

MEETING MINUTES

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

Date: February 13, 2018 **Time:** 7:30 A.M.

MEMBERS PRESENT	EX-OFFICIO	STAFF PRESENT
Jeff Pitcher, Chairman	Mayor John Giles (Excused)	William Jabjiniak
Natascha Ovando-Karadsheh, Vice Chair	Chris Brady (Excused)	Jaye O'Donnell
Deb Duvall	Rich Adams	Natalie Lewis
Jim Kasselmann	Brian Campbell	JD Beatty
Matt Likens	Jeffrey Crockett	David Packard
Dominic Perry	Sally Harrison	Anita Jerger
Laura Snow		Tom Ellsworth
MEMBERS ABSENT	GUESTS PRESENT	
James Christensen	Stephanie Cordell, Mesa Leadership	
	Charlie Gregory, Benedictine University	

1. Chair's Call to Order

Chair Pitcher called the Economic Development Advisory Board meeting to order at 7:31 a.m.

2. Items from Citizens Present – None.

3. Approval of Minutes from the January 9, 2018 Board Meeting

As no changes or corrections were requested, Chair Pitcher called for a motion to approve the minutes from the January 9, 2018 meeting.

MOTION: Laura Snow made a motion to approve the minutes.

SECOND: Matt Likens seconded the motion to approve the minutes.

DECISION: Passed Unanimously

4. Pre-K Update

Natalie Lewis, Deputy City Manager, advised that Sally Harrison is part of the Pre-K team, along with Jaye O'Donnell, Assistant Economic Development Director. This three-year journey began with an Early Childhood Education Taskforce appointed by the Mayor and City Council. That committee of experts and local stakeholders explored best practices and identified gaps in the Mesa system. Their report showed that 36 percent of Mesa 4-year-olds are attending some type of preschool or early learning program, compared to 48 percent nationally. The City has a role in early education due to the direct impact on workforce development. A Mesa model was developed through collaboration with local partners, including the Chamber of Commerce.

Dr. Cowan, Mesa Public Schools Superintendent, reports that two-thirds of Mesa's kids arrive unprepared for kindergarten. Kindergarten today is what first grade was years ago. Today's kindergarteners need to know their letters, numbers, basic writing skills, how to follow directions, spell

their name, and use scissors, among other skills. Dr. Cowan stated once kids start behind, they tend to stay behind throughout their education. One in four Mesa kids live in poverty, and 38.5 percent of Mesa's population is classified as low to moderate income. The ability to access early education may reverse these trends.

Jaye O'Donnell stated this has been an ongoing challenge for some time. While we do have a large workforce in Mesa, we cannot compete on quantity any longer, and need to focus on the quality of our workforce. Companies and site selectors look at our current workforce as well as what is coming in the pipeline. Looking at Mesa's working population (age 25 and older), only 26.5 percent have a Bachelor's degree or higher. In the state, four out of every 10 have a Bachelor's degree or higher. This is an issue that must be addressed to be competitive in the future in attracting companies. By the time today's preschoolers complete high school, seven of every 10 jobs will require some type of higher education.

Rich Adams asked what those numbers were 20 years ago, what changed, and why. Ms. O'Donnell will look for that data. It is changing demographics and urbanization.

Increasing the number of Mesa residents who earn education beyond high school will lead to a more diverse, knowledgeable, and innovative workforce that will compete nationally and internationally. That outcome will also directly affect Mesa's median income. Higher education attainment rates lead to greater income and prosperity for citizens. Building our future workforce will attract more businesses to our city and state, increase the tax base and decrease poverty. Early childhood learning leads to higher third grade reading scores, higher eighth grade math scores, an increase in high school graduation rates, and college completion. This in turn leads to a more productive workforce.

Due to the costs involved in providing early childhood education, Mesa needed to find an innovative way to provide this service in a collaborative community-based way. It needed to be affordable to the City as well as our partners and participants.

The Mesa K Ready program first focuses on academic achievement through a high-tech, high-touch approach. We have partnered with T-Mobile to provide low-cost internet service and free devices loaded with software. Miss Humblebee's Academy is a fully accredited program available through the Mesa Public Library. Mesa Public School teachers will serve as mentors to these families on the importance of kindergarten readiness and assisting with the software program. Focus groups have reported that a child's social and emotional growth is as important as the academic piece. There are existing programs through the Mesa Public Library, i.d.e.a. Museum, Arizona Museum of Natural History, Mesa Arts Center, and Parks and Recreation. The second leg of Mesa K Ready will pull these existing programs together to create classroom-like experiences for the children and their families. This will also serve to gain more exposure for these establishments while maximizing the existing resources for the community. The third leg of the program will connect these low- to moderate-income families with other social services. Some of these families work several jobs and just don't have the time to make early childhood education a household priority. Teachers can provide referrals and Mesa United Way can connect families to services for food, utility assistance, and dental care, as well as parenting skills, financial education, job coaching, and afterschool care.

Vice Chair Ovando-Karadsheh asked if families would be connected to a caseworker or someone to guide them through the process.

Ms. Lewis advised that the program is now in the testing process. Mesa United Way will serve as the central resource, and teachers will serve as referral agents. There are two AmeriCorps volunteers assigned to our program to work with teachers, and possibly families, to identify needs and direct people to the appropriate resources.

Chair Pitcher asked if this will be a district-wide program. Ms. Lewis reviewed the 50-family pilot program, which launched in January, working with Mesa Public Schools' low- and moderate-income families. The goal is to launch a full school-year program in the fall for 250 children, and within four

years be able to reach 800 to 1,000 children. That number will get us to over 50 percent of Mesa's children attending an early education program, which will meet the national trend.

Ms. O'Donnell stated long-term the program will track participants' third and eighth grade math and reading scores, high school graduation rates, and the percent attaining higher education and training. The five-month pilot will provide metrics to fine tune the program before the full year launch in the fall. Regardless of the families that qualify for Mesa K Ready, Miss Humblebee's Academy software is available to any Mesa family with a library card.

This is a community-wide partnership between Mesa Public Schools, United Way, the City of Mesa, T-Mobile, and the Mesa Chamber of Commerce. The Chamber Education Committee will be ramping up a promotional campaign around Miss Humblebee's Academy focusing on children ages 2 to 6.

Vice Chair Ovando-Karadsheh asked how EDAB can help. Ms. O'Donnell stated they need help in opening doors for possible private funders or foundation funding. EDAB members can assist by hosting meetings with potential donors. Charlie Gregory brought Benedictine University to Mesa and understands how important education is to Mesa. He will serve as an advisor to help to grow the program and create a more sustainable funding system. We have applied to Harvard to have a fellow to evaluate the program over the summer and help to fine tune before the year-long launch in the fall. This will help Mesa's children early on to be successful throughout school as well as their career. This is the Mesa way.

Brian Campbell complimented the team on this outstanding program. As the first candidates enter the critical pathway through the middle-school period, what programs can we tie into, such as Achieve 60 AZ that will allow us to translate the success of the Mesa K Ready program? Ms. O'Donnell stated those pieces have not been vetted out, although we have a relationship with Mesa Public Schools and will be bringing in Mesa Counts on College to the team. Ms. Lewis noted that the City of Mesa has created an early learning network based on a grant through First Things First. One way that Board members can support Mesa K Ready is to bring their connections into the conversation on how we can work together to make a positive impact on early childhood education.

Brian Campbell asked if any work has been done with the Rodell Foundation or the Helios Education Foundation, which is an organization Paul Luna is involved in. Ms. Lewis advised that Mr. Luna served on the Early Childhood Education Taskforce and she plans on reaching out to him. At this time, we are preparing materials and a video, and getting to know potential funders to be able to have strategic discussions.

Brian Campbell encouraged working with Paul Luna, in particular, as he has been key in understanding how we can meet the Achieve 60 goal, which is to have 60 percent of our population achieve a certificate or better in terms of education from a workforce standpoint. If we can target 1,000 families in Mesa's low-moderate income areas, we will be the first and probably only region to even get close to the Achieve 60 goal. He encouraged contacting the Board for resources, and he is confident that the program will be successful. Ms. Lewis hopes that Mesa has built a program that other cities can follow.

Deb Duvall noted from 50 years of longitudinal studies that early childhood education pays off. She asked if the 50 initial families were concentrated in a particular geographic area or school, or school zone, or are they spread out. What is the expectation on how frequently that software will be used and how can we ensure that the children are being exposed to the software on a regular basis? Ms. Lewis noted that Elizabeth Mullavey, former MPS principal, was hired. She had reached out to school principals in the west Mesa region to connect our team with children who are receiving free or reduced meals through the schools. Those 50 families are from six of these schools in the west Mesa area. Ms. Mullavey set up expectations for the mentors, each being assigned 10 families from the same school. There are reports within the software to show what the kids are doing and where they may need more

focus. The mentors also connect the families to enrichment experiences. Software filtering is used to protect the children and their families.

Matt Likens asked how many resources are required, including staffing for the pilot and the full program and the costs, and if there are anticipated gaps in the finances. Ms. Lewis stated budgets have been built through the five years based on the pilot. We have borrowed the idea of using the devices and the mentors from the Upstart program in Utah, and are using their staffing model. The estimated first full-year cost for 250 children is \$350,000. As the program is scaled up, the cost per student goes down. The goal is about \$1,200 per student. Part-time pre-K today costs \$4,000 per child in Mesa and full-time costs \$7,000.

Laura Snow asked about the reception from families and if they are excited about the program. Ms. Lewis noted the feedback so far is that the families are excited. Three families decided it was too much for them. Upstart Utah had a 10 percent turnover. We are following what we have learned from national best practices.

William Jabjiniak appreciated Natalie Lewis's leadership. Jaye O'Donnell has also been involved in the Benedictine effort early on working with Charlie Gregory. They have put together a strong team. Workforce is our big issue going forward and it is important to reach the kids early.

The team will be back to provide updates.

5. Imagine Mesa

Mr. Jabjiniak introduced Tom Ellsworth, who is a Planner by trade and has worked with the City Manager's office.

Mr. Ellsworth reviewed Imagine Mesa, a citywide campaign launched to gather ideas for shaping Mesa's future. The 15-member Advisory Committee represented a broad spectrum of the City. The campaign launched in July and ended October 30th, 2017. Over 67,000 participated on the Imagine Mesa website, and 465 ideas were submitted and evaluated by the Committee. Staff made presentations in the community as well as to City boards, and Advisory Committee members conducted their own outreach as well. San Francisco ran a similar year-long campaign through Neighborland, and generated 78,000 website visits. The Mesa campaign generated 92,000 website visits in three months. The campaign reached out to all who live, work, and play in Mesa, with the most active participating areas in west Mesa.

The Advisory Committee was broken down into four subcommittees to review and prioritize the submissions and make recommendations to City Council, taking into consideration existing programs and resources. Each subcommittee recommended its top three ideas:

Imagine Mesa at Play:

- Multi-purpose, multi-field youth and amateur sports complex
- Bike and pedestrian trail improvements
- New park features and continuation of park bond funding

Imagine Mesa at Home:

- Promote proactive code enforcement
- Control feral cat population
- Increase the number of Police Officers with a community focus

Imagine Mesa's Green Future:

- Extend Light Rail to Superstition Springs Mall; increase north-south bus routes in East Mesa
- Anaerobic digesting system for food waste to produce renewable energy
- Expand bulk pickup program

Imagine Mesa Work and Innovation:

- Innovation District and Technology Committee
- Build a STEAM center on Las Sendas Mountain and an observatory
- Create a Restaurant Innovation District

Some of the ideas submitted related to expanding or supporting existing programs or resources, such as the Library's code program and need analysis in southeast Mesa, the Mayor's Homelessness Taskforce, the Broadway Corridor transportation plan, the Banner Health military and first responder program, a new fire station in Eastmark, and the early learning initiative.

Honorable Mentions: Little free libraries, entry monument signs into Mesa, expansion of the downtown chilling system, park and trail opportunity in Lehi Falls, and a community garden and farmers market.

The City Council will be moving into strategic planning sessions for the budget cycle. City staff is exploring how these ideas can be implemented. This presentation is also available on the website under Advisory Boards and Committees. The Imagine Mesa Advisory Committee ended with its presentation to Council on December 7, 2017.

Chair Pitcher asked how EDAB can assist. Mr. Ellsworth advised that the presentation was for informational purposes. Some of these ideas may come back through this Board in the future.

Vice Chair Ovando-Karadsheh asked whether some of these issues will be recommended to go to bond rather than as budget items, and what is the future direction for budgeting of these recommendations. Mr. Ellsworth stated now the challenge is for the various departments to vet out these ideas as to implementation and funding. It will be up to City Council to decide which ideas will move forward. With the success of this campaign, he would imagine there will be a future plan.

Bill Jabjiniak advised that the Council strategic planning session is in early March. A parks bond is anticipated this year, and what that includes will be part of the discussion. There is a lot of demand on parks programs, and in two years he anticipates infrastructure. The capital plan and budgeting plan need to be determined, and then put out to the public for a vote.

6. Business Prospect Report

JD Beatty, Economic Development Project Manager, provided an overview of the Business Development Prospect Report for the second quarter 2017/2018. He advised that the Prospect Overview does include Amazon HQ2 with 40,000 jobs. Overall, the number of prospects is strong. These figures represent a rolling total for calendar year 2017. There are 144 prospects generated, compared to 118 in the last report, an increase of about 22 percent. The square footage potential increased from 19.7 million last quarter to 32 million, including Amazon. Capital investment potential increased from \$12.9 to \$26.4 billion. The prospect sources and leads were fairly consistent with last quarter. The prospects were predominantly in manufacturing and technology. Data center prospects increased from 3 percent to 6 percent, and Corporate Headquarters prospects also increased.

The Real Estate Snapshot is similar to last quarter, with 43 industrial prospects that need 100,000 square feet, three of those preferred existing buildings, and 18 preferred Build-to-Suit.

Vice Chair Ovando-Karadsheh asked if speculative buildings under construction are included in the report. Mr. Beatty stated the report refers to existing buildings today, although a field for buildings under construction can be included in future reports.

William Jabjiniak noted that the information is pulled from the CoStar database. He is aware of at least two industrial spec projects underway that are not represented in this report. One is 150,000 square

feet at Longbow across from Boeing, and the other is 96,000 square feet off Greenfield. We are finally getting the inventory to address the lack of supply. As far as office space, we have a supply in smaller office space, with nothing for larger office space. There are two over 100,000 square feet, one being the Mesa Financial Plaza, which is small floorplates going vertical. The request today is for bigger floorplates, horizontal.

Mr. Beatty advised that we are submitting the under-construction properties with an expected delivery by the end of the third quarter 2018. For large office, there are seven prospects looking for over 100,000 square feet. In the previous quarter there were 10 prospects.

Brian Campbell noted that roughly 40 percent of GPEC's pipeline is either California or FDI (foreign investments). Due to the limited inventory, have we looked at ways to increase the realization rate targeting foreign investment or California, or a comparison to the GPEC pipeline.

Mr. Jabjiniak stated the focus was not on where the leads are generated. GPEC's office prospects for FY18 were 67, up from 60 in FY17, and industrial prospects in FY18 were 71, up from 58. The volumes are up, however our inventory is not going up. The demand for spec space is real. We are seeing activity both in office and industrial. We have foreign investors with money to spend and we are trying to get them the right projects.

Mr. Campbell suggested focusing the limited marketing budget on what we do have to sell. Do we spend our resources chasing the 20 percent of international prospects or focus on California because it is easier? We need to look at this data to determine deficiencies as well as to plan strategically.

Mr. Jabjiniak stated staff is going to Canada later this month as part of a MAG Initiative. Our focus is on industry specific clusters. Two staff members attended a medical device event in California. The growth opportunities are in medical devices and technology. We would like to see a cluster develop in southwest Mesa around Dexcom. In less than 5 years, the technology corridor went from a discussion to a reality.

There will be a groundbreaking on March 7, 2018, 10 a.m. for a project in Gateway. Creating employment corridors, putting in the infrastructure, and a streamlined entitlement process tells the story to others, such as a medical device company, of what Mesa can offer.

7. Director's Update

William Jabjiniak reported that the Mayor's State of the City drew a record-setting crowd of 720 with great feedback. He thanked Sally Harrison and her staff for putting together a successful event.

February 26 through March 1, 2018, The SOURCE Cybersecurity Conference will be held at the Mesa Convention Center.

There has been momentum with the Innovation District initiative and an advisory board is anticipated.

March 1 and 6, 2018, Business to Baseball. An invitation was sent out to Board members. Please advise if you will attend. Over 100 people are anticipated. Get out and network.

March 7, 2018, 10 a.m. EdgeCore groundbreaking at Eastmark. The State and SRP are expected to participate.

March 2018, a 70,000 square foot industrial spec building is going in at Higley and Indigo.

Vice Chair Ovando-Karadsheh asked about a building north of Boeing. Mr. Jabjiniak stated that is a smaller industrial building that does have tenants. There is a series of 20,000 square foot buildings, and three are spoken for.

There is a presubmittal for an In-N-Out Burger in Northeast Mesa.

The Governor will be designating opportunity zones in the State of Arizona in March, targeting low-income census tracts. Mr. Jabjiniak reviewed a map of Mesa opportunity zones, with low-income tracts in blue running along Main Street from one end of the City to the other. The adjacent red tracts are also eligible. Fiesta Mall is not in a low-income census tract. The State has advised us to select approximately 12 census tracts. There will be strategy discussions and the recommendations will come back to the Board. An opportunity zone is a tax incentive geared towards investors to reinvest their unrealized capital gains. This is another tool in Arizona's small toolbox. There are a lot of different strategies. Think about the five employment areas: Downtown, Falcon, Gateway, Fiesta, and Riverview. Senator McCain's office would like us to consider the Rio Salado project. The other name for that project is not to be used any longer, as it was a program under the Obama Administration that fell through on funding.

The recommendations for tracts to be designated by the Governor will first go through Council and then to the Arizona Commerce Authority.

Brian Campbell noted that the Governor's Chief of Staff has been proactive in reaching out to the east side. If we are strategic in our selections, they will be well received.

Rich Adams asked if there is an appeal process, since Fiesta is so important. Mr. Jabjiniak noted this has been an ongoing issue. That is why they created the adjacent contiguous zone with an income requirement of 125 percent of the median income of the adjacent census tract. The bottom line is they do not qualify for that either. Research is still going on and one owner of the Mall is interested. We need to make our recommendations to the State before the end of the month.

Mr. Jabjiniak introduced Stephanie Cordell with Mesa leadership.

Staff Changes: Michelle Freed has moved back to Wyoming to be with family. Pat Block has left to be a teacher in Queen Creek. Anita Jerger is here on a temporary basis to help with administrative support. David Packard is doing a great job on a variety of items. Permanent hires are underway.

8. Other Business

The next EDAB meeting will be held on March 6, 2018, at 7:30 a.m.

9. Adjournment

With no further business before the Board, Chair Pitcher adjourned the meeting at 8:55 a.m.

Submitted By:



William J. Jabjiniak
Economic Development Department Director