



## ECONOMIC DEVELOPMENT ADVISORY BOARD MINUTES

October 3, 2023

The Economic Development Advisory Board of the City of Mesa met in the board room at 120 North Center Street, on October 3, 2023, at 7:30 a.m.

### BOARDMEMBERS PRESENT

Rich Adams\*  
Brian Campbell  
Michelle Genereux – Vice Chairperson  
Bill Honsaker  
Amanda Kay  
Laura Snow

### BOARDMEMBERS ABSENT

Kathleen “KJ” Jolivette (Excused)

### STAFF PRESENT

William Jabjiniak  
Maria Laughner  
Jaye O’Donnell  
Maribeth Smith  
Jack Vincent

### EX-OFFICIO MEMBERS PRESENT

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

### EX-OFFICIO MEMBERS ABSENT

Mayor Giles (Excused)

### GUESTS

Christopher Hassert  
Jesse Heywood

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

### 1. Chair’s Call to Order.

Board Chair Jennifer Zonneveld called the October 3, 2023, meeting of the Economic Development Advisory Board to order at 7:30 a.m.

### 2. Items from Citizens Present.

There were no items from citizens present.

### 3. Approval of Minutes from September 5, 2023, Meeting.

It was moved by Board Member Brian Campbell, seconded by Board Member Laura Snow, that the minutes from the September 5, 2023, Economic Development Advisory Board meeting be approved.

Upon tabulation of votes, it showed:

AYES – Adams-Campbell-Genereux-Honsaker-Kay-Snow

NAYS – None

ABSENT – Jolivette

Carried unanimously.

4. Introduction of the new Deputy Economic Development Director.

Maria Laughner, City of Mesa Deputy Economic Development Director, introduced herself and shared her excitement at being a part of all the great things happening in Mesa. Previously, Ms. Laughner worked in economic development with the City of Tempe for five and a half years. As a native of the Valley, she is familiar with the activity in the region and Mesa.

5. Hear a presentation and discuss Mesa’s water portfolio and forecast.

Chair Zonneveld shared that this topic has been largely covered by the national media this past year and the board feels very strongly that Mesa has a positive water story to tell. The board wants to ensure that they are educated about how Mesa has been planning and conserving the many water resources within the city.

Chris Hassert, City of Mesa Water Resources Director, and Jesse Heywood, City of Mesa Water Resources Assistant Director, shared a presentation about Mesa’s water portfolio focused on the Colorado River Supply to the City of Mesa. A map was displayed of the city and the different water zones. The following graphs and classifications of water in the city’s portfolio are primarily more focused on the eastern zone and the southern zone. The city zone, which includes downtown Mesa, is served by Salt River Project (SRP). Water consumption trend graphs were shared since 1990. Residential water consumption per account has continued to decline since 1997. Non-residential water consumption per account declined from 1997 to 2008 but stayed flat from 2009 to the present.

Around 1997, the plumbing codes changed requiring more efficient toilets which lowered water usage. In 2005 the EPA implemented WaterSense, which increased efficiency across the board – shower heads to washing machines. The last inflection around 2020, both curves take a notable drop, which was the pandemic. Certain peaks in 2012 and 2020 can be attributed to climate. The non-residential category varies from fast food to big box store to data center. It also includes multi-family where a large meter serves the whole apartment or condo complex.

Board Member Sonny Cave asked for clarification on the GPAD scales. Mr. Hassert commented it reflects gallons per account per day. Mr. Cave also inquired about opportunities for further reductions in these usages.

Mr. Hassert stated that reviewing our development standards and encouraging more drip irrigation, both commercial and residential, is a good opportunity for reduction in use. Utility rate changes for the coming year focus on outdoor landscaping meters where they’re seeing the highest percentage increase. We establish a rate for median homeowner use which is mostly indoor use. Then there are different tiers as usage increases.

A graph of residential vs. non-residential accounts showed 11% of water customers are non-residential, however about three years ago, we crossed a threshold where that small minority of accounts actually uses 53% of water consumed. The city has about 157,000 accounts and 140,000 are residential or 89% residential. Only about 17,000 are a mix of commercial, multifamily, landscape meters, and then a lot of smaller subcategories.

A map and graph reflecting Southeast Mesa's water demands from 1983 to buildout (assumed to be 2040) was shared with 3 scenarios for future demands: no growth, average growth used the 50th percentile, and moderate growth used the 75 percentile. For projection purposes, vacant pieces of land were evaluated based on their current zoning.

The Central Mesa Reuse Pipeline Project (CMRP) will exchange water with the Gila River Indian Community (GRIC). We will take reclaimed water from two of our water reclamation plants, treat it, and send it to the GRIC. Then we exchange it at a 5 to 4 ratio for their Colorado River rights. We expect this project to be complete in 2026.

Graphs reflecting Colorado river water rights from 1983 to buildout as well as other water sources layered by availability were shown. Mr. Hassert shared that Tier 3 is the maximum cut allowable now under the 2007 guidelines. In 2027, there will be a new set of guidelines.

The city has been banking water at the Granite Reef Underground Storage Project (GRUSP) which is generally large basins in the river bottom run by SRP. The city has taken excess water from our Northwest Water Reclamation Plant, and excess CAP water, and recharged it in the ground there for at least 20-25 years. We've built up 540,000 acre-feet which is approximately five years' worth of water that has been banked in the ground.

Mr. Campbell inquired of the capacity of GRUSP to receive water. Noting that there had been suggestions that it was raising the water table under the landfill. Mr. Hassert replied that we were recharging five to 6,000 acre-foot per year but have backed off since we've banked five and a half years of supply. The new 10 ½ mile pipeline that is under construction is branching off the line that runs from the northwest plant to GRUSP. We're branching off that and then diverting all that water to tie in the other plants and then maximize how much we can send to GRIC as it's more important now to obtain the surface water year-to-year.

Mr. Heywood shared that SRP facilitates GRUSP and many entities participate in it. We are currently leasing approximately 12,000 acre-feet. Over the last 20 plus years, GRUSP is only available about half of the time because when SRP releases water into the Salt River, like they did this last winter, it raises the water table, and then you cannot recharge due to the landfill and other things.

Mr. Hassert reiterated that the Gila River (GRIC) exchange provides the least expensive water, but it's the highest priority water, meaning that it would be the last one that would ever be cut.

Mr. Brady shared that the challenge for the Gila River Indian Community is they don't have a way to receive their water allocation. They have water rights in the mountains, but we create the connection. We don't want to pretend that we're not impacted by the drought and the cutbacks in the Central Arizona Project, we are. But Mesa has a very resilient portfolio that allows us to pull from various sources when necessary.

Ms. Snow commented that Mesa has a solid water supply, but how well diversified are the rest of the valley municipalities?

Mr. Hassert shared that the Arizona Department of Water Resources (ADWR) has a valley-wide hydrologic model and requires municipalities to submit a 100-year shared water supply. ADWR compares that against their hydrologic model to set a ceiling for what they'll allow to be pumped in aggregate.

Board Member Natascha Ovando-Karadsheh inquired if Water Resources was involved in the development of the General Plan to ensure that the water supply is in line with how employment areas are designated going forward. Mr. Hassert replied that, yes, all city departments are involved in the development of the General Plan.

Chair Zonneveld appreciated that the city is projecting and planning for future growth, determining what projects must be completed and in what timeline, to assure we can continue to build out the areas of Mesa in a balanced way.

Mr. Campbell commented that the technology of air-cooling is now reaching the point where it is a viable option so that water-cooling doesn't impact the city's water portfolio substantially. He also inquired how we as a board tell this story. The national media has portrayed a water crisis in the western United States.

City Manager Chris Brady agreed that the story must be told strategically because water conservation is important. He felt that when conversations are had with prospective companies, we are able share Mesa's strengths in this category. The city has planned for the future, but at the same time we want to be very wise stewards. We live in a desert and must acknowledge that by continuing to change the way we view landscaping as well as commercial uses going from water-cool to air-cool.

Mr. Hassert stated that Water Resources plans into the future 20 to 30 years, and then the people who will be here in 2038 will plan for 20 and 30 years into the future. The work is never done, and we're constantly looking for opportunities to grow the water portfolio.

Economic Development Director Bill Jabjiniak congratulated Mr. Hassert and Water Resources on their Association of Metropolitan Water Agencies' 2023 Sustainable Water Utility Management Award, noting that only a few utilities across the United States are recognized with this esteemed award. He commented that the presentation and discussion reiterated the depth of knowledge Water Resources has around water and how the city is balanced and diversified. Additionally, Mr. Jabjiniak asked Mr. Hassert to share a recent appointment.

Mr. Hassert commented that he was recently appointed as a delegate to the Arizona Reconsultation Committee (ARC). The ARC is tasked with developing Arizona's position for the renegotiation of the Colorado River 2007 Interim Operating Guidelines and to prepare Arizona for engaging with the Bureau of Reclamation, the other Colorado River Basin States, Mexico, Tribes, NGOs and others in the Reconsultation process. As one of the few municipal representatives, Mr. Hassert will help ensure that Mesa has a seat at the table for these important discussions that will help guide the future use and allocation of Colorado River Water beginning in January 2027 and beyond.

6. Hear a recap of recent International Economic Development Council (IEDC) awards.

Assistant Director Jaye O'Donnell shared that Mesa has been a member of the International Economic Development Council for decades, and there are currently more than 4300 members internationally. IEDC Awards were announced and presented at the annual conference in September. The 2023 awards covered 26 categories and 580 entries were scored by 76 judges. Winning entries included 38 states and seven countries, reflecting a truly international membership organization. The presentations included 81 gold, 89 silver, and 86 bronze awards. Additionally, three honorary and six leadership awards were presented. A key component to many awards is their relevance and transferability. The award submissions are used as an opportunity to teach other communities how to implement these best practices. Ms. O'Donnell shared that we use these submissions to benchmark our agency against what others are doing as well as a marketing opportunity to tell the story about how we're not just on par with other agencies across the globe, but we're actually excelling in many cases.

The Office of Economic Development received a gold award in the neighborhood development category for the Asian District. Ms. O'Donnell shared that this category looks for innovative programs that stimulate development at a neighborhood or district level. Additionally, judges look for how the program fostered new development around retail-oriented, business-oriented, people-oriented, place-oriented, and community-building efforts. The second gold award was received for our annual report. This report was produced digitally and included three videos. Finally, Mayor Giles received the leadership award for public service. Ms. O'Donnell shared that his award honors a state or local official who has demonstrated and sustained a long-term commitment to economic development.

Director Bill Jabjiniak added that the Office of Economic Development has been fortunate to have a few leadership winners in recent years. He reiterated that only six or seven international leadership awards are given each year. Board member Rich Adams was awarded Citizen of the Year in 2021. Additionally, our own JD Beatty and Elyce Gobat were awarded back-to-back Young Professionals of the Year in 2021 and 2022.

7. Discuss the Office of Economic Development's IEDC reaccreditation report.

The IEDC Accredited Economic Development Organization (AEDO) Program recognizes the professional excellence of economic development organizations. The AEDO Program provides economic development organizations with independent feedback on their operations, structure, and procedures. Mr. Jabjiniak shared that the Office of Economic Development (OED) became an Accredited Economic Development Organization (AEDO) in 2017 and was first reaccredited in 2020. Every three years a reaccreditation is required which includes a site visit every other cycle. There are currently 74 accredited economic development organizations worldwide.

The Office of Economic Development's IEDC site visit documentation report for OED's 2023 reaccreditation was shared with the board. Noted best practices included industry diversification, attraction of world-class companies, and the City of Mesa's strong leadership at the Mayor and City Manager levels. The site team's recommendations included expanding the succession plan to include the entire team, evaluating the team's pay schedule to incentivize newer employees to ensure tenure, increasing marketing and branding efforts to separate Mesa even more. The site team also suggested future consideration of a more formal integration of the Education & Workforce Office and/or Office of

Tourism with the Office of Economic Development as there is significant alignment with both aforementioned offices as well as additional retail strategies based on outcomes of a retail leakage study underway.

Mr. Campbell zeroed in on the site team's recommendations and considerations stating that they are all critical points as an organization and as a board we need to focus on. Specifically, pay schedule and compensation as the organization is losing talent. The department has had a lot of Young Professionals of the Year award winners; however, we're training them, and other people are hiring them away. Historically, the board hasn't weighed in on these issues, but feels it's something we need to work on. Marketing brand and identity is something the board has always promoted, but with issues that are coming up in the main marketing organization of the city, Visit Mesa, he felt it was very appropriate that we step in. Mr. Campbell asked the board chair to consider putting those items on future agendas going forward.

Board Member Rich Adams commented that he shares some of the thoughts that Mr. Campbell just provided the board. He keyed in on the recommendation that the compensation of economic development team members may not be keeping pace with the market. He felt it critical that the board should recommend, at some appropriate time, that the city take careful note of this. Commenting that we cannot afford to lose quality people simply because the compensation level is not in keeping with the market. Mr. Adams shared that he paused for a moment when the report mentioned the Office of Tourism until he realized they were talking about Visit Mesa. As part of the Visit Mesa Board for many years until recently, he found it interesting that the site team noted that Mesa is lacking in a strong identity that differentiates it from other communities and needs to continuously improve the brand. He felt that perhaps the mission and the accomplishments of Visit Mesa have lost their way and thought that there have been some recent issues and developments that would be worthy of further inspection. He stated that those two issues are significant and appreciated the depth of the report.

Chair Zonneveld appreciated the site team's recommendations and stated board member comments will be taken under advisement for topics at future meetings.

Board Member Bill Honsaker asked for clarification on retail leakage. Mr. Jabjiniak shared that residents shopping outside of Mesa are leaking into other communities. The City Council provided additional funding this year to begin to look at retail. That process is underway with the attraction of quality retail as the goal.

Mr. Honsaker commented that the General Plan public comments consistently requested higher-end retail and restaurants.

Ms. Ovando-Karadsheh shared that if we can demonstrate leakage, maybe the development community will bring us the product. Currently, the development community is not invested in delivering a higher-end product to Mesa because they don't think that the market can support it. Mr. Jabjiniak replied that we separate the market and share Southeast Mesa demographics as compared to the city as a whole. The council is fully supportive of a retail focus. During his 16 years with the city, the focus has been high-value, high-wage jobs.

Mr. Honsaker noted that as high-end jobs, managerial and executive level personnel, are recruited, we must entice them to settle in Mesa with housing, shopping, and dining options.

Ms. Ovando-Karadsheh commented that we could be generating consumers or leakage from other communities ideally.

Chair Zonneveld stated that the board looks forward to hearing more when the retail study is underway. This board has been passionate about this topic.

Mr. Jabjiniak commented that the pay scale issue should be considered not just regionally but nationally. The economic development profession is growing and very much in demand, and he felt a lot of people across the country are being compensated very well in both large cities and in regional economic development groups. He also noted that Visit Mesa is the city's tourism arm, and they market Mesa for tourism use. It is upon us to be the spokesperson and promote Mesa for economic development purposes. This department has done a fantastic job with Ms. O'Donnell leading that effort over the years. The challenge given to all of us is, how do we raise the game? How do we distinguish Mesa even more on a larger scale? It's one thing to separate us out from the region or state, but how do we do it on a national and international scale? Those will be some of the challenges that we face as you begin to see more international companies locate here. He thanked the board for their input and passion regarding these efforts.

#### 8. Economic Development Director updates.

Mr. Jabjiniak shared the recent Google data center announcement and noted that the project has transitioned from water-cooled to air-cooled. MD Helicopters and Northrop Grumman were recognized as medium and large manufacturers of the year. Recent social media statistics and advertising campaigns were also shared.

Mr. Jabjiniak announced his retirement from the City of Mesa. He plans to step away in approximately five weeks and move into the private sector. While the Office of Economic Development has a succession plan, Mr. Brady will make the final determination on a successor. Mr. Jabjiniak reflected on his 16 years with the city and thanked the board members for their guidance and support.

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

Mr. Campbell reiterated the recommendations already mentioned in the reaccreditation report. Additionally, he shared that the issues that have been happening around Visit Mesa have gotten not only local press, but they've been picked up nationally and internationally. He requested it be agendaized at the next meeting, that a full briefing on the allegations that have been made, the responses, if any, and to what extent the city has taken action to correct it going forward. The fact that these media reports do not reflect well on our city is of significant concern.

Ms. Ovando-Karadsheh requested consideration of a transition subcommittee to assist with the economic development succession plan going forward as roles shift and a new director is appointed.

Mr. Cave voiced support for both new business recommendations. He wished Mr. Jabjiniak all the success and appreciated his leadership.

Mr. Adams echoed Mr. Cave's comments and shared that it's been an absolute pleasure to have worked with Mr. Jabjiniak all these years. He shared that he's learned so much from Bill about how to better serve his city and better serve on this board.

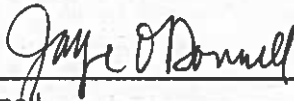
**10. Other Business.**

The next Economic Development Advisory Board meeting is scheduled for November 7, 2023.

**11. Adjournment.**

Without objection, the Economic Development Advisory Board meeting adjourned at 8:56 a.m.

Submitted by:



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Jaye O'Donnell

Economic Development Director