

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

Date: February 1, 2022 Time: 7:30 a.m.

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
Jim Kasselmann, Chair
Natascha Ovando-Karadsheh
Jeff Pitcher
Jennifer Zonneveld

STAFF PRESENT

William Jabjiniak
Chris Molnar
Maribeth Smith
Bryan Smith

MEMBERS ABSENT

GUESTS

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 February 1, 2022, meeting of the Economic Development Advisory Board to order at 7:31 a.m.

2. Items from Citizens Present - None

3. Approval of Minutes from January 4, 2022, Meeting

Chair Kasselmann called for a motion to approve the minutes from the January 4, 2022, meeting. Brian Campbell moved to approve the minutes as presented; seconded by Deb Duvall.

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.

Bill Jabjiniak shared that Rich Adams was awarded the 2021 Citizen Leadership Award by the International Economic Development Council (IEDC), our certifying organization, at their annual conference in Nashville last year. Rich recently received the plaque after its shipping saga, and he asked him to share it with the board this morning.

Mr. Adams was honored to receive the leadership award from the IEDC when Jaye and Bill were kind enough to submit his name. It was quite an event, and he was very pleased to represent the City of Mesa. The important thing about this is it has my name on it, but none of this happens without the City of Mesa.

None of this happens without Bill, his staff, this board, and everyone I've had the pleasure and privilege of working with in the time that I've been on this board and just doing things for the city. As well as so many people who have showed me what leadership is in my early days such as Mayor Don Strauch and Mike Whalen. I know of no other organization in municipal government that I've ever dealt with that is so customer service-oriented and driven that the City of Mesa.

Bill Jabjiniak thanked Rich for his time, his way of life, in giving back the community. He is a tireless advocate of this Board, and it was great to see him recognized for the difference he has made. IEDC is an international organization, 5,000 members plus, and it is something unique to be selected for this award. This leadership award truly represents what Rich does for us, not just here on the board, but throughout the city.

Mr. Jabjiniak read the following inscription on the award:

The 2021 Citizen Leadership Award presented to Rich Adams, the Citizen Leadership Award is given to a community or business leader who has played a key leadership role in influencing economic development. Rich Adams grew up in Mesa, Arizona, has been part of the community for 58 years. Mr. Adams has been a pillar of the community, focusing his efforts on creating lasting change in the City of Mesa. Mr Adams' first foray in economic development came when he taught a junior achievement course in Mesa High School in 1986 and 87. The curriculum included a section on job creation and entrepreneurship and how each was important for the thriving community. This led him to take a Mesa leadership training and development course in 1989 and motivated him for his future endeavors in community building initiatives and economic development. Since his first public service appointment to the City of Mesa Museum and Cultural Advisory Board in 1991 Mr. Adams has served on an impressive number of boards, including Mesa's Planning and Zoning Board in 2000, the Economic Development Advisory Board (EDAB) and serves as a member of the Visit Mesa Board of Directors since 2006. While serving as a member of EDAB Mr. Adams was also named by former interim mayor Alex Finter to the City of Mesa Falcon Area Visioning Commission. This area sustained more than 12,000 jobs and generated more than \$2.5 billion in economic impact to the city, region and state. In 2014/2015 he chaired this commission and with staff and developed an economic development strategic plan to ensure that the area continued to excel and grow. Mr. Adams strongly supported community-centered efforts that would be integral to bringing families and tourists to the area. As a member of the Visit Mesa Board of Directors, he played a leading role for Mesa to become the nation's first autism-certified city in 2019, with more than 60 businesses and organizations and over 4,000 community members completing autism training. This certification not only makes the city more inclusive to those families and individuals with autism, it provides a positive experience for them and also brings more visitors to the area, injecting more tourism into the city. Currently, he's leading Visit Mesa's diversity and inclusion work. He is searching for ways to better honor Dr. King's legacy by making Martin Luther King Jr. Boulevard more accessible and visible for the community and visitors. Mr. Adams is president and CEO of Southwest Business Credit Services and garnered accolades such as Mesa Young Man of the Year in 1992 for his work from 1981 to 1989 with the Arizona Special Olympics and Mesa Citizen of the Year in 2019. Mr. Adams has been a lifelong resident and active community advocate for the City of Mesa. His leadership and efforts to revitalize the community for all does not go unnoticed and Mr. Adams has played a vital role in the City of Mesa's growth and transformation. For those reasons, the International Economic Development Council is thrilled to present the 2021 Citizen Leadership Award to Rich Adams.

4. Hear a presentation on Mesa's Retail Corridors

Chair Kasselman stated that today's retail presentation will be postponed until next month's meeting due to the speaker being unavailable.

5. Hear a presentation on Mesa's New Council District Boundaries

Mr. Jabjiniak stated that the Redistricting Commission was appointed by council in April 2021, and public meetings and input were gathered through August. The census data was released in August 2021, later than the typical release. The City Council adopted the recommended map on November 15, 2021. District boundaries must have contiguous boundaries, maintain communities of interest, be equalized in population, and include the current councilmember's residence. A map of the original and adopted Council Districts was shared and the Board and differences discussed.

Brian Campbell stated that the changes on the west side of the city seem to be the most profound, particularly in terms of our transportation corridors. We now have new council members that reach down into our light rail corridor that we did not have before. In addition, some of the changes between three and four in particular impact a lot of our underserved populations and a lot of the issues that we were talking about from a homeless, a healthcare, some of those issues are dramatic. I would welcome the opportunity to reach out to all of our council members since they're going to be faced with a different set of issues than they traditionally faced. And I think because we touch on all of those, it's incumbent upon us to reach out to them and help work through with those issues and share our knowledge and experience and gain their perspectives as we tackle all those issues, because I can see some significant changes in one, two and three or four from that perspective. And I think there's an opportunity for us to as part of our reach out to council to capitalize on that and to drive that message.

A discussion was had about housing, its placement in the city, and employment centers. Mr. Jabjiniak stated we're seeing unprecedented demand for bigger footprints and taller buildings and our inventory has been absorbed. A few recent announcements landed in Chandler because they had existing buildings. We must maintain our employment centers because there is a major push for any kind of housing -- market rate, affordable, high end, luxury. Right now, profits are steep for both industrial developers and for housing because there is demand for both. As a side note, industrial land in southeast Mesa, fully entitled with infrastructure in place, has now exceeded \$15 a square foot.

6. Director's Report

Bill Jabjiniak mentioned that the Mayor's State of the City event is February 15 at 7:30am and the Mesa Chamber of Commerce has sold out all the sponsorship opportunities. The event will also be broadcast live on Channel 11, please tune in or attend if you're able to.

There was an article on the Asian District in the Mesa Tribune two days ago related to council's approval of a two-year contract for branding signage, street pole banners, traffic signal box wraps, large banners. We're also in the planning process for murals as well. Additionally, February 5th from 9:00 am to 5:00, the Asian Festival will celebrate the Lunar New Year with music, cultural performance, food, fashion and handicrafts. The Asian District signage at the Sycamore/Main Street Light Rail Station will also be unveiled.

Mesa was awarded a \$920,000 federal grant to conduct a comprehensive, transit-oriented development plan along a 5-mile streetcar route in West Mesa, ultimately connecting four major economic activity centers -- Riverview, the Asian District, Fiesta District and Downtown Mesa.

The Phoenix Business Journal reported that Xnrgy Climate Systems, a Canada-based company that manufactures climate systems for data centers, will be building a 1 million-square foot headquarters and manufacturing facility in either Mesa or Chandler. The company decided to announce that without having a site picked out.

We're hopeful that there will be a spring training season due to its economic impact. Our Business 2 Baseball event is planned although on hold for the moment.

Rich Adams stated he would like to compliment whoever was responsible for the murals on the underpass on McDowell as you pass Boeing. It's in the beginning stages but looks great if you haven't driven by. I believe that was something the Falcon Visioning Commission discussed at a peripheral level. It tells a great story of Boeing and defense in Mesa.

Mr. Jabjiniak stated that it did come out of the effort Rich led at the Falcon Visioning Commission and this was the last phase of it. The underpass was re-engineered to a solid surface from its original sand and block façade. Falcon Field was heavily involved in selecting some of the photos and carrying the effort forward.

Mr. Adams complimented Mr. Brady for the completion of the project.

7. Other Business

Mr. Jabjiniak introduced Project Manager Bryan Smith and asked him to share information on an upcoming workforce webinar.

Bryan Smith mentioned that the Office of Economic Development is the first point of contact for new businesses to the city and ongoing liaison between growing existing businesses, city services and other public and private sector service providers. So, we are uniquely attuned to the challenges our employers currently face in this massively disrupted labor market and want to address that and take a chance during this disruption to assess what is going well and what opportunities we must improve and meet the ongoing and emergent needs of our businesses. This strategy looks to meet three goals - identifying and mitigating skills gap in these skills gap in hiring for employers, expanding job opportunities and retention of employees by employers, and providing equitable access to resources and support for Mesa employers. The Education and Workforce Development Roundtable focused on improving education quality in the city, as well as stabilizing and upskilling through human services our homeless and underemployed population. We intend to compliment this effort by developing partnerships with other departments to create opportunities to upskill and reskill and provide workforce training with government agencies, other businesses in the community, connecting educational institutions and non-profits to our employers and those individuals that they provide services to. To assist in the short term, we'll be working with partners in the Community College District in Maricopa Corporate College and their noncredit programs and training programs that can be accessed through them, ASU, Arizona at Work Maricopa County and Pipeline AZ to present to employers what services are available at no cost to them and how they can best engage with those stakeholders and exactly who they can work with. So, our first digital workforce event is planned for February 24th.

Our long-term strategic development component includes reviewing labor data/analytics that define what employment looks like in the city and the marginal demand. We intend to use that data to facilitate conversations with stakeholders over the next three months and schedule conversations with groups, including yourselves, and employers, as well as community partners at the regional and state level, economic developers, workforce developers and educators. In May and June, we will draft and publish our strategic plan document for the next fiscal year.

Brian Campbell thanked Bryan for his efforts and asked what struck him in his review of the labor analytics.

Mr. Smith replied that Mesa median age is a bit older than other east valley cities and in the past year or two a lot of that population has left the workforce. There are a couple of reasons for that, environmental and health factors play a part, but also health and capital markets. So, it's not that Gen Z or millennials aren't willing to work, it's that we've lost a lot of our more experienced workforce in the past two years.

Natascha Ovando-Karadsheh was pleased that we're analyzing this issue but added that the affordable housing or workforce-related housing component is crucial to the big picture. We're seeing employees being transferred to the Valley with great jobs who are unable to find housing, whether that be rental or regular housing. This was never something we had to worry about before. She's currently working with a couple transferring in for a promotion who are discouraged by their housing choices and reconsidering whether to take the position because of that.

Mr. Jabjiniak asked if affordable housing should be a City of Mesa effort or a regional play.

Ms. Ovando-Karadsheh replied that it needs to be a regional effort and believes the Greater Phoenix Economic Council (GPEC) is considering this as well. It's also not only what we think of typical affordable housing, but those that qualify in the \$400,000 to \$450,000 range, but still can't find a home to purchase. Even if they're qualified, they don't have the cash position right now and can't get in. Rental rates have increased 15% to 20%. One-bedroom apartments are renting for \$1500 a month. We have executive housing and developers are building luxury apartments, so where does that leave the remainder of the workforce? How can we adaptively reuse some of the properties we have to accommodate? Employers are going to need to have housing addressed to attract the workforce they need.

Rich Adams mentioned that getting the word out to employers will be key to the event and suggested leveraging social media and the Mesa Chamber. Determining where the workforce is coming from for employers or site selectors is important and must be addressed quickly because the community that figures it out is going to become the place to go.

Matt Likens stated that some new employees entering the workforce are interested in mission-driven organizations. They want their lives and the professional portion of their lives to make a difference. Employers who become involved in their local community and facilitate opportunities for their employees to give back appeal to a great number of prospective employees. Secondly, it's proven that the first thirty days of employment are critical to keep an employee long term and some employers don't diagram exactly what that experience needs to be so that employees have a chance to really understand the value of employment at this place of work and what it might mean for them.

Jennifer Zonneveld stated that Northrop Grumman is experiencing the retirement exodus. Employees with one to three years longevity are deciding to leave the workforce early. Obviously, they were in mostly senior positions with high skill, high knowledge of the business which makes them difficult to backfill. Especially in specific, technical aspects from engineering to contracts management, international trade

and compliance, and transportation. We have a good influx of interns, especially turning them into new hires. To Matt's point, mission is important. We recently conducted a survey and over 50% of them identify with our mission. That's why they come to work for us, to support our warfighters. We are taking on an initiative this year to promote that engagement since the pandemic caused a decline due to remote work and lack of community in the office. To improve hiring, we've reduced our requirements and job descriptions, no longer requiring degrees in many of our positions but focusing on experience. We've also temporarily paused our rigorous interview process, especially for higher technical and management positions. Our site employees just over 250 people and we only have at any given time 10 to 15 positions open. Northrop Grumman is looking at growth across the company and education and bringing in new workforce is a huge concern. We tend to partner with community colleges and universities specifically where they have high technical, top-secret technologies happening.

Deb Duvall mentioned the presentation we heard last month on the business license and one of the reasons or rationales for the business license was the opportunity to get the word out to businesses of what the services of Mesa may be and what grants might be available. It would seem that one of the partnerships you might have would be within your own department with that group that is working with business licenses.

Bill Jabjiniak thanked the Board for the feedback and intends to engage our marketing staff as well as the Mesa Chamber's marketing staff to get the word out.

Bryan Smith also noted a potential second event, depending upon interest, sharing best practices in job post marketing, onboarding new talent, and engaging new employees. We all know what the costs are to bring on a new employee, so ensuring an employers' investment in new talent is important.

Chair Kasselmann thanked Bryan Smith for joining us and asked for an update in six months. To underscore what Natascha mentioned, he had a young lead manufacturing associate at Dexcom who in August of 2017 left San Diego and moved to the Valley because they wanted to buy a home and couldn't afford to buy in California. At the end of 2021, because his family's parents still live in Southern California, they decided to move back. They'll be able to afford a home in San Diego now due to the appreciation in their Arizona home.

Jennifer Zonneveld stated that affordable housing is an issue for new hires who can't find rental properties so they're sharing, or they have someone that they've been sharing with for a year and now they're getting married, and they can't afford to stay in the same apartment that they've had been in the last year. We have a division in Sierra Vista, and they had a downturn in business, so we hired some of those individuals away. This happened right before COVID. Since it was remote work, these individuals decided not to move directly to Phoenix, and now they're in a position that even though their home has appreciated in Sierra Vista they cannot afford a home here. Also, a manager, almost director level staff who took a position to be an expat overseas sold their home and are now looking to come back but cannot afford their own home. So, we've been seeing it across the board from our new hires to our mid-level employees to our almost senior staff and directors that are struggling with the affordability of the housing situation right now.

Brian Campbell stated he would also like to bring the workforce housing issue back as it's a critical issue. Historically, Mesa was a low-income housing donor for the rest of the region. People would live in Mesa but earn their money and the economic impact were in other cities. Our freeway structure system was built with that in mind, with the traffic going from Mesa to the employment centers. We're finally starting to flip that, and think we need to keep that perspective in mind as we focus on quality housing. I think it's

better from a system standpoint that we drag the commuters back to us and that helps balance our freeway infrastructure in the process. So, this is a bigger issue that we need to look at from a systemic whole.

Natascha Ovando-Karadsheh agreed and feels that Pinal County is about to become the affordable housing donor for the rest of the valley, and the fact that we're so near will really be a benefit to us going forward.

Chair Kasselmann thanked the board for the discussion and stated the next meeting will be held on March 1st.

8. Adjournment

Chair Kasselmann called for a motion to adjourn. A motion was made to adjourn the meeting at 8:51 a.m. by Brian Campbell, seconded by Christopher Nickerson.

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.

Submitted By:



William J. Jabjiniak
Economic Development Department Director