

ECONOMIC DEVELOPMENT COMMITTEE

May 08, 2017

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 May 08, 2017 at 4:00 p.m.

COMMITTEE PRESENT

Jeremy Whittaker, Chairman
Christopher Glover
Ryan Winkle*

COMMITTEE ABSENT

None

STAFF PRESENT

Bill Jabjiniak
Dee Ann Mickelsen
Margaret Robertson

(*Committeemember Winkle participated in the meeting through the use of telephonic equipment.)

1. Items from citizens present.

There were no items from citizens present.

2-a. Hear a presentation, discuss and provide a recommendation on Smart and Connected Cities by Arizona Institute for Digital Progress.

Dominic Papa, Executive Director of the Institute for Digital Progress displayed a Power Point presentation (**See Attachment 1**) related to the Smart and Connected Cities initiative by the Arizona Institute for Digital Progress (AZIDP).

Mr. Papa stated that AZIDP is a 501(c)3 organization, and their mission is to transform the region into a global hub of Smart City/Internet of Things (IoT) technology driven by collaborative civic innovation.

Mr. Papa reported that AZIDP was created to help drive economic development and attract investment to cities and assist local governments with daily challenges. (See Page 2 of Attachment 1)

Mr. Papa reported on the urban challenges and described ways to assist local governments such as combining the private sector companies with the non-profit sector, academic institutions, and city and state governments, so that AZIDP can assist in solving challenges on a regional level. (See Page 4 of Attachment 1)

In response to a question posed by Chairman Whittaker, Mr. Papa clarified that Mayor Giles is a Boardmember on the AZIDP Council.

Mr. Papa stated that in his opinion, the models of Innovation as a Service (IaaS) and Arizona (AZ) Urban iLabs will help drive economic development and entrepreneurship within the City of Mesa.

Mr. Papa explained that the IaaS model has two challenges (See Page 7 of Attachment 1) as follows:

- How to make innovation the norm rather than the exception
- How to establish a routine practice that enables consistent and effective preparation for the biggest challenges of tomorrow

Mr. Papa stated that the IaaS model is a non-profit research and development (R&D) arm for the City that will co-create innovative pilot projects and generate customized technology solutions to fit specific City issues and needs. He noted that since AZIDP is a non-profit organization, they do not rely on the City funds. He added that AZIDP has developed a lean funding model that leverages corporate and philanthropic funding and secured endowments to start pilot programs. (See Pages 8 and 9 of Attachment 1)

Mr. Papa explained that the City presents AZIDP with challenges, AZIDP works with the private sector to create a rapid innovative technology solution, and AZIDP deploys the pilot project. He noted that AZIDP reviews the pilot project to determine if the project is working for the City, and noted that it can be terminated at any time and be utilized as a learning tool. He emphasized that by having AZIDP conduct the pilot programs, it assumes the risk, since the City would no longer have to send out a Request for Proposals (RFP), since the IaaS model actively tests the solutions within the City to improve the viability prior to spending funds. He pointed out that if the pilot program is successful that the City is not committed to procure the solutions at that time, as AZIDP can take the successful program and scale it to cities around the world. He highlighted the project evaluation and implementation flow chart. (See Page 10 of Attachment 1)

Mr. Papa reported that the AZ Urban iLab is a transformative platform for entrepreneurs and innovators to develop real pilots, in real places, with real citizens. (See Page 13 of Attachment 1)

Mr. Papa reported on a case study for the @22 Urban Lab and displayed an Urban Labs process and implementation flow chart. (See pages 20 and 21 of Attachment 1)

Mr. Papa requested that the City consider forming a Strategic Public Private Partnership (PPP) with AZIDP to further develop and adopt the innovation models as part of a broader regional strategy for economic development, entrepreneurship, technology, and innovation within the City of Mesa and region.

In response to a question posed by Boardmember Winkle, Mr. Papa responded that AZIDP would be the middle man between the City and the entrepreneurs/private sector, in order to create customizable solutions.

In response to a question from Boardmember Glover, Mr. Papa replied that AZIDP is funded through the private sector and grants.

In response to a question posed by the Director of Economic Development Bill Jabjiniak, Mr. Papa reported on pilot programs that AZIDP has completed with the City of Phoenix and the process used to resolve issues.

In response to a question posed by Boardmember Winkle, Mr. Papa stated that the next step would be to work with City management and staff to find opportunities to partner on a pilot project or implement the AZ iLab model.

Mr. Jabjiniak clarified that an agreement with AZIDP would be drafted by City management for recommendation to Council for consideration.

Chairman Whittaker thanked staff for the presentation.

2-b. Hear a presentation and discuss an update on LAUNCHPOINT: Mesa's Technology Accelerator.

Project Manager Kelley Keffer displayed a Power Point presentation **(See Attachment 2)** related to an update on LaunchPoint: Mesa's Technology Accelerator.

Ms. Keffer reviewed the history and stated that LaunchPoint was designed as an accelerator model that focuses on early stage and high growth technology based companies that have demonstrated levels of sales or prototypes, which require assistance to achieve the next level. (See Pages 2 and 3 of Attachment 2)

Ms. Keffer reported that over the last three years, LaunchPoint has accounted for three "resident" businesses, five jobs, \$5,000 in capital investment, and occupied a 300-sq. ft. space. She added that staff started assessing factors to determine the reasons for the low participation rate and that the assessment resulted in the following areas of concern:

- Location
- Staffing
- Programming
- Environment (outdated building)
- Narrow focus

Ms. Keffer explained that staff determined two core concepts that were needed in order for LaunchPoint to grow in the region:

- Economic gardening
 - Recognize entrepreneurs and business startups
 - Create jobs
 - Increase revenues
 - Create vibrancy in the local area
- Placemaking
 - Planning and designing of public spaces

Ms. Keffer further explained that by combining the two concepts it created a new economic development strategy called entrepreneurial place-making, which strives to make the most of local assets to shape places where people want to live, work, and play. She added that the strategy focused attention on bringing people and ideas together to spur creativity, grow jobs,

and strengthen economies. She further added that the City's best position to leverage the assets to grow the community, is by providing a place for creativity and growth to occur, coordinating and organizing resources in the community, and building partnerships with resource providers that deliver content. She noted that staff repositioned LaunchPoint as a place for connecting entrepreneurs and business startups.

Ms. Keffer reported that staff updated the LaunchPoint Vision statement, which states that Mesa is a place where innovative thinking and inspiration catalyze business startups and entrepreneurship; where the community grows organically from within. She noted that staff also modified the Mission statement. (See Pages 6 and 7 of Attachment 2)

Ms. Keffer pointed out that staff determined a new location for LaunchPoint at the Mesa Center for Higher Education, which includes wet and dry labs, higher education partners, closer to the entrepreneurial community in the region, and has better access to freeways and the light rail.

Ms. Keffer stated that staff looked at differentiating LaunchPoint from other existing accelerators and determined the three space types as office, collaborative, and lab which offers access to the internet and a place to connect to other entrepreneurs located at the facility. She emphasized that for entrepreneurs to grow, the City must ensure the space is affordable. She noted that staff requests feedback from the participants and encourages meet-ups and entrepreneurial events to be held at the City. (See Page 8 of Attachment 1)

Ms. Keffer outlined improvements since May 2016 (See Page 9 of Attachment 2) as follows:

- 11 participating companies
- Occupy a 4,000-sq. ft. space
- 35 jobs
- \$2 million in capital investment (participant)
- Held more than 16 tech talks, meetups, and trainings with 300+ attendees

Ms. Keffer explained what will be coming next for LaunchPoint (See Page 17 of Attachment 2) as follows:

- High value training
- Small Business Development Center (SBDC) counselor onsite
- Entrepreneurs roundtable
- Entrepreneur spotlight company vignettes
- Development of signature event
- Updating the Strategic Action Plan for FY2018

Ms. Keffer stated that the City can help improve LaunchPoint by talking about entrepreneurship in Mesa, get to know the companies, and provide suggestions for the Mesa Entrepreneurship Signature event. (See Page 18 of Attachment 2)

In response to questions posed by Chairman Whittaker, Ms. Keffer responded that once the Mesa Entrepreneurship Signature event is defined, LaunchPoint would solicit sponsorships to assist with funding. She stated that the department worked internally with staff on social media, which includes videos highlighting eight companies. She clarified that the FY2018 Strategic Plan would be available in the fall.

Chairman Whittaker thanked staff for the presentation.

3. Adjournment.

Without objection, the Economic Development Committee meeting adjourned at 4:48 p.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 8th day of May, 2017. I further certify that the meeting was duly called and held and that a quorum was present.

DEE ANN MICKELSEN, CITY CLERK

js
(Attachments – 2)



- 501(c)3 not for profit organization
- Transform the region into a global hub of Smart City/IoT technology driven by collaborative civic innovation

Executive Director & Co-Founder: Dominic Papa

dominic@idp.city

Azidp.com

Why Smart City/IoT Technology?

1. Economic Development (Attract Investment)
2. Insurmountable Urban Challenges

Economic Development

❖ **\$1.13 trillion by 2019**

Markets & Market

20.5% CAGR (compound annual growth rate)

❖ **\$1.38 trillion by 2020**

Mordor Intelligence

20% CAGR overall, 38% CAGR Asia-Pacific

❖ **\$1.56 trillion by 2020**

Frost & Sullivan

❖ **\$2.1 trillion by 2020**

The Climate Group

Insurmountable Urban Challenges

- No one company can provide breadth of technology solutions
- One-size-fits-all solutions
- Public sector innovation continues to be organized haphazardly, with disparate short-term initiatives
- Need focused efforts which prioritize development and implementation

Smart & Connected AZ Council



City of Phoenix



UBER



ARIZONA
COMMERCE
AUTHORITY

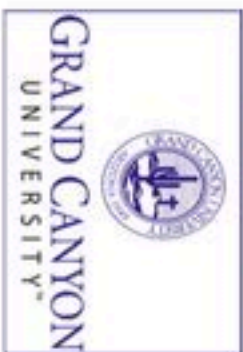


MICROCHIP

Greater Phoenix
ECONOMIC COUNCIL



iGENU



Banner Health*



How: Two Pathways

1. Innovation as a Service (IaaS)
2. AZ Urban ilabs

Pathway 1: Solve Urban Challenges

1. How do we make innovation the norm rather than the exception?
2. How do we establish a routine practice that enables consistent and effective preparation for the biggest challenges of tomorrow?

Innovation as a Service (IaaS)

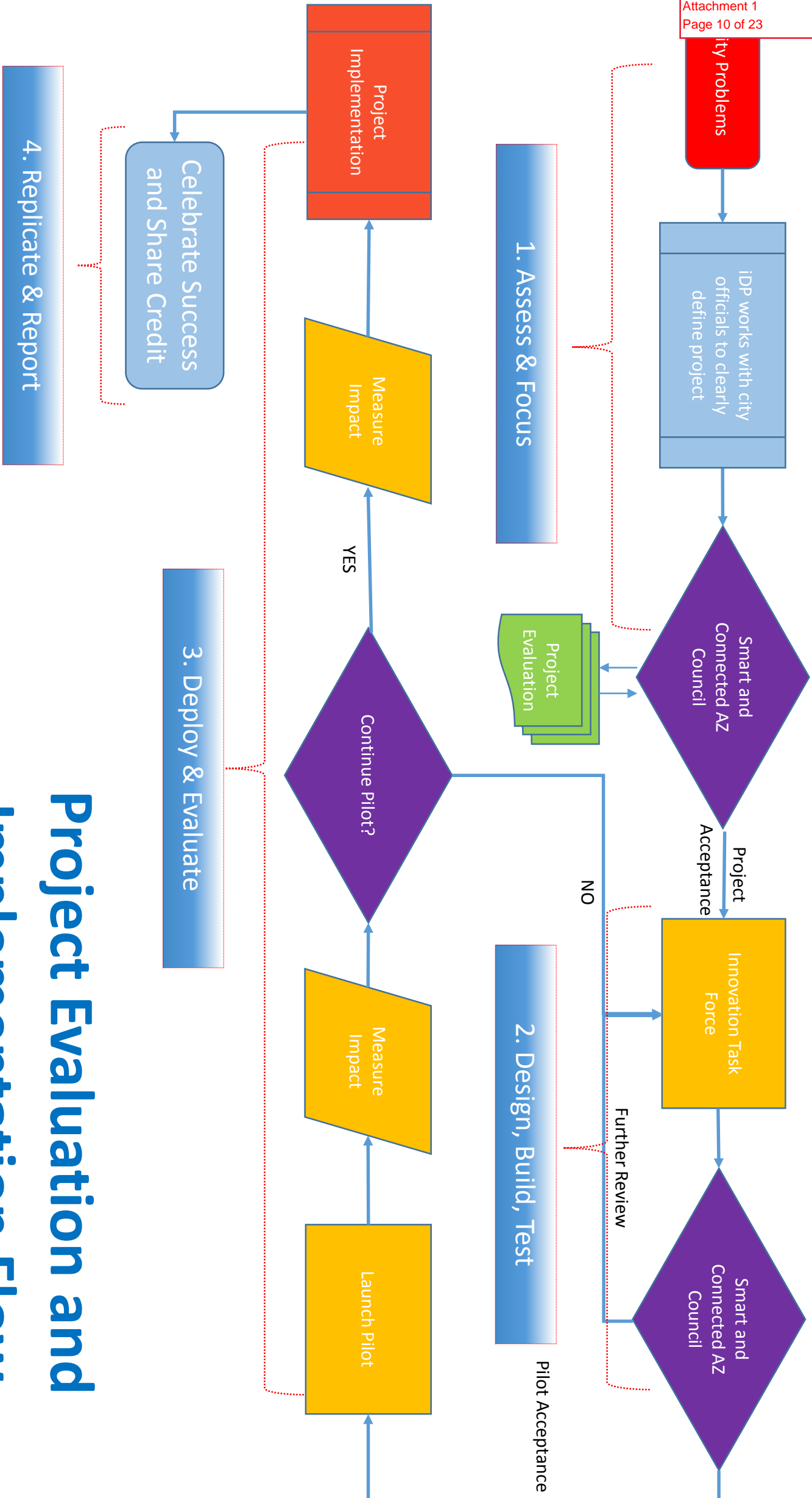
As the non profit R&D arm of cities, we collaboratively design and develop technology pilots that advance solutions to public challenges, have a measurable impact, and the potential to scale

- Combines rigorous data analysis, best-in-class idea generation techniques, and strong performance management.
- Co-create innovative pilot projects with the best and brightest minds that Arizona has to offer
- Generates customized technology solutions to fit specific city issues and real citizens' needs

Innovation as a Service (IaaS)

As the non profit R&D arm of cities, we collaboratively design and develop technology pilots that advance solutions to public challenges, have a measurable impact, and the potential to scale

- Funding
 - iDP has developed a LEAN funding model
 - Leverages corporate and philanthropic funding and secured endowments
 - Does **NOT** rely on city or agency budgets to fund pilot programs



Project Evaluation and Implementation Flow

Pathway 2: AZ Urban iLab

1. *As a region, we want to encourage entrepreneurs and startups to pilot novel ideas that could have a positive impact on the lives of our residents.*
2. *How can entrepreneurs with ideas to improve urban life test them in a city environment?*

AZ URBAN IT LABS

*A transformative platform for entrepreneurs and
innovators to develop real pilots, in real places, with
real citizens*

Four Main Objectives

1. **INNOVATION:** Foster business innovation across the region
2. **SHORTEN TIME TO MARKET:** Enable companies to test transformative products and services, to prove their value; which can then be subsequently commercialized
3. **PIPELINE:** Maximize the marketplace for innovative products and services that can be procured by cities (From local to Global)
4. **BETTER SERVICES:** Create new products and services that improve urban life for the residents of Mesa

Benefits

- **Citizens:** Better products, better solutions, and better municipal services
- **Economic Development:** Test space in a real environment to facilitate market access, maximize business competitiveness, increase capital, and create job growth (particularly in STEM fields)
- **Science & Technology:** This is a powerful technology-transfer tool on both a local and international scale. Create and provide unparalleled access to data
- **City and Public Administration:** A tool to facilitate the introduction of new solutions (Innovation as a brand related to Arizona)

What the Urban iLab “is” and “isn’t”

Facilitate:

- The Urban iLab **is** a gateway to the Smart & Connected AZ Council and facilitates internal coordination among the different city departments.
- The Urban iLab **is not** a venture capital group interested in gaining stake or assuming management roles in new companies

What the Urban iLab “is” and “isn’t”

Urban Impact:

- Pilot programs **must** demonstrate an express need to use public and private spaces (city streets, infrastructure, hospitals, schools, etc.)
 - Other types of products/services will **not** be admitted into this project.

What the Urban iLab “is” and “isn’t”

Pre-market:

- The Urban iLab *will* seek out innovative new solutions to presently unresolved needs.
- The Urban iLab is *not* a showroom for products or services currently available on the market or that are being marketed.

What the Urban iLab “is” and “isn’t”

Aligned:

- The pilot programs **must** meet the specific real needs of the citizens and their communities, and have a direct impact on the functioning of the city or on the services provided.
- The Urban iLab **is not** an implementation tool for commercial products designed solely to profit from increased marketing exposure.

Case Study



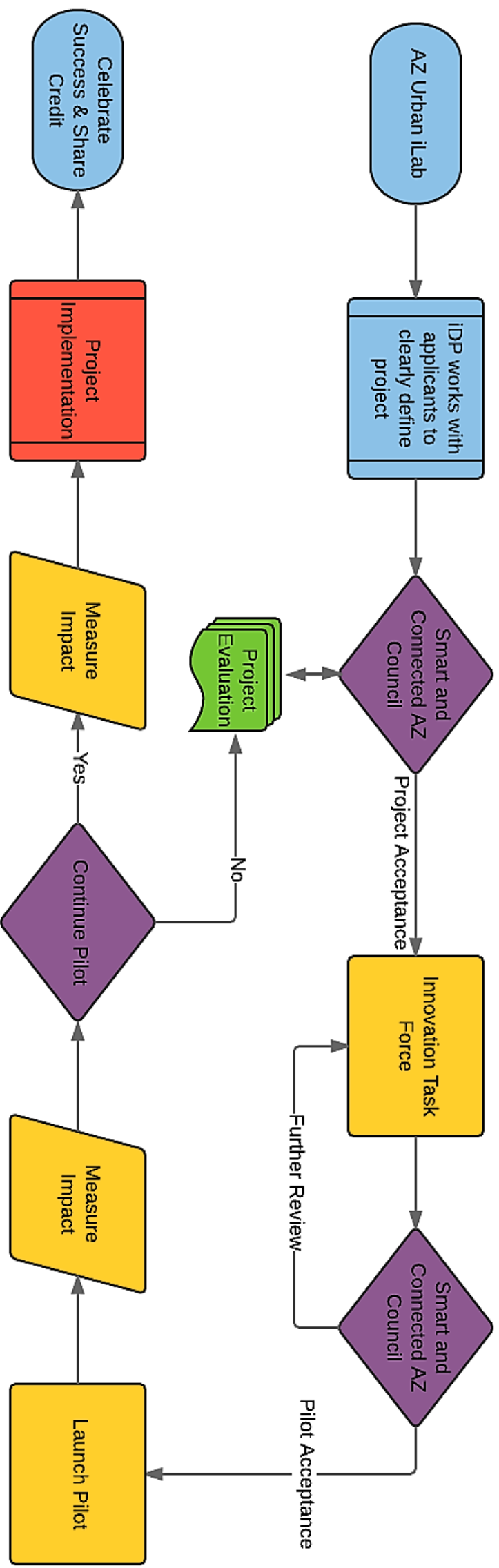
Case Study: @22 Urban Lab

90% have gone on to develop a business based on their pilot project.

4.2% growth in companies in Barcelona

5.6% growth in total number of employees in Barcelona

Urban Labs Process and Implementation Flow



Next steps

- Strategic Public Private Partnership (PPP) with IDP to further develop, and eventually adopt, these innovation models as part of a broader regional strategy for economic development, entrepreneurship, technology and innovation

QUESTIONS?



Executive Director & Co-Founder: Dominic Papa

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Azidp.com



LAUNCH POINT
mesa technology accelerator • az

Economic Development Committee Meeting

May 8, 2017

Kelley Keffer, Project Manager
Office of Economic Development



- December 2013 opened LAUNCHPOINT – Mesa Technology Accelerator, the City's first venture into the business accelerator space
- Began as a partnership between the City of Mesa and Arizona State University (ASU), LaunchPoint was located in southeast Mesa in an ASU building on the Polytechnic campus.



The mission of LAUNCHPOINT, Mesa Technology Accelerator, is to stimulate the establishment and growth of small technology based companies and other growth oriented businesses in the East Valley. By fulfilling this mission, the Accelerator will contribute to job creation, and provide for enhanced economic health to the region.



December 2013 - April 2016

- “Resident” businesses = 3
- Jobs = 5
- Capital Investment = \$5,000
- Occupied sq. ft. = 300

LAUNCHPOINT
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LAUNCHPOINT 1.0



Entrepreneurial leaders should focus on creating the best startup community for their city **based on the unique attributes of their city** and by building an inclusive network that is connected, grows and strengthens over time.



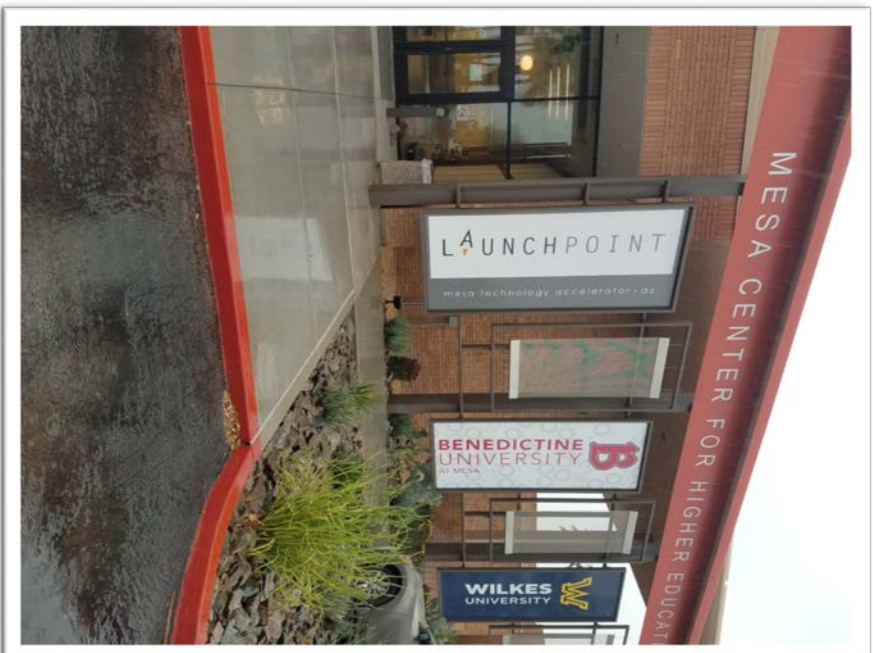
Vision

Mesa is a **place** where innovative thinking and inspiration catalyze business startups and entrepreneurship; where the community grows organically from within.



Mission

LaunchPoint is a unique **place** for entrepreneurs and small companies that provides flexible space, business development assistance and networking and training opportunities. It is a **place** to help companies launch and accelerate to create new jobs and capital investment in the community.



Treating LaunchPoint as a Start-Up

- Relocating to Downtown Mesa
- Creating a flexible model (testing the market)
 - Office Space
 - Collaborative Space
 - Lab Space
 - Affordable pricing for startups
- Allowing the Participants to help us shape the model
- Adding technology



LAUNCHPOINT
mesa technology accelerator • az

May 2016 – Current (1 Year):

- 11 Participating companies
- Approximately 4,000 occupied Sq. Ft.
- 35 Jobs
- \$2M in capital investment (participant)
- More than 16 tech talks, meetups and trainings with 300+ total attendees

LaunchPoint 2.0

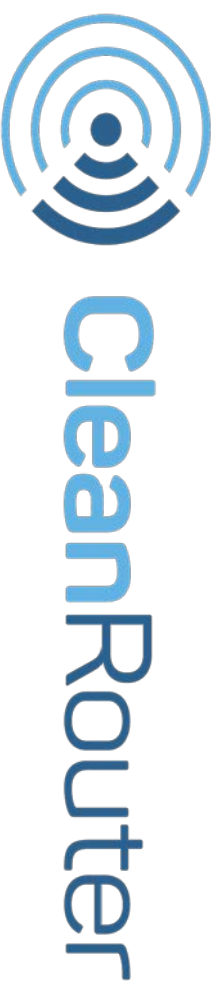


“Who” is LaunchPoint?

LaunchPoint 2.0



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The Ultimate Parental Control
www.CleanRouter.com
Spencer Thomason, Eric Vance



Trust. Friendship. Good work.
A consulting and development company built upon
independent Arizona contractors.

www.avagate.com
Steven Douglas

Participating Companies



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prenda

"Code Club Made Easy"

www.prenda.co

Kelly Smith, Andy Jennings, Luke Miller



Advanced Computing Research & Solutions
www.scientifichost.com

LaunchPoint Participants



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Improving Employee Performance and Communication
www.PioneerCoaching.com
Luke Sigrist



“Delivering Visual Excellence”
R2 Advanced Technologies
www.R2AdvancedTechnologies.com
Bill Thompson

Participating Companies



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AMBERCYCLE

'Converting waste plastics into higher-value chemical products'
www.ambercycleinc.com

Mubasher "Moby" Ahmed, Akshay Sethi



Pioneering Advanced Graphite Products

www.urbixresources.com

Adam Small, Dr. Palash Gangopadhyay, Nicolas Cuevas-Gomez

Participating Companies



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**We build Software.
Amazing Developers at Great Rates.**

www.web3mavens.com



Network Solutions & Consulting
Rizwan Zahoor

If Studio

Coding Education for Adults
Daniel Lovell

Participating Companies



What's new?

- Clean Router - Winner of 2017 Venture Madness
- Urbix Resources - Winner of 2017 Clean Tech Open Business Award as most investable company / ready for commercialization
- New Website: www.launchpointmesa.com
- New Meetup Page: www.meetup.com/launchpoint-mesa/



What's Coming?

- High Value Training
- SBDC Counselor Onsite
- Entrepreneurs Roundtable
- Entrepreneur Spotlight Company Vignettes
- Development of Signature Event
- Updating the Strategic Action Plan for FY18



How can you help?....

- Get Excited!
- Talk up Entrepreneurship in Mesa
- Get to know our companies
- Networking & connections
- Assist with sponsorships for a Mesa Entrepreneurship Signature event
- Creative executable ideas to “grow” our program
- Offer to be a mentor



Discussion & Questions

Kelley Keffer, Project Manager
Office of Economic Development