engagement

CITY DEPARTMENTS

- Downtown Transformation
- Community Services
- Economic Development Advisory Board
- Office of Economic Development
- Mesa City Manager
- Mesa Art Center
- Mesa City Council
- Mesa Convention Center

BUSINESS / DEVELOPERS

- CBRE
- Capital Asset Management
- Evolve Ventures
- Phoenix Commercial Advisors
- Longbow Business Park
- Whitestone REIT
- Downtown Merchants
- Macerich
- Vivo Partners
- Vestar
- Levine Investments
- Brookfield

EXTERNAL STAKEHOLDER

- Greater Phoenix Economic Council
- Visit Mesa
- Mesa Chamber
- Downtown Mesa Association

Stakeholder Feedback

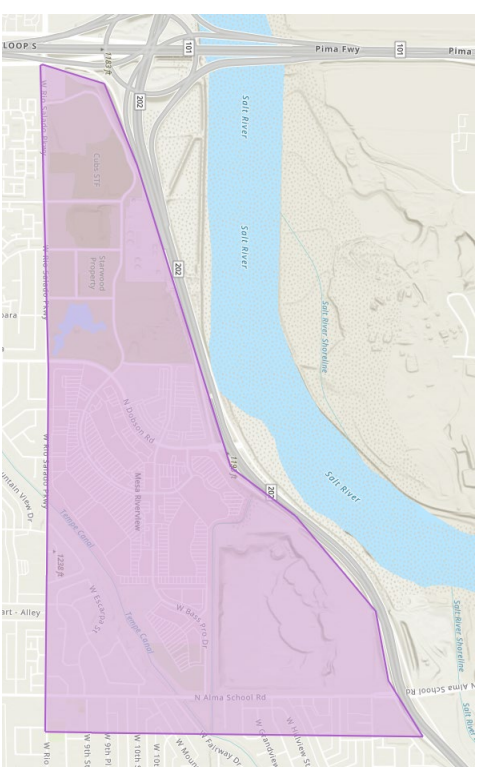
CHALLENGES/OPPORTUNITIES

- Inconsistency in planning and zoning code policy interpretation and communication
- There is a need to understand retailer requirements in relation to zoning codes
- Lack of existing desirable commercial centers hinders retail growth
- Retailers/brokers are unaware of new development opportunities
- Mesa faces perception issues locally and regionally by consumers

Riverview

CHALLENGES

- Lack of population density
- Unclear center designation
- Cell phone data does not show major increase in traffic during Spring Training
- Kimco Restrictions



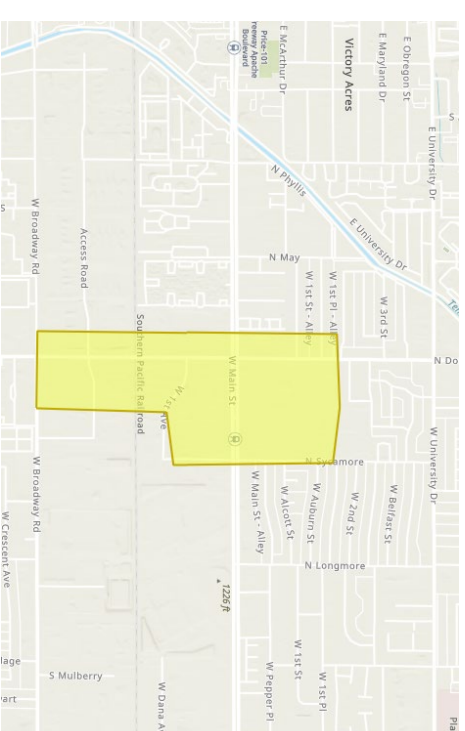
OPPORTUNITIES/ADVANTAGES

- Tourism draw
- Enhancing relationship with Kimco
- Co-tenant location
- Great space for events to draw traffic
- Space for multi-use projects
- Accessibility: 101 and 202 intersection
- Close to ASU Main Campus

Asian District

CHALLENGES

- Lack of population density
- Older buildings need revitalization
- Lower income area
- Mature aesthetic
- Lack of walkability



OPPORTUNITIES/ADVANTAGES

- Branding potential
- Regional draw
- Synergy with existing Asian businesses
- New multifamily projects with 500 units opening in 2025
- Space for events
- Light rail and streetcar

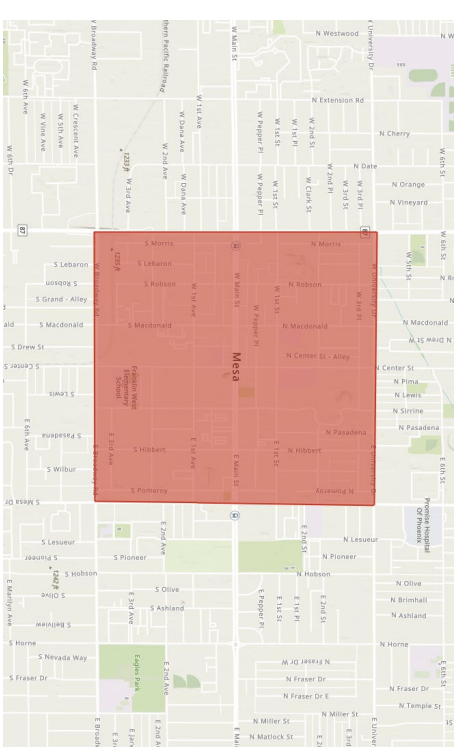
Downtown

CHALLENGES

- Lack of foot traffic
- Walkability
- Unfavorable perception of area by outside residents
- Distance from other parts of Mesa
- Lack of resident population in square mile
- Daytime vs Nighttime population



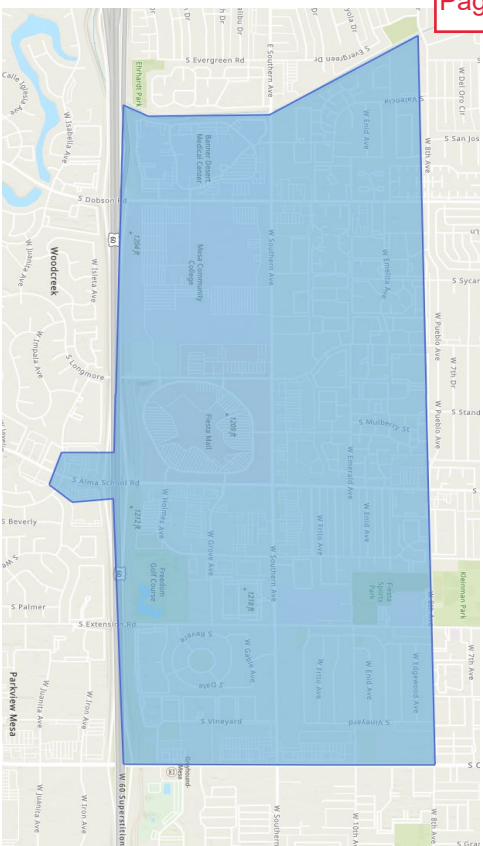
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ECONOMIC DEVELOPMENT



OPPORTUNITIES/ADVANTAGES

- Unique retail and restaurant offerings
- Events attract people
- Available buildings to create destination experiences/retail
- Convention center and hotel
- Increase number of residents/housing types in immediate downtown
- Light rail

Fiesta District



CHALLENGES

- Needs continued visioning for the future
- Lower income area



OPPORTUNITIES/ADVANTAGES

- Prime for redevelopment
- Fiesta Mall/City Collaboration
 - Continue working with development group
- High-density area
- High daytime traffic
- Access to US 60

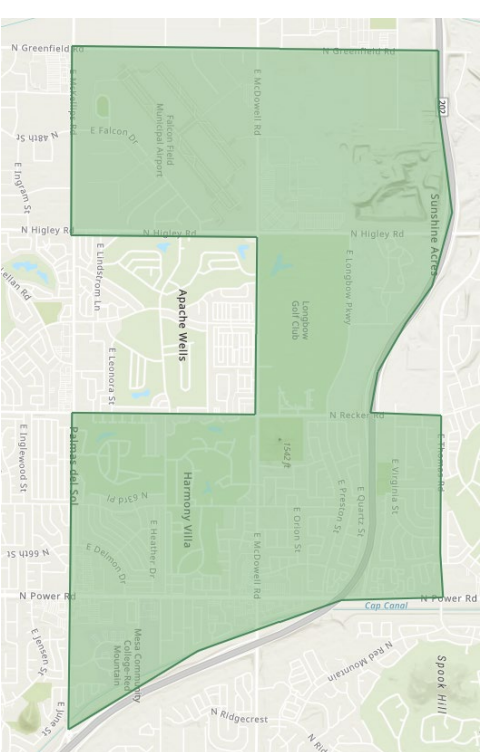
Northeast Mesa

CHALLENGES

- Lack of population density
- Lack of building availability
- No major retail draw
- Falcon Field Airport/Boeing restrictions

OPPORTUNITIES/ADVANTAGES

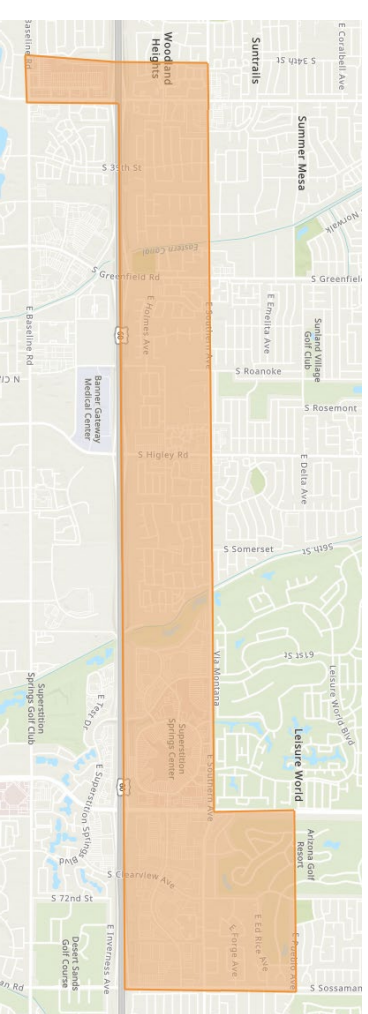
- High income levels
- Available land for development
- Destination retailer could bring traffic
- Existing residents support destination retail and entertainment



Superstition Springs

CHALLENGES

- Declining mall needing revitalization
- Unfavorable perception of demographics in the area
- Immediate population largely retirees
- Some residents believe mall is closed
- New retail outside of the area is attracting nearby residents



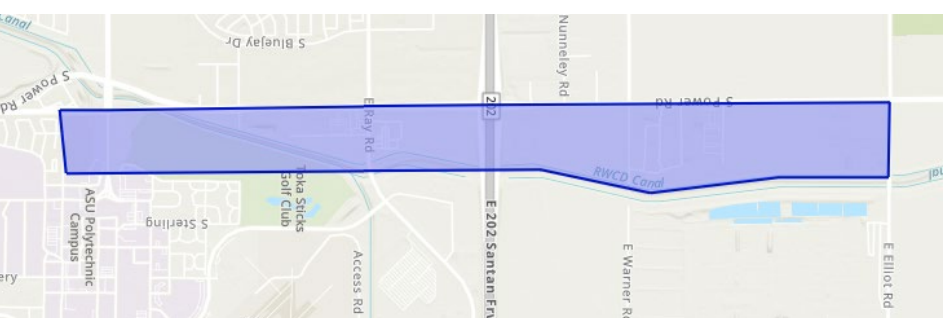
OPPORTUNITIES/ADVANTAGES

- Redevelopment opportunities/mixed-use
- Large trade area reach
- Ownership willing to collaborate with City for a vision
- Pad sites and large parking lots that could be redeveloped

Power Road Corridor

CHALLENGES

- Faces direct competition from Gilbert
- No clear brand yet
- Hotels needed



OPPORTUNITIES/ADVANTAGES

- Land for development
- High income levels
- High traffic along Power Rd
- Close to Airport and ASU Poly
- Unique offerings coming online with Cannon Beach
- Gallery Park

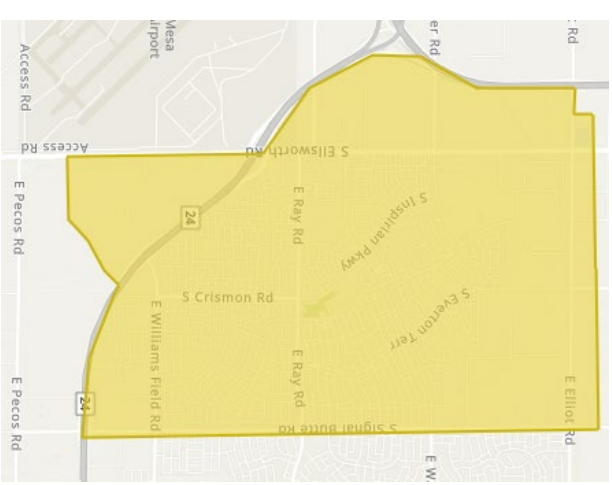
Gateway

CHALLENGES

- Lack of existing buildings
- Proximity to Queen Creek/Gilbert stores limit some retailers
- Hospitality needed to support employers, visitors, and AZ Athletic Grounds

OPPORTUNITIES/ADVANTAGES

- Land for development
- High income levels
- Arizona Athletic Grounds attracts 2.5 million attendees a year
- Hotel room nights



Strategy Recommendations

SHORT-TERM

- Clarify Economic Development staff designations on website
- Actively recruit retail/hospitality/entertainment users
- Establish relationships with brokers and retailers
- Regularly update contacts with development news and opportunities
- Attend retail trade shows
- Enhance Economic Development retail webpages
- Create marketing campaign to shift regional perceptions about Mesa's retail environment and offerings

Strategy Recommendations

LONG-TERM

- Enforce city code to enhance corridor beautification
- Market Mesa as a destination in print publications
- Create marketing campaigns for visitors to local hotels/destinations of Mesa’s “things to do”
- Focus on redevelopment and consider use of incentives for higher quality retail

FY24/25 Plan of Work

BUILD AND BEGIN EXECUTION OF 3-YEAR PLAN

- Objective 1: Actively Recruit Retail to Mesa
 - Attend ICSC Las Vegas & ICSC@Western
 - Renew The Retail Coach as consultants
- Objective 2: Develop/Enhance Relationships with Retailers, Brokers, Developers
- Objective 3: Market Mesa as a Retail Destination

