



ECONOMIC DEVELOPMENT ADVISORY BOARD MINUTES

December 11, 2023

The Economic Development Advisory Board of the City of Mesa met in the board room at 120 North Center Street, on December 11, 2023, at 7:30 a.m.

BOARDMEMBERS PRESENT

Rich Adams
Brian Campbell
Michelle Genereux – Vice Chairperson
Bill Honsaker
Amanda Kay

BOARDMEMBERS ABSENT

Kathleen “KJ” Jolivette (Excused)
Laura Snow (Excused)

STAFF PRESENT

Jaye O’Donnell
Maria Laughner
Maribeth Smith
Jack Vincent

EX-OFFICIO MEMBERS PRESENT

Chris Brady
Ed Carr
Sonny Cave
Sally Harrison
Natascha Ovando-Karadsheh
Jennifer Zonneveld – Chairperson

EX-OFFICIO MEMBERS ABSENT

Mayor Giles (Excused)

GUESTS

Brian O’Neill
Lori Collins

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

1. Chair’s Call to Order.

Board Chair Jennifer Zonneveld called the December 11, 2023, meeting of the Economic Development Advisory Board to order at 7:31 a.m.

2. Items from Citizens Present.

There were no items from citizens present.

3. Approval of Minutes from October 3, 2023, Meeting.

It was moved by Board Member Brian Campbell, seconded by Board Member Rich Adams, that the minutes from the October 3, 2023, Economic Development Advisory Board meeting be approved.

Upon tabulation of votes, it showed:

AYES – Adams-Campbell-Genereux-Honsaker-Kay

NAYS – None

ABSENT – Jolivette-Snow

Carried unanimously.

4. Hear an update from the City Manager on Visit Mesa.

City Manager Chris Brady commented that Visit Mesa is a separate legal entity that promotes tourism and visitor experiences in Mesa. Visit Mesa has a board of directors, executive board, and staff. From a financial standpoint, their revenues are over \$5.7 million, and the city provides approximately \$3.9 million. The city's contribution is funded by the bed tax that is collected for each night a hotel room is rented in Mesa. Recently, the mayor and Mr. Brady spoke with Visit Mesa's board chair and vice chair regarding their operations, best practices, and their governance and structure in comparison to any peers they might have. As a result of that conversation, purchasing guidelines and/or procurement policies that Visit Mesa has in place are being reviewed as well as how those guidelines are followed. The city will engage a consultant to conduct an independent review in the first quarter of 2024. That report will be reviewed by the Visit Mesa Board, as well as the mayor and interested council members.

Currently, Visit Mesa is governed by a Board of Directors and an Executive Committee. While the city has a city councilperson and two staff members assigned to the Board of Directors, we are not represented on the Executive Committee. Mr. Brady has requested that the city have a designated position on the Executive Committee and those discussions are ongoing. The Board is investigating the appropriate process for this type of change.

Although the city receives bed tax funds directly and remits a portion to Visit Mesa, the city does retain a significant portion of bed tax funds that are used to fund local visitor experiences. Typically, those experiences include Merry Main Street in Downtown Mesa and Spring Training, which is Mesa's largest tourism revenue generator. Mr. Brady feels strongly that visitor experiences should target local citizens as well as national and international visitors.

Board Member Brian Campbell thanked Mr. Brady for speaking with the Board about this topic. He inquired if Visit Mesa's procurement of a Las Sendas Country Club membership would be reviewed. Mr. Brady replied that they have not delved directly into that issue, but rather are focusing on ensuring there are appropriate policies in place and that those policies are being followed. Mr. Campbell inquired if the city has looked into whether a board member or a family member of a board member profited from that transaction. Mr. Brady reiterated that the outside review of how the Board of Directors is established, how it functions, and who is responsible for making decisions will determine if there is a separation of the Executive Committee from the operations side of the board. He conceded that the city is concerned about decisions of this nature being made by a limited number of board members. Ultimately, the city is working to determine if there is a lack of appropriate policies and procedures, or if there was a violation of an existing policy or procedure since it's the city's responsibility to ensure that city resources are being used appropriately.

Mr. Campbell questioned whether Visit Mesa's fiscal year budget shortfall will be part of the review to determine how that occurred. Mr. Brady replied that the Board of Directors should be having those conversations with Visit Mesa staff.

Mr. Campbell applauded the city's decision to review pertinent policies, implement an independent review, and request a seat on the Executive Committee.

Board Member Natascha Ovando-Karadsheh inquired if there are other organizations that receive their funding with tax dollars through the city or is Visit Mesa a unique situation. Mr. Brady replied that PMGA receives funding from the city, and the mayor sits on PMGA's board.

5. Hear a presentation on Phoenix-Mesa Gateway Airport development and discuss.

Phoenix-Mesa Gateway Airport's (PMGA) Executive Director and CEO Brian O'Neill manages a 3,000-acre economic development project that just happens to have a thriving airport with 10,000-foot runways. There are currently just under 700 acres of aeronautical and non-aeronautical land under private development. Currently two airlines, Allegiant and Sun Country, operate from PMGA. Of the three low-cost Canadian airlines that operated at PMGA last year, one went out of business, one folded back into their mainline carrier, and the final one relocated to Sky Harbor. Sun Country provides service to Minneapolis, and Allegiant provides nonstop service to 46 destinations. Although Allegiant is experiencing some challenges with pilots currently, they are projecting their summer schedule to grow by 19.1%. PMGA just celebrated their 20 millionth passenger since the airport started commercial service. If you consider the economic impact of those visitors to the East Valley, that is a significant contribution.

Mr. O'Neill's presentation included information on the 30,000 square foot terminal addition which was 100% funded by state and federal dollars, and they will hold a ribbon cutting ceremony on February 20. Bipartisan infrastructure funding was also secured to enclose the pedestrian walkway from the ticketing terminal to the security screening checkpoint.

PMGA Director of Business & Economic Development Lori Collins shared information on the private development occurring at the airport which includes SkyBridge Arizona's two 250,000 square foot industrial buildings currently under construction. As they continue development, SkyBridge will unlock an additional 200 acres of aeronautical land. They are also beginning construction on two 16,000 square foot office buildings facing Sossaman Road and partnered with Northern Arizona University (NAU) to provide a workforce development opportunity as well as a fully functioning restaurant. NAU will be conducting a hospitality education program by partnering with the SkyBridge hotels and operating the restaurant. Additional projects include the Virgin Galactic manufacturing hangars, Boeing's hangar, the 225,000 square foot Gulfstream West Coast Service Center, and XNRGY Climate Systems.

Mr. O'Neill shared that Allegiant leased a 63,000 square foot maintenance hangar in January. Previously Allegiant leased three facilities at the airport totaling 32,000 square feet. Currently, PMGA has a three- or four-day supply of jet fuel at the airport and to mitigate possible disruptions, they've invested in three new 50,000-gallon tanks. This investment will store an eight-day supply of fuel. Customer facility charges on rental cars are funding an enhancement to the rental vehicle maintenance and storage area. Finally, PMGA is in the process of a planning study called Gateway Tomorrow which is planning for the east side of the airport property to include a new two level terminal at some point in the future.

Board Member Sonny Cave inquired about the prospect of attracting another airline to mitigate the risk of relying only on Allegiant. Additionally, he asked if PMGA buys and resells fuel or simply charges other entities to store it at the airport. Mr. O'Neill replied that the airport is very cognizant of that risk and consistently meets with other airlines. He shared that PMGA has actively pursued United Airlines for a twice daily flight to/from Denver because business travelers can connect to 168 different destinations from Denver. He also shared that PMGA pumps approximately 20 million gallons of fuel per year and between

11 and 13 million of that is Allegiant's. PMGA stores the fuel Allegiant purchases and receives a storage charge and hookup fee. World Fuel provides fuel for contract customers. Their fuel is stored in PMGA tanks and PMGA receives a hookup fee and fuel flowage fee. PMGA also purchases and stores fuel for transient retail customers too.

Board Member Bill Honsaker inquired if there had been discussions with Delta for a Salt Lake City route. Mr. O'Neill replied that they have spoken with Delta many times about that opportunity and beyond, however, Delta's response is that they already serve Phoenix through Sky Harbor. PMGA has work to do to convince Delta that much like Dallas or Washington or San Francisco or the L.A. Basin, Phoenix is growing to the point where it will be a two-airport system.

Chair Zonneveld inquired about the relationship between PMGA and Phoenix Sky Harbor Airport. Mr. O'Neill replied that the City of Phoenix will pull out of the joint powers' authority on June 30, 2024. This will leave the City of Mesa, the City of Apache Junction, the Town of Gilbert, the Town of Queen Creek, and the Gila River Indian Community as the fixed owners. Originally, Sky Harbor was brought in because they carried a lot of aviation experience that PMGA didn't have.

Board Member Rich Adams asked where PMGA ranks in terms of airports. Mr. O'Neill replied that PMGA is 100 out of 435 in relation to commercial passenger size. For overall operations, PMGA ranks 35 or 36 in the country due to pilot training and general aviation activity.

Ms. Ovando-Karadsheh asked how the Board can help in regard to overflight and housing encroachment. Mr. O'Neill replied that communities routinely work with the airport and the land use compatibility plan. Disclosure during home resales can be an issue, due to the numerous papers that are signed at closing.

Chair Zonneveld thanked Mr. Oneill and Ms. Collins for their time and presentation.

6. Economic Development Director updates.

Director Jaye O'Donnell shared recent conferences that staff attended including the Area Development Executive Summit which is an interactive conference with site selectors. A national transit-oriented development conference was held in Phoenix, IMPACT, and a group of participants toured the Asian District with Yvette Armendariz and Vice Mayor Heredia. The Office of Economic Development (OED) hosted a Mesa Business Builder Networking Mixer at Benedictine University in November. This event was held in partnership with the Small Business Assistance Program vendors and included 70 attendees. Additionally, OED hosted a CEO luncheon with Mayor Giles at The Post last week which included nearly 50 C-level executives. Formal presentations included Education and Workforce Office updates, Mesa's Climate Action Plan, and Mesa's water portfolio and forecast update as well as an open question and answer session. Mayor and Mr. Brady also attended a holiday entrepreneur luncheon at OED's office on December 6 and heard directly from entrepreneurs about their technology, their background stories, and the interesting and diverse business ecosystem in Mesa. Ms. O'Donnell felt there were two key takeaways to consider. One would be considering an entrepreneurship round table that would meet quarterly or a couple times per year to help inform about activities and entrepreneurship support in the community. Secondly, the possibility of hosting investment bankers from key markets for a pitch competition which would allow us to showcase what's happening in our market and the East Valley.

Ms. O’Donnell added that the Office of Economic Development has contracted with The Retail Coach to develop a quality retail attraction strategy. The consultant will visit the area in December, and we will arrange a meeting with those board members who would like to provide input in early 2024. The International Economic Development Council (IEDC) will hold their 2024 Leadership Summit in Phoenix on February 4 – 6 which will conflict with the board meeting on Tuesday, February 6.

Mr. Adams commented that Spring Training would be an ideal time to invite investment bankers for a pitch competition.

7. Introduction of new business to be discussed at a future meeting.

Mr. Campbell requested an update on Visit Mesa once things are resolved.

Director O’Donnell suggested an update from the Education and Workforce Development Office, a small business program Mesa Business Builder update, a tour of The Studios small business space once it opens in May 2024, a business development prospect update, and/or a retail analysis report/strategy update once it’s complete.

Ms. Ovando-Karadsheh requested a presentation from Falcon Field Airport as well as an update on the Falcon Tech Center.

8. Other Business.

The next Economic Development Advisory Board meeting is scheduled for January 2, 2024. The Board suggested we determine if a quorum is available on the 2nd or consider rescheduling January’s meeting.

9. Adjournment.

Without objection, the Economic Development Advisory Board meeting adjourned at 9:02 a.m.

Submitted by:



Jaye O’Donnell
Economic Development Director