

COUNCIL MINUTES

September 11, 2014

The City Council of the City of Mesa met in a Study Session in the lower level meeting room of the Council Chambers, 57 East 1st Street, on September 11, 2014 at 7:35 a.m.

COUNCIL PRESENT

Alex Finter
Terry Benelli
Christopher Glover
Dennis Kavanaugh
David Luna
Dave Richins
Scott Somers

COUNCIL ABSENT

None

COUNCIL-ELECT
PRESENT

John Giles
Kevin Thompson

OFFICERS PRESENT

Kari Kent
Jim Smith
Dee Ann Mickelsen

Mayor Finter welcomed Mayor-Elect John Giles and Councilmember-Elect Kevin Thompson to the meeting.

1. Review items on the agenda for the September 11, 2014 Regular Council meeting.

All of the items on the agenda were reviewed among Council and staff and the following was noted:

Conflict of interest: None

Items deleted from the consent agenda: None

2-a. Hear a presentation, discuss and provide direction on the priority uses and a revised review schedule for a 2013/14 HOME funding Request for Proposal.

Housing and Community Development Director Tammy Albright displayed a PowerPoint presentation (**See Attachment 1**) and provided a brief overview of the Home Investment Partnerships (HOME) Program funds that are currently available to the City of Mesa. (See Page 2 of Attachment 1) She explained that such funds total \$1,590,893.

Ms. Albright highlighted staff's recommendations as follows: that approximately \$1.2 million in HOME funding be allocated for rental projects; that \$300,000 (30%) of HOME funds be set aside for a Community Housing Development Organization (CHDO) to offer a homebuyer program; and that an additional \$80,000 be allocated for a homebuyer assistance program. She pointed out that the U.S. Department of Housing and Urban Development (HUD) requires that 15% of the HOME funds be set aside for a CHDO. She noted, however, that since the City did

not offer a CHDO or homebuyer program last year, in staff's opinion, it was appropriate to earmark a larger percentage of funds for such efforts.

Ms. Albright further commented that since Low Income Housing Tax Credit (LIHTC) projects are time consuming for staff to administer, staff would propose that the Council consider focusing on one or two projects and award larger amounts of HOME monies for those projects.

Ms. Albright remarked that when the Council approves a LIHTC project, staff must address a variety of issues over a three-year period of time. She offered a short synopsis of various responsibilities as follows: determine which developers should be awarded funding for the next year; develop contracts; address environmental clearance; generate paperwork for those entities awarded contracts last year; and work with the previous year's recipients as it relates to the construction of their respective projects. She added that HUD only provides \$99,000 for the City to administer the HOME Program on a yearly basis.

Ms. Albright, in addition, reported that in January 2015, staff would present the final funding recommendations to the Council for consideration. She said that the Council would then have the discretion to award the HOME funds for as many LIHTC projects as they deem appropriate.

Councilmember Benelli recounted that yesterday she and Ms. Albright discussed the possibility of shifting some of the administrative burdens from City staff to the developer. She inquired what follow-up efforts were pursued by staff to research this matter.

Ms. Albright clarified that the City has already enlisted consultants to assist with the environmental clearance aspects associated with LIHTC projects and any items related to the Davis-Bacon Act. She pointed out that City staff would still be required to review and approve the consultants' work. She commented that staff was also considering outsourcing the tasks of subsidy layering and the financial review of the projects. She explained that the monies to pay for any other tasks beyond those three items would be derived from the previously-mentioned \$99,000 provided by HUD.

Councilmember Benelli suggested that an efficient way in which to operate the HOME Program would be for the consultants to address environmental clearance, subsidy layering and any Davis-Bacon Act issues as opposed to City staff, who are required to administer other federal programs. She stated that there could potentially be some cost savings to outsource such tasks. She also asked that staff research whether other communities have passed on similar costs to the developers of LIHTC projects in order to "lighten the burden" on their staff members.

Ms. Albright assured the Council that staff would pursue every available option to ensure that the City can save time and money with respect to the administration of LIHTC projects.

Councilmember Luna concurred with Councilmember Benelli's comments.

Ms. Albright reiterated that yesterday staff reviewed the HOME Program with respect to what was an eligible administrative cost versus an eligible program cost that could be passed on to a developer. She noted that the only costs that could be passed on were related to environmental clearance. She indicated, however, that based on staff's interpretation of the program, the costs associated with subsidy layering and Davis-Bacon Act issues could also be passed on to a developer.

Councilmember Kavanaugh stated the opinion that the City can explore the use of outside professionals to ease staff's burden with respect to the administration of LIHTC projects. He commented that each year, the City would have a different pool of projects that are considered within that pool and explained that he would not want the City to be limited by its administrative capacity. He further noted that the City has federal funds that can be used for such efforts, but suggested that those monies could be supplemented with City dollars.

Councilmember Kavanaugh, in addition, remarked that if the Councilmembers deemed certain projects to be important to the community relative to housing and economic development, it would be a policy choice for them to allocate additional City funding for that particular year to accommodate outside professional services or supplement internal City services.

Councilmember Kavanaugh further commented that Mesa is a large community and can expect to receive a wide range of applications each year. He said that the administrative capacity is something that the City Manager's Office and the Council should consider when weighing a cost benefit analysis of the potential projects. He added that there are ways in which the projects could be administered that would not limit a developer's imagination in terms of presenting proposals for the City to consider.

Responding to a question from Vice Mayor Glover, Ms. Albright clarified that a consultant provided by HUD has provided staff some training in order to become familiar with the requirements for the HOME Program.

Development Project Coordinator Ray Thimesch, in addition, pointed out that staff has received training in the past, although it has been somewhat limited, "very generic" and short in duration. He stated that he is often required to conduct his own research in order to determine the differences between the HOME Program and LIHTC projects.

Ms. Albright explained that staff has received training with respect to environmental clearance and issues associated with the Davis-Bacon Act. She noted that throughout this process, staff has developed a good working relationship with the HUD representative.

Councilmember Benelli commented that she considers the federal funding for the HOME Program as somewhat of a windfall and a way in which to leverage those dollars in order to invest in the community. She stated, for instance, that if the City leveraged \$900,000 for a \$17 million project, in her opinion, that would be a better use of City funds.

Ms. Albright continued with her presentation and discussed the next steps in the process. (See Page 4 of Attachment 1) She stressed the importance of the City issuing a separate Request for Proposal (RFP) for HOME funding; the Council making their recommendations for the Annual Plan by January or February 2015; and that such a process would allow the City to provide "stronger support letters" to those entities that are awarded HOME funds for LIHTC projects. She added that the applications for LIHTC projects are due to the Arizona Department of Housing by March 2015.

Discussion ensued relative to the fact that the HOME Program allows multi-year awards and cities can conduct their funding processes every other year; that due to recent funding cuts in the program, staff prefers to conduct this process on an annual basis; and that per HUD regulations, the City cannot enter into a contract until all monies are secured for a project, a site specific address associated with the project has been selected, and environmental clearance has been completed.

Responding to a series of questions from Councilmember Richins, Ms. Albright reiterated that the new timeframe would enable the City to provide stronger support letters to those entities seeking HOME funds for LIHTC projects before the tax credit cutoff date. She also stated that staff was seeking training from HUD in order to build new CHDOs in Mesa and increase capacity in that regard.

Councilmember Richins suggested that staff seek out existing CHDOs to partner with the City in an effort to build up Mesa's capacity over time. He noted that he has spoken with a few entities that expressed a willingness to do so.

Councilmember Richins concurred with Councilmember Kavanaugh's comments relative to the City not being afraid to supplement funds for LIHTC projects. He explained that one option the Council has considered is determining how best to apply Human Services funds and Community Development Block Grant (CDBG) monies. He noted that many entities apply for \$20,000 to \$30,000 to fund part of a project, which is difficult for staff to manage. He also stressed the importance of the City doing major projects that change the way in which services are provided to the community.

Councilmember Richins, in addition, remarked that the Human Services funds, which are derived from City of Mesa utility bills, equate to approximately \$500,000, with needs placed at nearly \$1 million. He said that staff has worked to determine how the level of funding can be increased. He noted that it was important to remember that those monies are City funds and do not have the same restrictions attached to them as CDBG and HOME funds. He added that by limiting the number of HOME and CDBG projects, the City's administrative costs can be brought down closer to what is available within the program.

Ms. Albright restated the Council's direction as follows: that staff move forward and issue the Public Notice today that the City's HOME funds are available, per the condensed timeframe; that in January 2015, staff will present an analysis of the entities that submit applications for LIHTC funding; and the Council will determine which entities should be awarded HOME funds.

Mayor Finter thanked staff for the presentation.

2-b. Hear a presentation, discuss and provide direction on creating a preference population for CDBG and HOME federal grants to: Elderly Persons, Disabled Persons, Homeless Persons and Professional Persons per the new federal regulations.

Housing and Community Development Director Tammy Albright displayed a PowerPoint presentation (**See Attachment 2**) and reported that staff was seeking the Council's direction to add population preferences to the City of Mesa Consolidated Plan FY 2010-14. She explained that the U.S. Department of Housing and Urban Development (HUD) allows preferences to be included in a participating jurisdiction's Consolidated Plan.

Ms. Albright noted that persons with disabilities, the elderly and homeless persons are listed in the City's Consolidated Plan as high priorities, but not preferences. She stated that per certain changes to federal regulations, HUD now allows a participating jurisdiction to include professionals, such as teachers and artists, as preferences. She added that staff would recommend including the above-listed populations as preferences, which will provide the Consolidated Plan a certain degree of flexibility.

Ms. Albright cited, by way of example, if the City funded a number of HOME units in an apartment complex in an area of the community that had difficulty attracting teachers to work at a nearby school, teachers could be a desired preference population for such units. She pointed out, however, that it would be necessary for the teachers to income qualify.

Ms. Albright remarked that the Housing and Community Development Advisory Board (HCDAB) and the Community and Cultural Development Committee recommended that this item move forward to the Council for approval.

Ms. Albright commented that it would be necessary for the City to file a Second Substantial Amendment to the Consolidated Plan in order to add the four population preferences. She stated that pending Council approval of this matter, the City will conduct a 30-day comment period, after which time staff would return to the Council with a resolution for adoption.

Councilmember Kavanaugh voiced support for staff's recommendation. He noted that through his work with the National League of Cities, he has learned that other communities have made similar changes that have proven beneficial, especially for the targeted professionals.

Mayor Finter stated that it was the consensus of the Council that staff move forward with this process. He also thanked Ms. Albright for her presentation.

2-c. Hear a presentation, discuss and provide direction on the Falcon Field Area Strategic Plan.

Mayor Finter stated that after Mayor Scott Smith resigned and he assumed the role of Mayor, he met with various individuals who recognized the ongoing success at Phoenix-Mesa Gateway Airport and the surrounding area. He noted that it was the consensus of those individuals that it was important to address other parts of the community in a similar manner to ensure their success, including the Falcon Field Area.

Mayor Finter noted that as a result of those discussions, he established the Falcon Strategic Visioning Commission, whose members were charged with developing a strategic vision for the Falcon Field Area in an effort to address certain neighborhood concerns and continue to enhance the success of the area in the future.

Economic Development Director Bill Jabjiniak introduced Economic Development Deputy Director Jaye O'Donnell and Rich Adams, Chairman of the Falcon Strategic Visioning Commission, who were prepared to address the Council.

Mr. Adams displayed a PowerPoint presentation (**See Attachment 3**) and reported that in April of this year, the Falcon Strategic Visioning Commission was established in order to accelerate the pace of economic growth and ensure that the Falcon Field Area continue to excel and expand. He commended Mayor Finter for having the leadership and vision to establish the Commission.

Mr. Adams explained that during a four-month period of time, the Commission Members conducted seven meetings, worked with City staff and prepared a Strategic Action Plan that will, if implemented and funded, result in a robust and dynamic change within the Falcon Field Economic Activity Area (FFEAA). He noted that the Commission Members began this process with "a blank canvass," a high level approach and were not concerned about any preconceived notions.

Mr. Adams recognized the Commission Members who participated in the visioning process. (See Page 2 of Attachment 3) He pointed out that Commission Members Gerald Blomquist and Otto Shill were present in the audience.

Mr. Adams remarked that the objective of the FFEAA was to establish a strategic economic direction for Falcon Field Airport and the surrounding non-residential areas in northeast Mesa in order to guide future development. He explained that the visioning process generated a strategy critical to providing a course of action to support and retain existing on and off-airport businesses, attract new businesses that supply high-quality jobs to the FFEAA and protect it from residential encroachment and development.

Mr. Jabjiniak continued with the presentation and displayed an aerial photograph of the FFEAA. (See Page 3 of Attachment 3) He reported that the 35 square mile area extends beyond Falcon Field Airport and is bounded by Mesa's border to the north, Gilbert Road to the west, Ellsworth Road to the east and Brown Road to the south. He also indicated that immediately adjacent to Falcon Field Airport, which is the largest single owner of property in the area, are more than 100 businesses that employ over 5,000 people.

Mr. Jabjiniak further remarked that in general, the FFEAA is home to an estimated 600 businesses that employ approximately 19,000 individuals. He pointed out that the FFEAA generates more than \$2.3 billion in economic impact annually to the City, region and state.

Mr. Jabjiniak, in addition, commented that the Commission conducted "a mile high view" of the FFEAA and considered possible development options such as sports tourism and "organic growth."

Mr. Adams voiced excitement regarding the concept of sports tourism in the area and said that efforts were underway through various entities, such as Visit Mesa, to explore its feasibility. He indicated that such a development could be "a game changer" for the FFEAA. He added that the data contained in the report was obtained from reliable sources, such as the Greater Phoenix Economic Council (GPEC), Dun & Bradstreet, and other commercial real estate resources.

Ms. O'Donnell reported that as part of the visioning process, the Commission considered the FFEAA's strengths, challenges, opportunities, untapped growth and potential barriers for success. She explained that in developing a strategic vision, part of the process was to inventory and consider the existing assets. She also pointed out, however, that the strategic vision was also meant to be aspirational. She briefly reviewed the strategic vision for the FFEAA. (See Page 5 of Attachment 3)

Mr. Jabjiniak commented that the Councilmembers were provided copies of the FFEAA Strategic Plan. **(See Attachment 4)** He offered a short synopsis of the Commission's strategic recommendations with respect to Business Development. (See Pages 25 through 27 of Attachment 4) He pointed out that the primary areas of attention would focus on the aerospace/aviation, defense and advanced business services sectors. He added that the secondary industry is tourism and hospitality.

Mr. Jabjiniak, in addition, spoke regarding the City's role with respect to Business Development. (See Page 7 of Attachment 3) He stated that the Economic Development staff recently expanded their Business Retention and Expansion Outreach in the FFEAA by visiting more than 30 companies. He noted that 80% of the growth in the area will occur from existing businesses.

Mr. Adams commented that although the City can take many steps to increase business expansion in the FFEAA, at some point in time it will be necessary for private development and the investment community to “step in” and do their part as well.

Mr. Jabjiniak remarked that the City has implemented many excellent planning processes, but stated that “the message has not been delivered” to the development community. He stressed the importance of the City apprising developers of such processes to encourage development flexibility, shorten project timelines and improve customer service to businesses of all sizes. He added that it was crucial that the City create a business development program to engage the existing property owners in the FFEAA and real estate brokerages in order to promote the value of developing in the area.

Responding to a question from Councilmember Benelli, Mr. Jabjiniak clarified that staff’s outreach to existing businesses in the FFEAA has been quite successful. He said that staff has discovered empty parcels of land that have not been listed in a database and noted that staff was in the process of determining the ownership of those parcels.

Ms. O’Donnell, in addition, explained that during the visioning process, it became apparent that one of the FFEAA’s major weaknesses was its lack of a brand. She stated that in that regard, the Commission recommended that a branding strategy for the area be developed, followed by a funded marketing campaign. (See Pages 28 and 29 of Attachment 4) She noted that such efforts would raise a level of awareness and promote the area to untapped markets and employers. She added that within the marketing campaign, performance metrics would be used to monitor the success and progress of the strategies.

Councilmember Luna inquired whether the Economic Development Department had the necessary resources and staffing who could be dedicated to the FFEAA’s branding and marketing efforts.

Mr. Jabjiniak clarified that Economic Development Project Manager Ken Chapa is the FFEAA “guru.” He explained that the Economic Development Department intends to access resources across City departments and partner with outside entities, such as Visit Mesa. He stated that in order to implement certain strategies, it would be necessary for staff to “juggle” within a budget. He acknowledged that it might take a longer period of time in order to complete such efforts, but added that he was confident that it could be accomplished.

Councilmember Kavanaugh commented that over the years when the Council receives reports such as this from citizen commissions that recommend additional resources and dedicated staff members, a “classic tension” is created between the City Manager’s Office to use existing staff and the Council directing that the City needs dedicated staff for such efforts. He pointed out that it was up to the Council to give direction to the City Manager in terms of what they consider important. He indicated that the City’s Economic Development Department is significantly understaffed as compared to other cities in the Valley and smaller communities throughout the country. He noted that one of Mayor-Elect Giles’ primary goals is an emphasis on economic development.

Councilmember Kavanaugh, in addition, remarked that this is one of those situations in which the Council should take the report prepared by the Commission Members to heart and engage in a discussion with management staff. He stated that during his four terms as a Councilmember, he has heard on numerous occasions from three City Managers that existing

staff would be used for various projects, such as Fiesta Mall or Gateway. He added that it was not too early for the Council to discuss their priorities for the upcoming budget year.

Councilmember Somers concurred with Councilmember Kavanaugh's comments and noted that for the last eight years, he has been an ardent supporter of increasing staff in the Economic Development Department. He commented that this small department, with the assistance of the Council and the City Manager's Office, has achieved many successes and leveraged many partnerships.

Mr. Jabjiniak pointed out that each strategy outlined in the report contains performance measures/defining success/deliverables, as well as a budget summary.

In response to a question from Mayor Finter, Mr. Adams clarified that a majority of the Commission Members voted to approve the final report and forward it on to the Council for consideration. He said that the Commission Members engaged in a number of lively and meaningful discussions, with a variety of diverse opinions being shared.

Mayor Finter recounted that he asked the Commission Members to ensure that the final report was not "a paper tiger." He explained that the document would be made available to businesses that may consider locating to the FFEAA. He also remarked that he wanted to ensure that the report did not "sit on a shelf and gather dust" and said that from hearing the comments of his fellow Councilmembers, he was confident that would not be the case.

Mayor Finter, in addition, commented that a key to the success of the final report is the participation of the brokerage community and the existing FFEAA businesses, as opposed to strictly a City-driven process. He expressed appreciation for the fact that the Commission Members felt comfortable enough to engage in spirited debates and create a well-crafted final report. He added that the Council was supportive of the Commission Members' efforts and considered the report a successful model that could be applied to other areas of the community.

Councilmember Somers recounted a similar model and report that was created several years ago relative to the Gateway Strategic Development Area. He stated that it was incumbent upon the Council that they obtain community backing and support with respect to the vision outlined in the FFEAA Strategic Plan.

Discussion ensued relative to Exhibit 6, Zoning Summary Map, contained in the report (See Pages 39 through 41 of Attachment 4); that staff has determined that there are many flexible zoning opportunities currently in place in the FFEAA; that the Commission Members elected not to consider the details of possible zoning changes and overlays in the FFEAA, but rather directed staff to explore such opportunities, including the creation of new tools (i.e., flexible zoning and/or overlays, signage, evaluating the length and rate of lease terms on the airport); and that the Commission was adamant with respect to protecting employment opportunities in the FFEAA from residential encroachment.

Councilmember Luna thanked the Economic Development Department for partnering with the Falcon Field Airport staff concerning the strategic plan and moving forward in this process. He also expressed appreciation to the Commission for its recommended strategy to retain current FFEAA businesses and reinforce economic development opportunities with those entities as well.

Mr. Adams indicated that in addition to his previous comments, he emphasized the importance of branding and marketing the FFEAA in order to develop “a sizzle” in the area and generate interest in the development community. He also commented that the FFEAA was “a hidden gem” and said that it was time for the Council “to push the go button” and let Ms. Jabjiniak and his team move forward in this process. He thanked Mayor Finter and the Council for the opportunity to participate in the visioning process and added that he looked forward to the future.

Mayor Finter thanked the Commission Members and City staff for their service and professionalism in this regard.

Mayor Finter stated that Gerald Blomquist, a Commission Member, submitted a speaker card and wished to address the Council.

Mr. Blomquist commented that although the strategic plan was a well thought-out document, he would like two additional objectives included in the report, which could be considered as additional direction for staff. **(See Attachment 5)** He stated that his recommendations are merely “starting points” for further discussion.

Mr. Blomquist referred to Page 25 of the final report (See Attachment 4) and indicated that under “Strategies,” he would propose to include item k. (See Page 1 of Attachment 5) He also highlighted Page 26 of the final report (See Attachment 4) and discussed the inclusion of item d under the heading of “Strategies.” (See Page 2 of Attachment 5) He briefly reviewed the components of each proposal.

In response to a series of questions from Councilmember Richins, Mr. Blomquist clarified that he was interested in the FFEAA since he was a pilot, a principal in an economic development company, and a resident within the Falcon Field airspace. He also remarked that the Falcon Field area has been “a sleepy area” and requires a great deal of attention. He acknowledged that he filed an economic development referendum “to do exactly what is being discussed here.” He added that in his opinion, the Commission’s report and his additional recommendations “go a long way” to address his concerns.

Mayor Finter thanked Mr. Blomquist for addressing the Council and also for his service on the Commission.

Councilmember Somers commented that Mr. Blomquist’s recommendations include a significant amount of information for the Council to consider. He cited, for example, that he liked Mr. Blomquist’s strategies related to signage and suggested that as the Council discusses zoning in the FFEAA, they consider implementing some of those suggestions. He also remarked that the proposed strategies related to Page 26 of the final report would require additional review. He added that at this time, he would not want to include Mr. Blomquist’s recommendations as part of the final report.

It was moved by Councilmember Luna, seconded by Councilmember Somers, that the Falcon Field Economic Activity Area Strategic Plan be approved.

Carried unanimously.

2-d. Hear a presentation and discuss an update on the 2015 Employee Benefits Program.

Deputy City Manager Kari Kent stated that due to time constraints, Human Resources Director Gary Manning would provide an abbreviated presentation of this item.

Mr. Manning displayed a PowerPoint presentation (**See Attachment 6**) and offered a short synopsis of the major changes that will occur in the 2015 Employee Benefits Program.

Mr. Manning reported that the City's medical and dental benefits are currently self-administered, which will change in 2015. He explained that after an extensive Request for Proposal (RFP) process, the City selected AmeriBen, which will adjudicate and pay City employees' medical claims. (See Page 3 of Attachment 6) He stated that the City's claims adjudication system is more than 30 years old and no longer has the capability to comply with the healthcare reform requirements that must be implemented by January 2015. He noted that AmeriBen will provide the City expedited efficiencies, data analytics and reporting, which will assist staff in forecasting rate costs in the future.

Mr. Manning remarked, in addition, that in 2015 the City will partner with Delta Dental of Arizona, which will administer all dental claims. He indicated that for the first time, the City of Mesa will utilize the Delta Dental network of providers. He pointed out that employees who utilize dentists within the network will receive greater discounts than those whose dentists are not a member of the system. He added that it was anticipated that the City would realize significant cost savings by using Delta Dental of Arizona.

Mr. Manning further indicated that the City has outsourced the administration of its third-party health and dependent care Flexible Spending Account (FSA) process to ConnectYourCare. (See Page 4 of Attachment 6) He explained that the company would provide City employees debit cards that are smart coded to be used to pay for eligible medical expenses. He also noted that employees will be able to submit a medical claim via an app on their Smartphone or online. He added that reimbursements would be made through direct deposit to the person's bank account.

Mr. Manning stated that he was pleased to announce that there would be no increases in employee premiums for 2015.

Mr. Manning briefly discussed additional changes to the Employee Benefits Program due to health care reform compliance requirements. (See Pages 5 and 6 of Attachment 6) He also highlighted the Open Enrollment process and the Health & Wellness Fair 2014, which will take place on October 14th. (See Page 7 of Attachment 6)

Mayor Finter thanked Mr. Manning for the presentation.

2-e. Appointments to a Downtown Vision Committee.

Mayor Finter stated that he was pleased to announce the formation of a new Downtown Vision Committee (DVC), whose members are charged with creating a shared downtown vision and goals. He explained that the Committeemembers represent a diverse cross-section of creative and innovative thinkers, representing local and homegrown interests, education, arts and cultural advocates, downtown businesses, industry, restaurants, transit-oriented and urban development. (**See Attachment 7**) He added that Vice Mayor Glover provided outstanding insight and recommendations with respect to the appointments.

Vice Mayor Glover commented that the inspiration for the DVC was derived through conversations and feedback with multiple downtown Mesa partners, all of whom believe there needs to be a well-defined vision going forward for downtown Mesa. He explained that with the completion of light rail next year, it seemed appropriate to take advantage of the infrastructure being put in place, as well as economic and market opportunities.

Vice Mayor Glover remarked that the DVC was being asked to recommend a shared vision and broad goals that establish a clear path and intention for the development of the downtown; collaborate with key downtown agencies and partners; consider future growth opportunities, untapped urban growth sectors, barriers to success and existing and future market potential; and review existing plans and strategies, to build on them, reaffirm and prioritize those outcomes.

Vice Mayor Glover, in addition, commented that he was grateful to those individuals who agreed to serve on the DVC. He explained that the caliber and quality of these citizens “speaks volumes of Mesa” and their commitment to the community. He expressed confidence in their creative and collaborative abilities to develop a plan. He also thanked Jo Wilson for her willingness to serve as Chairperson of the DVC.

It was moved by Vice Mayor Glover, seconded by Councilmember Luna, that the Council concur with the Mayor’s recommendations and the appointments to the Downtown Vision Committee be confirmed.

Councilmember Somers stated that he would hope the DVC would focus on economic development opportunities in the downtown area, including vertically-integrated mixed use projects and the development of market rate housing. He noted that the goal of such development would bring jobs to the downtown, the correct balance of housing, and in particular, attract market rate opportunities that have eluded Mesa thus far.

Mayor Finter called for the vote.

Carried unanimously.

3. Information pertaining to the current Job Order Contracting projects.

(This item was not discussed by the Council.)

4. Acknowledge receipt of minutes of various boards and committees.

- 4-a. Community and Cultural Development Committee meeting held August 25, 2014.
- 4-b. Judicial Advisory Board meetings held June 23 and July 21, 2014.
- 4-c. Local Redevelopment Authority meeting held November 7, 2013.
- 4-d. Falcon Strategic Visioning Commission meeting held August 20, 2014.

It was moved by Vice Mayor Glover, seconded by Councilmember Kavanaugh, that receipt of the above-listed minutes be acknowledged.

Carried unanimously.

5. Hear reports on meetings and/or conferences attended.

Councilmember Kavanaugh: District 3 volunteer painting project, which was coordinated in conjunction with the 9/11 Day of Service and Remembrance

Councilmember Somers: National EMS Advisory Council meeting

Mayor Finter spoke regarding the recent flooding in the southeast portion of the community. He thanked City staff, his fellow Councilmembers and numerous volunteers for their efforts and hard work in assisting those residents whose neighborhoods were significantly impacted by the flood waters.

Councilmember Somers, in addition, recognized Deputy City Manager Kari Kent, who was acting as City Manager during Christopher Brady's absence, for her professionalism in managing the flood emergency conditions. He further expressed appreciation to Mayor Finter for leading the City's emergency management efforts in the community. He also acknowledged City staff for their dedicated service under extreme circumstances.

Mayor Finter commented that the City has established a Resource and Recovery Center, located at 830 South Stapley Drive, to assist citizens who need assistance as a result of the flood damage.

6. Scheduling of meetings and general information.

Deputy City Manager Kari Kent stated that the meeting schedule is as follows:

Thursday, September 11, 2014, (Immediately following the 9/11/14 Study Session) – Regular Council Meeting

Friday, September 12, 2014, 6:00 p.m. – Mesa Arts Center Free Season Kickoff Festival

Thursday, September 18, 2014, 7:30 a.m. – Study Session

Councilmember Kavanaugh reported that the Fiesta District stakeholders will conduct a meeting on Wednesday, September 17, 2014, 3:00 p.m. in the Community Room of the Mesa Police Department Fiesta District Substation.

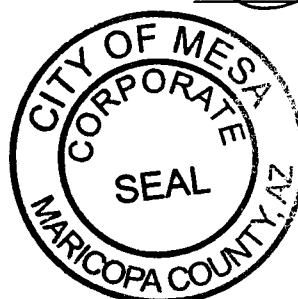
7. Adjournment.

Without objection, the Study Session adjourned at 9:15 a.m.


ALEX FINTER, MAYOR

ATTEST:


DEE ANN MICKELSEN, CITY CLERK



I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Study Session of the City Council of Mesa, Arizona, held on the 11th day of September, 2014. I further certify that the meeting was duly called and held and that a quorum was present.


DEE ANN MICKELSEN, CITY CLERK

pag
(attachments – 7)

Funding Activities for HOME Grants

Tammy Albright
Housing and Community
Development Director



City Council Study Session
September 11, 2014

HOME funding

- \$122,946 Prior year unallocated funds
- \$576,947 FY2014/15 rental funds available
- \$990,000 FY2015/16 project funds available (15% required for CHDO set aside)
 - 10% Admin. (-\$99,000)
- **Total Available = \$1,590,893**

Community & Cultural Development

Committee Recommendations

- CCD recommends (approx. funding):
 - \$1,210,893 rental projects (can also go to a CHDO doing rental)
 - 1 to 2 project maximum
 - \$300,000 (approx. 30%) for a CHDO to offer home buyer program (required 15% - \$148,500)
 - \$80,000 for a Home buyer assistances program

HOME funding Next Steps

- Separate RFP for HOME funding with a time line to have final City Council recommendations for the Annual Plan by January or February 2015 – to comply with the timing of Low Income Housing Tax Credit process
- Target for projects applying for the FY2015/16 low income tax credit projects
- Target for a CHDO to perform a home ownership program

Draft Timeline:

Activity	Date
Public Notice	September 14
Training for applicants	September 22
Open Application Process	September 29
Public Hearing #1	October 9
Application Deadline	October 20
CCD Committee meeting	January 8
City Council Study Session	January 26
Combine back into the Annual Plan Process	

Questions and Discussion

Second Substantial Amendment to the City of Mesa Consolidated Plan FY 2010-14



September 11, 2014

Mesa City Council Study Session

Second Substantial Amendment to the City of Mesa Consolidated Plan 2010-14

Preferences may be granted, at the discretion of the Participating Jurisdiction (PJ), for the following individuals:

- Persons with Disabilities as defined by HUD
- The Elderly (62-74) and The Frail Elderly (≥ 75)
- Homeless Persons as defined by HUD
- Professionals per federal regulation changes
(Examples : Teachers & Artists)

Second Substantial Amendment

- Recommended approval by the Community and Cultural Development Subcommittee & the Housing and Community Development Board
- Three groups are currently identified as a high priority within the Plan (Disabled, Elderly and Homeless)
- Designation as a preference provides the PJ with enhanced flexibility to meet the housing needs of these priority groups.

Next Steps

- 30 day public comment period
- City Council will need to approve a resolution – target would be November 3, 2014 agenda
- File with HUD
- Confirm the new preferences are noted as we move forward with the 2015-2019 consolidated plan that City Council will review next spring

Questions?

Falcon Field Economic Activity Area Strategic Plan

**City of Mesa
Falcon Strategic Visioning Commission
Final Report
September 11, 2014**





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Commission Members

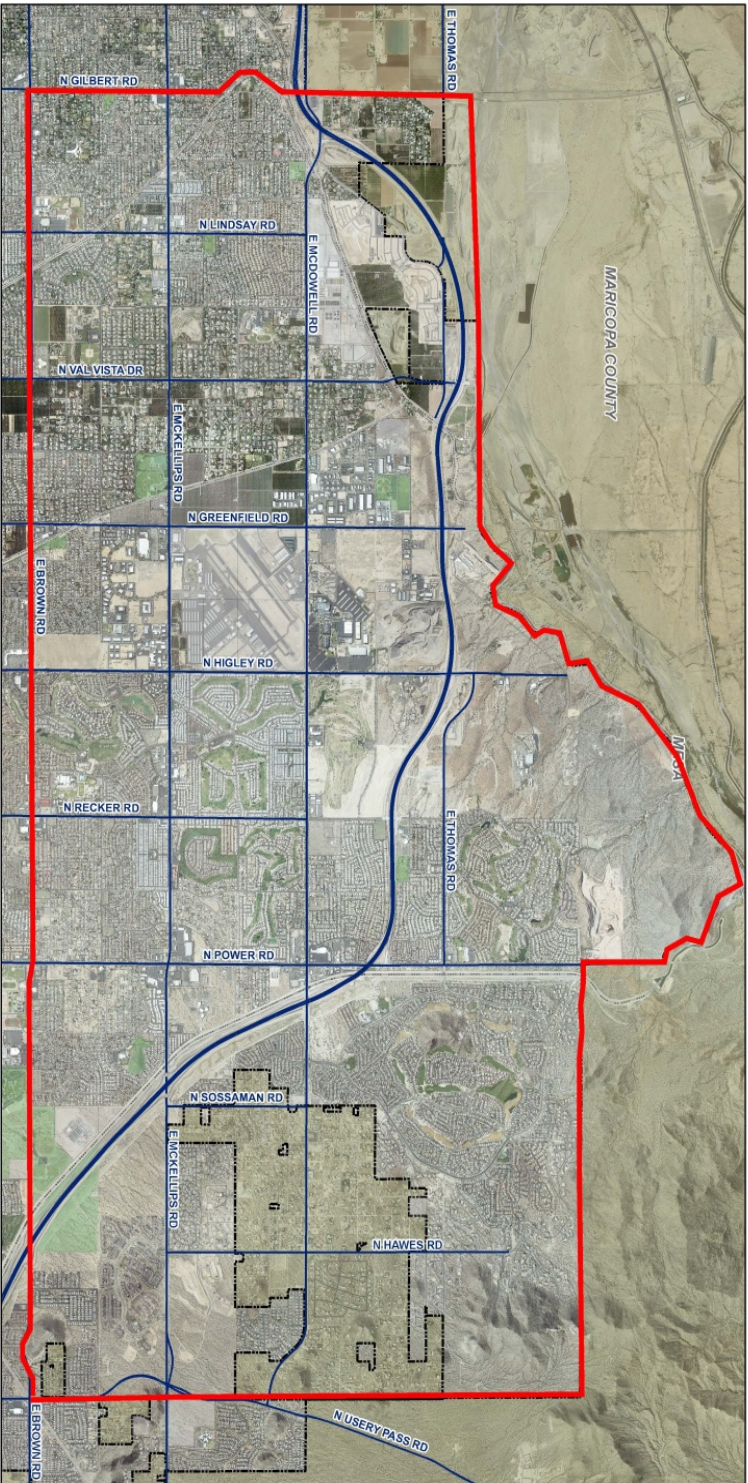
Falcon Strategic Visioning Commission

- **Rich Adams** – Chair, Southwest Business Credit Services
- **Gerald Blomquist**, MainSpring Capital
- **Mike Haenel**, Cassidy Turley
- **Craig Kitchen**, MD Helicopters
- **Tannis McBean**, The Vistas Pavilion, Las Sendas Golf Club
- **Rosa Roy**, Creative Human Resources Concepts LLC
- **Otto Shill**, Jackson White Law



Falcon Field Economic Activity Area

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0 1,000' 0.00
Feet





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Overview

The Falcon Field Economic Activity Area

- One of Mesa's most dynamic, high value, dense zones of employment and economic opportunity
- 35 square miles
- More than 600 businesses, nearly 19,000 jobs
- Generate more than \$2.3 billion in economic impact annually to the City, region and State

Falcon Field Economic Activity Area



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Visioning Process

Strategic Vision for FFEAA

*Recognized as a **vibrant aerospace, aviation, and defense hub** – a **premier location** for companies seeking a highly attractive, **competitive operating environment**.*

*Anchored by a general aviation airport and boasting a **high-tech workforce**, companies will regard the **FFEAA** as a **thriving destination** to grow their business.*



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Strategic Recommendations

Business Development

- Primary attention on Aerospace/Aviation, Defense and Advanced Business Services sectors;
- Secondary industry is Tourism and Hospitality;



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Strategic Recommendations

Business Development – Role of the City

- Engage FFEAA businesses through Business Retention and Expansion Outreach;
- Planning and Development staff investigate and implement plans that reduce process timelines, encourage development flexibility, improve customer service to businesses of all sizes;
- Create business development program to engage existing property owners and real estate brokerages to promote the value of developing in the FFEAA;



Strategic Recommendations

Branding and Marketing

- Develop a FFEAA branding strategy and marketing campaign;

Overall Coordination and Leadership

- Identify a specific City staff member from Economic Development to represent the City's effort to accelerate development within the FFEAA.

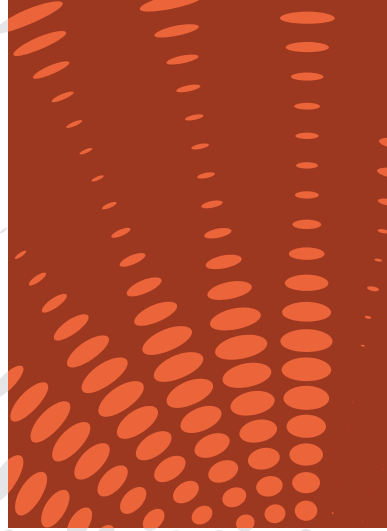


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Questions / Comments

Communication Resources:

- www.mesaaz.gov/economic
- Twitter @MesaEconDev
- Newsletter *Mesa Economic Reporter*
- LinkedIn @Mesa Office of Economic Development



Falcon Strategic Visioning Commission
Final Report, August 2014

Falcon Field Economic Activity Area Strategic Plan



Mesa City Council

Alex Finter | Mayor
Dave Richins | Councilmember, District 1
Terry Benelli | Councilmember, District 2
Dennis Kavanaugh | Councilmember, District 3
Christopher Glover | Vice Mayor, District 4
David Luna | Councilmember, District 5
Scott Somers | Councilmember, District 6

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Rosa Roy | Creative Human Resources Concepts LLC
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City of Mesa Staff Liaisons:

Christopher J. Brady | City Manager
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Jaye O'Donnell | Economic Development Deputy Director
Scot Rigby | Senior Project Manager, Office of Economic Development

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Exhibit 7. Vacant Parcel Zoning Map
Exhibit 8. Uses allowed in Light Industrial (LI) / Uses allowed in General Industrial (GI)
Exhibit 9. Business Assistance: Local and State Programs and Incentives

Falcon Field Economic Activity Area

Executive Summary

The Falcon Field Economic Activity Area (FFEAA) is one of Mesa's most dynamic, high value and dense zones of employment and economic opportunity. Within 3.5 square miles, more than 600 businesses in the FFEAA create nearly 19,000 jobs which generate more than \$2.3 billion in economic impact annually to the City, region and State. With a vibrant general aviation airport at its core, the FFEAA offers numerous opportunities for enhancing employment centers, developing sports tourism and creating new jobs through organic growth.

The Falcon Strategic Visioning Commission was established by Mayor Alex Finter and the City Council to accelerate the pace of economic progress and ensure the Falcon Field Area continues to excel and grow. As directed by the Mesa City Council, the Falcon Strategic Visioning Commission has examined the strengths, challenges, opportunities and untapped growth sectors as well as potential barriers to success of the area. Based on these findings, coupled with an unrestricted look at what may be possible within the area, the Commission has prepared a strategic action plan that will, if implemented and funded, result in robust and dynamic change within the FFEAA.

Key strategies include Business Development, consisting of business attraction, retention and expansion, and Branding and Marketing. In addition, product development including sports tourism and the maximization of existing City-owned resources, is encouraged. A brand strategy, combined with an integrated marketing and communications plan, will raise the level of awareness and promote the FFEAA to previously untapped markets and employers. Performance metrics will be used to monitor the progress and effectiveness of these strategies.

Falcon Field Economic Activity Area Overview and Supporting Information

Objective

The Falcon Field Economic Activity Area (FFEAA) Strategic Visioning process is a concerted effort to establish a strategic economic development direction for the Falcon Field Airport and surrounding non-residential areas in Northeast Mesa to guide future development efforts. The visioning process will generate a strategy critical to providing a course of action to support and retain existing on and off-airport businesses, attract new businesses that supply high-quality* jobs to the FFEAA and to protect it from residential pressure and encroachment. Basic analysis of Mesa's strengths, weaknesses, and opportunities, as well as an examination of untapped growth sectors and external barriers to success will frame the strategy.

**A high-quality job is defined as a full-time equivalent position that pays an annual wage at or above 125% of the annual median wage (\$35,275) for Maricopa County, or greater than \$44,094 (2013).*

Strategic Vision

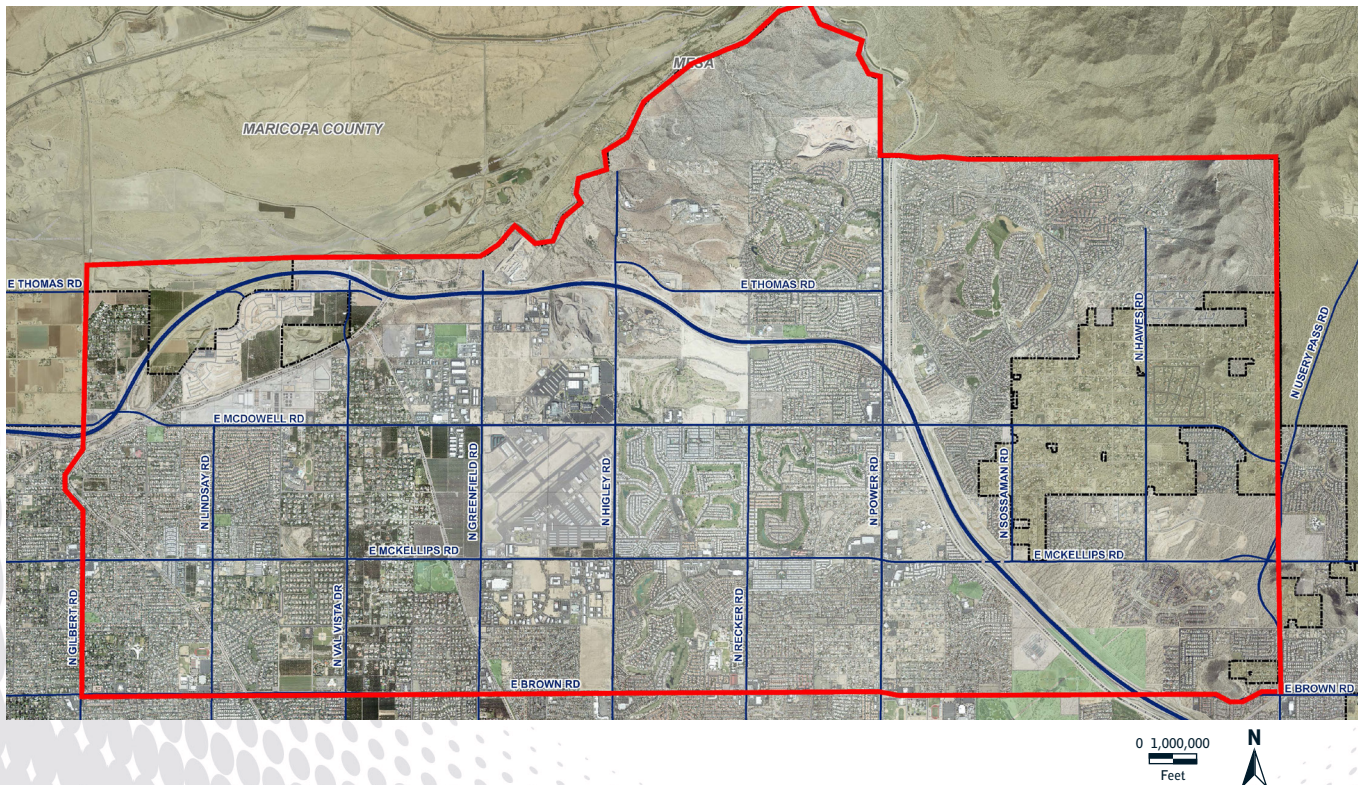
The Falcon Field Economic Activity Area (FFEAA) will be recognized locally and nationally as a vibrant aerospace, aviation, and defense hub – a premier location for companies in industry sectors seeking a highly attractive, competitive operating environment in which to grow. Anchored by a city-owned general aviation airport and boasting a high-tech workforce, knowledge-based company decision-makers will regard the FFEAA as a thriving destination to grow their business and to live and recreate, set against the beautiful backdrop of Red Mountain and Mesa's sports tourism facilities.

Falcon Field Economic Activity Area (FFEAA)

The FFEAA is in the Northeast corner of the City of Mesa, 18 miles east of Phoenix Sky Harbor International Airport. The 35+/- square mile area is bordered on the north by the Salt River and State, Tribal, and Federal lands; on the south by Brown Road; and is bisected by the SR 202 Red Mountain Freeway. The FFEAA's western border is Gilbert Road and the eastern boundary is Ellsworth Road.

The largest single ownership of the area is the former US and British fighter pilot training airfield, Falcon Field Airport. The City-owned airport encompasses approximately 800 acres of airfield and airfield support property. As the fourth busiest general aviation airport in the United States, the airport serves both small (less than 10 employees) businesses, and international aviation companies and defense contractors such as Boeing, MD Helicopters, Nammo Talley, and Timken that together employ more than 5,000 people. The airport is home to approximately 100 businesses that focus primarily on business activities related to aviation.

Falcon Field Economic Activity Area (FFEAA) outlined in red.



Falcon Field Economic Activity Area Business and Industry Profile

The entire Falcon Field Economic Activity Area (FFEAA) is home to 18,947 employees or more, and at least 671 companies in numerous industries. *See Chart A for details.* The categories are pre-determined industry clusters created by Maricopa Association of Governments (MAG) to group similar businesses together. From an employee perspective, the High Tech Manufacturing & Development cluster employs the greatest number of people at 30.1% of total FFEAA employment, despite representing only 2.8% of the total companies. Therefore, the amount of employment is much more dense for this industry cluster than in sectors such as Retail or Consumer Services. The High Tech Manufacturing & Development cluster includes the major aerospace companies such as Boeing, MD Helicopters, Nammo Talley and The Timken Company.

Other larger industries, based on total employees, in the area include Business & Consumer Services (14.5%), Retail (8.9%), Construction (13%), and Transportation & Distribution (7%).

Chart A: 2013 Falcon Field Area Employers by Industry

2013 Falcon Field Employers by Industry Breakdown				
Industry Sector	# of Employees	% of Total	# of Companies	% of Total
Business Svcs	1229	6.49%	88	13.11%
Construction	2457	12.97%	129	19.23%
Consumer Goods Manufacturing	159	0.84%	10	1.49%
Consumer Svcs	1517	8.01%	81	12.07%
Education	1265	6.68%	21	3.13%
Finance, Insurance & Real Estate (FIRE)	551	2.91%	42	6.26%
Government, Social & Advocacy Svcs	668	3.53%	50	7.45%
Health Care	767	4.05%	63	9.39%
High Tech Manufacturing & Development	5704	30.11%	19	2.83%
Hospitality, Tourism & Recreation	405	2.14%	18	2.68%
Media, Publishing & Entertainment	35	0.18%	4	0.60%
Metal Inputs & Transport-Rel. Manuf.	339	1.79%	9	1.34%
Non-Metallic Manufacturing	542	2.86%	10	1.49%
Resource-dependent Activities	253	1.34%	12	1.79%
Retail	1687	8.90%	65	9.69%
Telecommunications	17	0.09%	2	0.30%
Transportation & Distribution	1352	7.14%	48	7.15%
	18947		671	

**Maricopa Association of Governments Employer Database; Businesses with 5 or more employees*

Falcon Field Economic Activity Area Employment Growth from 2007-2013

Growth in Total FFEAA Employment 2007-2013 is flat while growth in total number of FFEAA companies 2007-2013 saw a 12% increase. Although some employers dropped down or off the list of Top 10 employers, Boeing gained 839 employees or 21%, and Special Devices grew their workforce by 12%. *See Chart B for details.*

The City of Mesa has made a deliberate effort to streamline development processes, update infrastructure and enhance marketing efforts for the FFEAA, which may explain the slight gain during the recession.

Chart B: FFEAA Employment and Company Growth
Top 10 Employers by Number of Employees

2013 # of Employees: 18,947 # of Companies: 671	2010 # of Employees: 19,338 # of Companies: 694	2007 # of Employees: 18,943 # of Companies: 601
Top 10 Employers Boeing Co 4,800 Special Devices, Inc. 400 Veolia Transportation 375 Walmart 331 MD Helicopters 255 Strongfield Trimco, Inc. 250 Nammo Talley, Inc. 249 CAE 170 The Timken Company 161 Frys Food Stores 130	Top 10 Employers Boeing Co 4,146 Veolia Transportation 504 Special Devices, Inc. 361 Walmart 350 Emerson 256 Nammo Talley, Inc. 254 Strongfield Trimco, Inc. 250 Creative Human Resources Concepts 237 MD Helicopters 207 Epic Plumbing 200	Top 10 Employers Boeing Co 3,961 Etelecare Global Solutions 500 Riggs Plumbing LLC 420 Walmart 370 Special Devices, Inc. 356 Metric Roofing, Inc. 350 Commercial Finance Serv. Inc 300 MD Helicopters 297 Creative Human Resources Concepts 237 Talley Defense Systems, Inc. 211
Top 10 Total: 7,121	Top 10 Total: 6,765	Top 10 Total: 7,002

**Source: Maricopa Association of Government (MAG): MAG utilizes data from Dunn & Bradstreet, historical data, sampling of companies and community verification. Data reported is for companies employing five or more full-time employees as reported by Dunn & Bradstreet.*

Market Overview and Analysis of Opportunities for Mesa

According to CoStar, the amount of vacant Office space in the City of Mesa, as well as the Falcon Field Economic Activity Area (FFEAA), has been steadily decreasing for the past four years. The current vacancy rate of Office space in Mesa (16%) is substantially higher than that of FFEAA (11.4%).

Similarly, Industrial and Flex space in the City of Mesa currently has a higher vacancy rate (11.3%) compared to the FFEAA (7.3%), while the overall vacancy rate for Industrial and Flex space has been decreasing in both areas for the past five years.

The current Rent Price Per sq. ft. and Sale Price Per sq. ft. for both the City of Mesa and the FFEAA are very similar for Industrial and Flex as well as Office properties. Note: CoStar lease and sales data is based on disclosures and reporting from the brokerage community. *See Appendix for additional detail and comprehensive CoStar reports, Exhibits 2-5.*

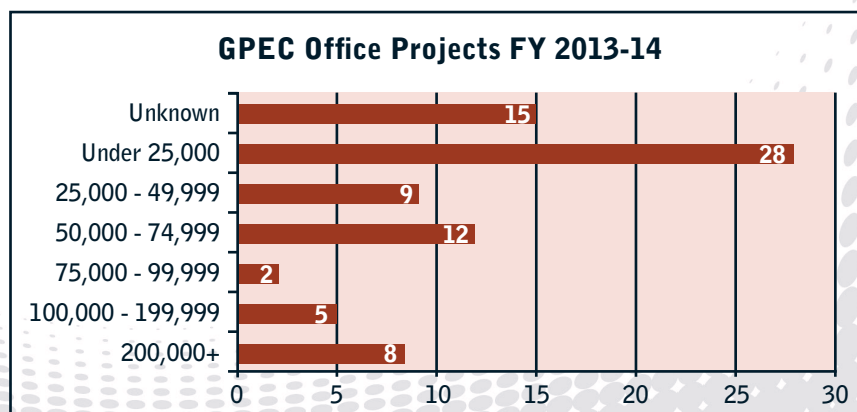
Business Development Trends – Office

While the data in CoStar indicates what may appear to be a positive trend, it does not represent an accurate picture of how supply in the FFEAA is falling short in meeting the needs of market demand. The City of Mesa frequently loses the opportunity to compete for deals due to lack of adequate space available to meet the demands of larger projects looking in the market.

Mesa's FFEAA Missed Opportunities

According to Greater Phoenix Economic Council (GPEC), 93% of prospects for FY2013-2014 requested existing buildings, up from 85% over a three-year average. For FY 2013-2014, GPEC serviced 79 Office projects to date. Reviewing existing inventory that matched the parameters of the 79 GPEC projects (report generated August 11, 2014), there is **only one** existing building that meets the space requirements for nine of the GPEC Office projects looking for 25,000-49,999 sq. ft. detailed in CoStar. For the **27 GPEC Office projects** requiring more than 50,000 sq. ft., CoStar reports **NO SPACE** available in the FFEAA. *See Graph 1 and 2 below.*

Graph 1.



Graph 2.

GPEC OFFICE PROSPECTS & MESA INVENTORY		
Size / SF	# of GPEC Office Prospects	# of Bldgs avail. in the FFEAA
Unknown	15	N/A
Under 25,000 (see divisible breakout)	28	44
0-5,000		44
5,000-14,999		8*
15,000-24,999		1*
25-49,999	9	1
50-74,999	12	0
75-99,999	2	0
100-199,999	5	0
200,000+	8	0
Total	79	
Source for Mesa properties: CoStar		

*Building space includes space in multiple categories and therefore can be counted more than once and are included in the overall total.

Smaller Space Available but Only Class B and C

While there are 44 properties that exist under 25,000 sq. ft., or are divisible to under 25,000 sq. ft., there are no Class A Office spaces reported in the FFEAA. The majority of space is listed as Class B and the balance is classified as Class C. Eight of the 44 properties listed are built before 1987, or 27 years ago, competing with new Office space in the East Valley.

Recent Development Activity on and around Airport in East Valley

According to a recent article in the *Arizona Republic*, Aug. 12, 2014, “Chandler airpark area seeing major expansion since recession”, commercial growth has accelerated after the Loop 202 freeway was completed. Freeway access is important to site selectors and readily available, move-in-ready commercial space is a must, or tenants will go elsewhere.

Chandler’s vice mayor said the area is attractive because of its designation as one of the city’s five employment corridors, which are specially protected for job creation. The presence of the airport, which the city has owned since 1948, creates a zone that is protected from residential encroachment and encourages Industrial / Office development.

There are nine end-user or speculative developments in planning, planned or under construction this year totaling approximately 1.4 million sq. ft. of Industrial / Office space according to officials at the City of Chandler. Considering some of these nine developments are speculative and average 155,000 sq. ft., it enables Chandler to better compete for the bigger projects in the region’s (GPEC) and State’s (ACA) pipeline. Mesa, specifically the Falcon Field Economic Activity Area, cannot compete when the commercial space does not exist. Plans for future business development will need to reflect options for dealing with these challenges.

Demographics: City of Mesa / FFEAA

Below is a chart of the City of Mesa demographic profile summary as compared to the Falcon Field Economic Activity Area demographic profile summary. Chart C is a high level snapshot of basic demographic categories. A full demographic profile is included in the Appendix of this document.

Chart C: Demographic Summary comparing Mesa and the FFEAA

Demographics	Mesa	Falcon Field
Total Population	454,981	61,916
Median Age	35.3	44.1
Median Household Income	\$47,801	\$70,147
Population Earning above \$100,000	14.1%	32.5%
Per Capita Income	\$23,491	\$35,712
Population 25+ by Educational Attainment		
Total	295,652	42,876
High School Graduate	22.4%	17.8%
GED/Alternative Credential	3.9%	2.7%
Some College, No Degree	27.9%	26.9%
Associate Degree	8.4%	9.1%
Bachelor's Degree	16.3%	24.1%
Graduate/Professional Degree	8.2%	14.7%
Employed Population 16+ by Occupation		
Total	191,514	27,298
White Collar	59.1%	71.8%
Management/Business/Financial	12.9%	19.9%
Professional	18.4%	23.8%
Sales	11.7%	13.0%
Administrative Support	16.1%	15.1%
Services	22.2%	15.0%
Blue Collar	18.7%	13.1%

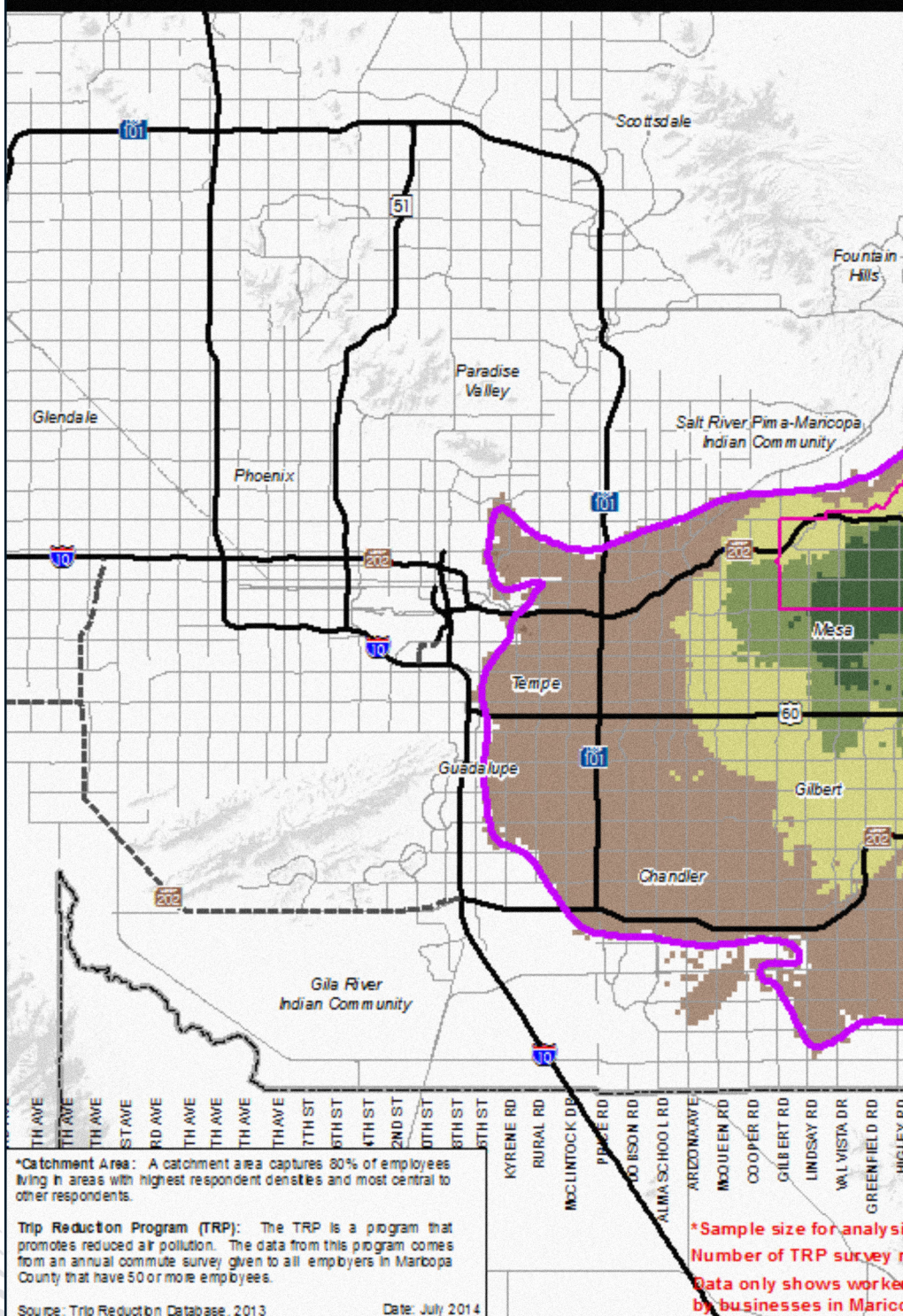
Source: ESRI Community Analyst, July 2014

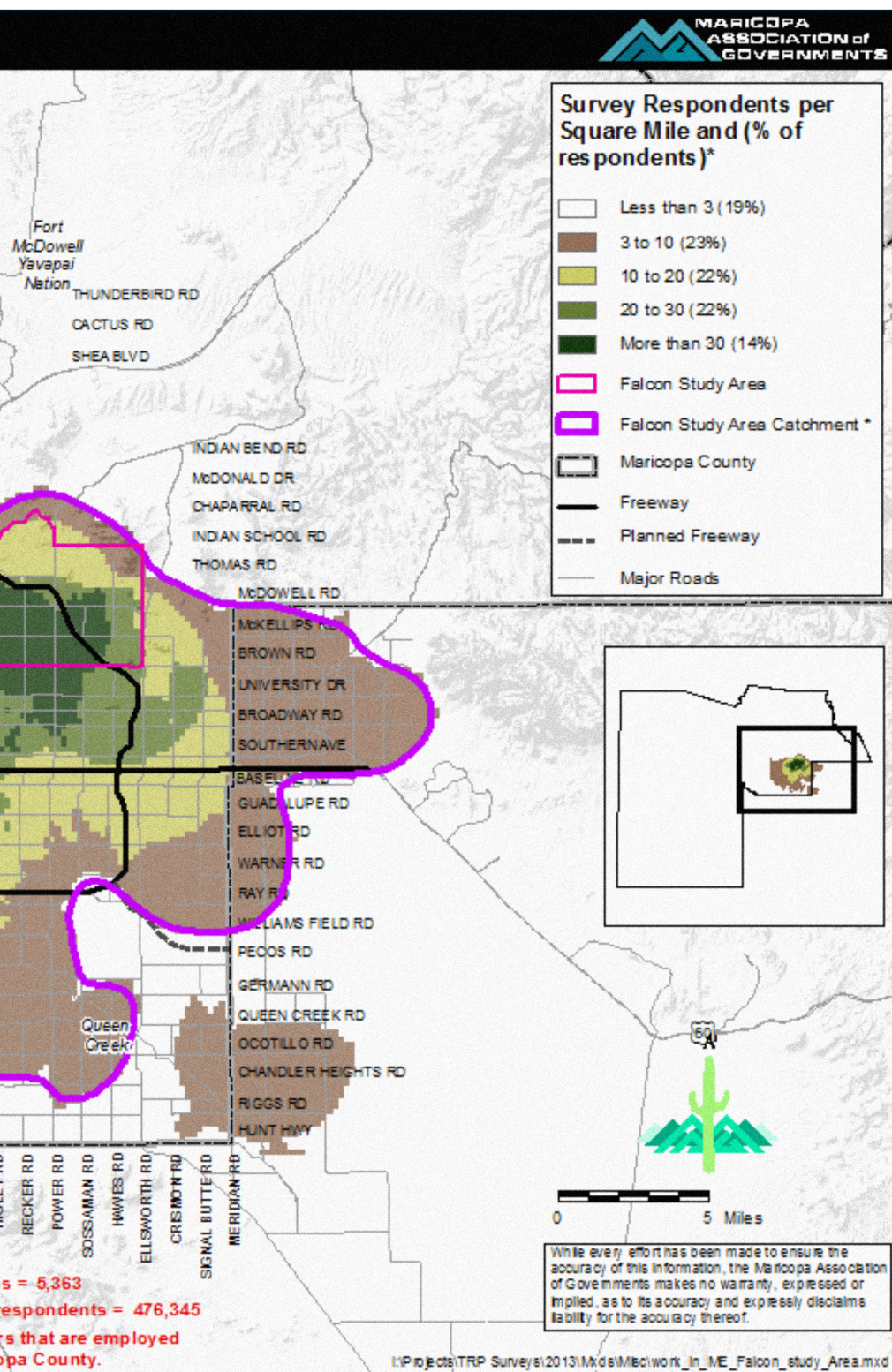
Employees Living and Working in the FFEAA

For the FFEAA, there are 5,363 employees included within the sample surveyed by Maricopa County's Trip Reduction Program in 2013. Of the 5,363 employees working in this area, 2,962 (55%) live in the Mesa incorporated area and 2,401 (45%) live outside of the Mesa incorporated area. Attached is a map showing this data visually.

Please note the analysis for live/work variables are limited to employers with 50 or more employees.

Where People Working in the Mesa Falcon Study Area Live



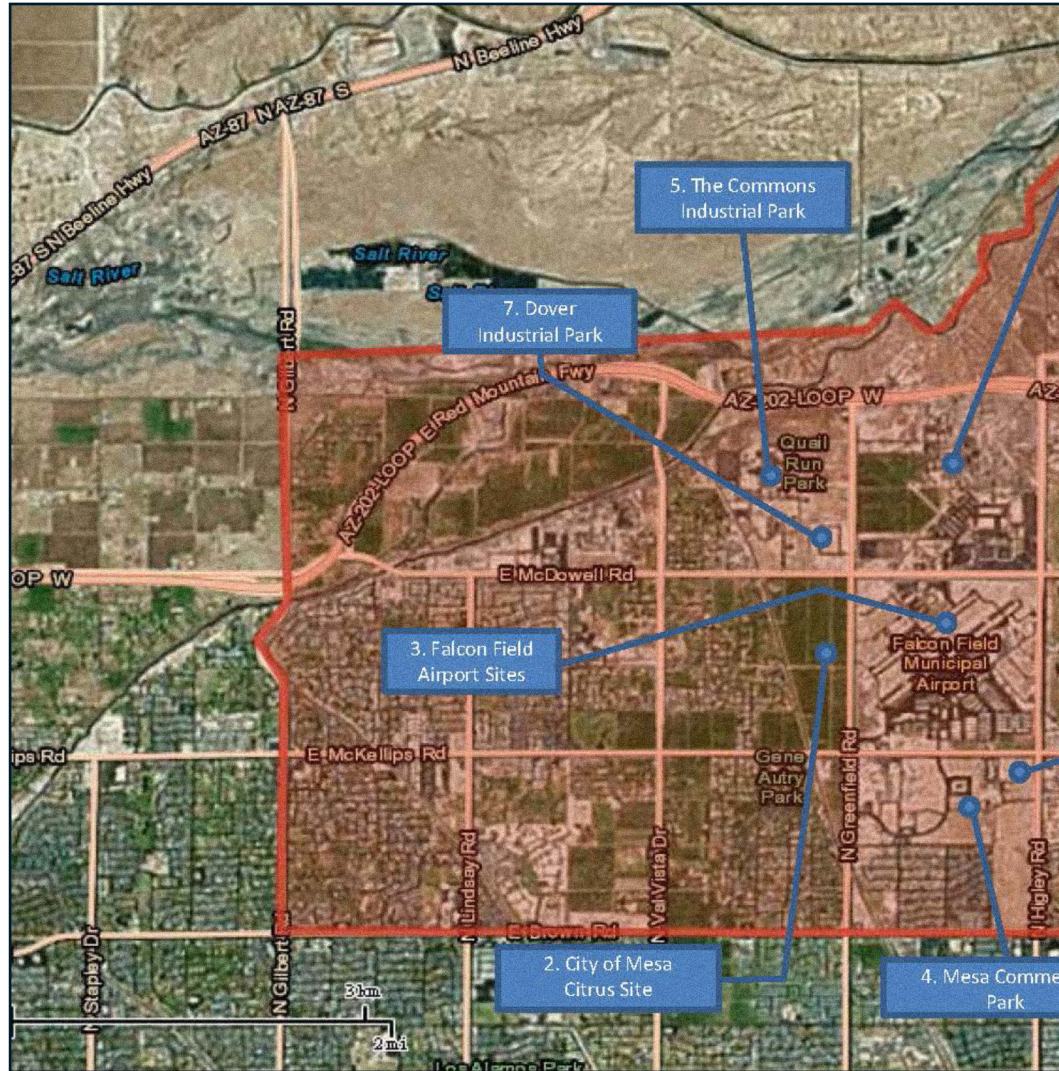


FALCON FIELD ECONOMIC ACTIVITY AREA DEVELOPMENT OPPORTUNITIES

Available Space for Development

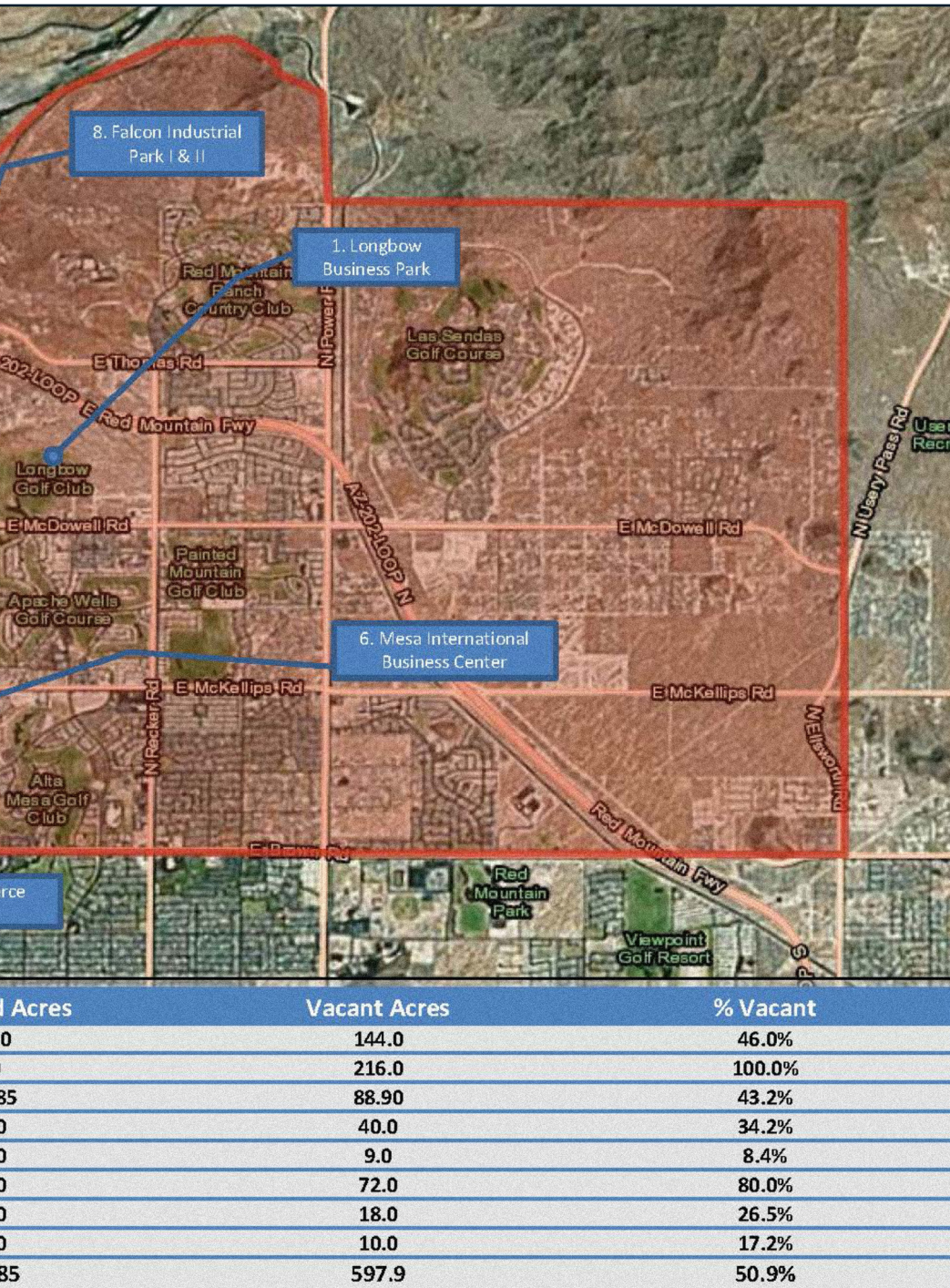
The FFEAA encompasses approximately 35 square miles of land. The vast majority is comprised of residential or open space. Non-residential developments are primarily located directly adjacent to Falcon Field Airport or along SR 202 Red Mountain Freeway.

Please see the Falcon Field Economic Activity Area Development Opportunities map.



	Development Opportunities	Total Acres	Occupied
1	Longbow Business Park	313.0	169.0
2	City of Mesa Citrus Sites	216.0	0.0
3	Falcon Field Airport Sites	205.75	116.8
4	Mesa Commerce Park	117.0	77.0
5	The Commons Industrial Park	107.0	98.0
6	Mesa Intl. Business Center	90.0	18.0
7	Dover Industrial Park	68.0	50.0
8	Falcon Industrial Park I & II	58.0	48.0
	TOTAL	1,174.75	576.8

August 2014



Prospect Analysis

Greater Phoenix Economic Council & Arizona Commerce Authority Leads

The City of Mesa has worked closely with Greater Phoenix Economic Council (GPEC) and the Arizona Commerce Authority (ACA) to propose multiple sites and properties within the FFEAA for project inquiries. During the last two fiscal years, there were 105 leads GPEC shared with the City of Mesa. Of those, **only 24** of the project submissions included the FFEAA properties and buildings. Of the 105 leads shared by GPEC, 70 prospects required existing buildings or land parameters that FFEAA did not have.

City of Mesa Submissions Offering FFEAA Properties or Buildings

In fiscal years 2012/2013 and 2013/2014, 40 properties were submitted in the Falcon Field area **for 24 E-Tracked Projects** from the Arizona Commerce Authority and Greater Phoenix Economic Council. These 24 projects together totaled 5,436 jobs with an average annual wage of \$47,842, \$444 million in capital investment, and nearly 2.6 million in total square footage requirements. Out of these **24 projects, 16 were looking** for existing facilities, five were considering existing or build-to-suit, and three were exclusively looking for build-to-suit.

Note: At "press time", there are still 14 Active projects from the 20 projects to which the City of Mesa responded. An additional five have been terminated without knowledge of disposition, two are on hold, two selected other locations out of state and one landed in Scottsdale.

Chart D: Falcon Field Economic Activity Area Properties Submitted for E-Tracks

Fiscal Year 2012/2013 - 56 Total E-Tracks								
Name of Project	# of FFEAA Sites	Type	Location(s)	# of Jobs	CapX (in \$M)	Avg. Wage (in \$K)	Facility Sq. Ft.	Disposition/Project Status
ACTIVE								
Broadway	3	Existing	4310 E McDowell Rd; 4738 E Ingram St; 3110 N Oakland Rd	100	-	-	25,000	Still Active; No decision made
PB	1	BTS	Greenfield Rd & Loop 202	70	-	\$72	-	Still Active; Client conducting due diligence, looking to schedule site visits, w/ 1 Mesa site in play
INACTIVE								
Sea Change	2	Existing	Falcon Field Airport "East Parcel" & "Orchard Property"	400	-	\$41	300,000	Project Placed On Hold
Speed	4	Existing	Longbow; Loop 202 & Greenfield; SWC McKellips Rd & Ivy St; SWC Greenfield & McDowell	65	\$0.5	\$48	15,000	Located in Scottsdale

Fiscal Year 2012/2013 - 56 Total E-Tracks (cont.)								
Name of Project	# of FFEAA Sites	Type	Location(s)	# of Jobs	CapX (in \$M)	Avg. Wage (in \$K)	Facility Sq. Ft.	Disposition/Project Status
INACTIVE								
Spectrum	1	Existing	4310 E McDowell Rd	43	-	-	14,000	Phoenix was not shortlisted, client preferred TX & FL
Radiate	3	Existing	5550 E McDowell Rd Bldgs A & B; NWC Greenfield & McDowell	20	\$60	\$70	-	Project Terminated
Twelve	2	Existing	3450 N Higley Rd Bldgs 1 & 2	75	-	\$45	25,000	Project Terminated
Mario	1	Existing	4310 E McDowell Rd	100	-	-	30,000	Project Terminated
FY 12/13 Sub-Totals	17			873	\$60.5	\$46.5	409,000	# of Projects w/ FF submissions = 8 (14% of 12/13 E-Tracks)

Fiscal Year 2013/2014 - 49 Total E-Tracks								
Name of Project	# of FFEAA Sites	Type	Location(s)	# of Jobs	CapX (in \$M)	Avg. Wage (in \$K)	Facility Sq. Ft.	Disposition/Project Status
ACTIVE								
Sanus	5	BTS	Longbow; NW Loop 202 & Recker Rd; N Recker Rd @ McKellips; 3150 N Recker Rd; NE Virginia St & Greenfield	471	\$35	\$47	350,000	Still Active and conducting due diligence
Powder	2	Existing or BTS	NEC Higley & Thomas Rd; NEC Virginia St & Greenfield Rd	42	\$61	\$66	115,000	Still Active
Auto	3	BTS	Longbow; Greenfield Rd & 202; SWC Val Vista Dr & 202	200	-	\$32	200,000	Still Active
H2	3	Existing or BTS	Longbow; NWC Recker & McDowell; NWC Greenfield Rd @ McDowell	1	-	\$40	15,000	Still Active
Bliss	1	Existing	3130 N Oakland	90	-	\$33	25,000	Still Active
Knock #1	1	Existing or BTS	Longbow	1,800	\$159	\$45	530,000	Still Active
Knock #2	1	Existing or BTS	Longbow	750	\$68	\$42	227,000	Still Active
Amped	1	Existing	Greenfield Rd & 202	125	\$7.5	\$45	100,000	Still Active
Apex	4	Existing or BTS	Longbow; SW McKellips & Ivy; Recker & Loop 202; Loop 202 & Greenfield Rd	40	\$7.7	-	120,000	Still Active
West	3	Existing or BTS	Longbow; Dover Industrial; SW McKellips & Ivy	50	\$5.0	-	75,000	Still Active
Quantum	1	Existing	Hewson Dover Bldg D	100	\$1.0	\$25	30,000	Still Active
Kernel	1	Existing	3130 N Oakland	50	\$3.8	\$40	30,000	Still Active
INACTIVE								
Northsight	2	Existing	4738 E Ingram; 4151 E Quartz Cir	55	\$5	\$45	40,000	Project Placed On Hold
Falcon	2	Existing	1850 N Higley Rd; 1918 N Higley Rd	50	\$2	\$40	-	Project Terminated
Technica	1	Existing	4738 E Ingram	30	\$1.5	\$60	25,000	Project Terminated
Nightingale	1	Existing or BTS	Longbow	709	\$27	\$75	300,000	Located Elsewhere, exact location not known
FY 13/14 Sub-Totals	32			4,563	\$384	\$47.5	2,182,000	# of Projects w/ FF submissions = 16 (33% of 13/14 E-Tracks)
Totals	49			5,436	\$444	\$47	2,591,000	Total # of Projects w/ FF submissions = 24 (23% of E-Tracks in 12/13 & 13/14)

Source: Mesa Office of Economic Development Customer Relationship Management database Note: A " - " signifies that the specific metric/number was never provided by the client and thus not included in the calculations.

Additional Opportunities

Existing Businesses are Critical to Mesa's Sustainable Growth

Mesa, Arizona is the third largest city in the State and the second largest city in the Phoenix Metropolitan area. With a population of more than 450,000 residents and a city boundary of 133 square miles, the City is a strong partner for the Phoenix Metropolitan area in regional economic development.

The City of Mesa recognizes that existing businesses are a vital component of building a robust and diverse economy. According to the Bureau of Labor Statistics Business Employment Dynamics, approximately 80% of job growth comes from existing businesses. Coincidentally, 80% of job loss comes from existing businesses contracting or closing. Existing businesses in Mesa are a critical focus for both retention and expansion strategies.

Mesa's Office of Economic Development, in partnership with the Mesa Chamber of Commerce, have renewed their commitments to these enterprises, and have implemented a strategy that centers on retention and expansion of existing businesses within the City. The City and Chamber are targeting companies to learn more about the challenges facing their respective industries and locations. Falcon Field Employment Activity Area is one geographic target in the City's boundaries.

City of Mesa Projects – Non-GPEC and ACA Generated Deals

The City of Mesa works on a large number of projects independently of GPEC and ACA. Several of these projects are considered retention and expansion projects; however, a large percentage of these projects are new investment and/or attraction. For example, during the last 24 months, the Mesa Office of Economic Development has worked on 12 non-GPEC/ACA projects that either originated in the Falcon Field Economic Activity Area or expressed interest in locating within the FFEAA. Of those, eight were attraction projects and four were expansions, combined representing more than 588 new jobs, annual average wage of \$49,000 and more than \$40 million in capital investment. Of these, five projects are still "active", four have "landed" or completed the process of selecting a site/announcing expansion, two are "on hold" and one "terminated". (Additional project detail is not able to be shared due to confidentiality.)

Strengths, Challenges, Opportunities, and Barriers to Success

An important part of any strategic planning exercise is assessing and understanding an area's Strengths, Challenges, Opportunities, and Barriers to Growth. Strengths and Challenges represent internal factors that exist within a community. Opportunities and Potential Barriers represent external elements that can impact a community. The following represents the results of this competitive analysis for the FFEAA:

1. Strengths

- a. Available industrial, flex, and office zoned property
- b. With more than 260,000 flight operations annually, Falcon Field is the fourth most active general aviation airport in the U. S. and second in the Phoenix metro area (Source: Federal Aviation Administration (FAA) Air Traffic Activity Data System (ATADS))
- c. Large number of privately-owned aircraft
- d. Airport is self-sustaining financially, only outside funding is from Arizona Department of Transportation and Federal Aviation Administration (FAA)
- e. Large aerospace / defense manufacturers anchored at Falcon Field Airport employing more than 5,000 people (Boeing and MD Helicopters)
- f. Freeway access
- g. Robust infrastructure (water, wastewater, gas & power)
- h. City motivated to attract business; a proven "can do" attitude and approach in City of Mesa leadership to Economic Development (facilitate, not regulate)
- i. Successes with HEAT initiatives
- j. Reverse commute traffic pattern from Phoenix and West Mesa
- k. Close proximity to local recreational areas

2. Challenges

- a. Lack of defined value proposition (Key differentiators are critical to the visioning process and to develop an actionable market strategy.)
- b. Perceived lack of commitment to existing Falcon Field aviation and non-aviation businesses
- c. Very low knowledge and recognition of area by the brokerage and development communities
- d. Office, industrial and flex land values and rents are higher than comps in Scottsdale, North Phoenix (Deer Valley), Goodyear, and other competitive sets. (Cost of land and leases not competitive for our market.)
- e. Capital improvement funds for the Airport are often from the federal government and are sometimes cumbersome to administer
- f. Perceived air traffic congestion
- g. Need to define and understand scalability, sustainability factors
- h. Fiber infrastructure needs to be improved

3. Opportunities and Untapped Growth Sectors

- a. Attractive demographic with FFEAA household incomes higher than Mesa household incomes.
- b. Demographics suggest a large number of business owners / executives living in the area, but operations elsewhere
- c. Numerous potential partners to cultivate, existing and new, to assist in quality development (existing area businesses and business owners, land and building owners, development and brokerage community, ACA, etc.)
- d. Desirable access to recreation areas (rivers, lakes, mountains), connections to trails / parks
- e. Boeing, MD Helicopters, Nammo Talley
- f. City control of zoning, permitting, and regulatory reform authority
- g. Development of on-airport business opportunities
- h. Relationships between industry and education providers
- i. Promotion of private aviation activities
- j. Hospitality, golf, sports and recreation
- k. Existing base of residents and workforce in the Southeast Valley familiar with the FFEAA

4. Potential Barriers to Success

- a. Limited freeway visibility and signage
- b. Escalating costs of aircraft ownership (fuel, operation and maintenance)
- c. Residential development near the Airport
- d. Limited “service delivery area” (50% of border is State, Tribal Community and Federal lands)
- e. Limited number of large sized parcels available for development
- f. Defense and aerospace industry retraction, Department of Defense spending reductions will affect some major employers
- g. Office, industrial, and flex land values and rents
- h. Type and size of existing commercial building inventory
- i. Close proximity to other airports
- j. Fragmented City approach to regulatory issues and airport development
- k. Lack of City commitment to airport marketing and sustainability
- l. Phoenix-Mesa Gateway Airport considered competition
- m. No clear plan for what businesses / developers can expect in the FFEAA
- n. No “Sense of Place” or strong identity for the area
- o. Using the airport to provide access to the national airspace system while serving the needs of general aviation, commercial aviation and the community generally in a balanced manner

Target Industries for the FFEAA

For the past several years, the City of Mesa's overall Economic Development priorities have been guided by Mesa's industries of opportunity: Healthcare; Education; Aerospace; and Technology/Tourism (HEAT). These five distinct industry sectors were selected based on Mesa's assets of available land, workforce, utilities, airports and existing businesses. The City Council and staff continue to prioritize these sectors throughout all of Mesa, including the Falcon Field Economic Activity Area.

Working with input and data from the Greater Phoenix Economic Council, Arizona Commerce Authority, and City staff, the Commission identified **two** specific industry sectors, Aerospace/Aviation & Defense and Advanced Business Services, that present better than average opportunities to attract new investment. Tourism is identified as a potential secondary target industry.

Primary Target Industries

Aerospace/Aviation & Defense

Aerospace/Aviation & Defense sectors are well established in Mesa and are the dominate industry clusters by number of employees in the FFEAA. Home of the nation's fourth busiest general aviation airport, and to major employers such as Boeing, MD Helicopters, ATK, CAE, Timken, Nammo Talley and Special Devices (5,500 full-time employees), as well as emerging companies such as Geco, Inc. and Phoenix Heliparts, the FFEAA has a strong foundation for continued growth.

Several members of the Commission have recommended developing closer relationships with the City's existing Aerospace and Defense businesses to ensure their growth and sustainability. The City should be working with these businesses to better understand the significant innovations developing in the industry and potential opportunities to attract companies and talent spurring these innovations.

Targeted business retention and expansion efforts by the City and its partners, coupled with the development of potential assistance programs for key sectors, will enable expansions of existing FFEAA businesses and attract innovative companies and emerging technologies as well. Frequent dialogue with local and corporate industry executives will help to identify and prioritize opportunities for Mesa, such as unmanned aircraft systems, avionics, surveillance systems, and others.

In addition, the City should foster connections between the aviation and the educational community to build a consistent pipeline of professional and skilled workforce. To support this, the City may need to explore creating specific programs and or incentives for aviation-related businesses who invest in the FFEAA to help improve the competitiveness of the Area. Consideration should be given for developing an incubator / accelerator in partnership with business and academia to develop human capital and commercialize technology in key sectors.

Advanced Business Services

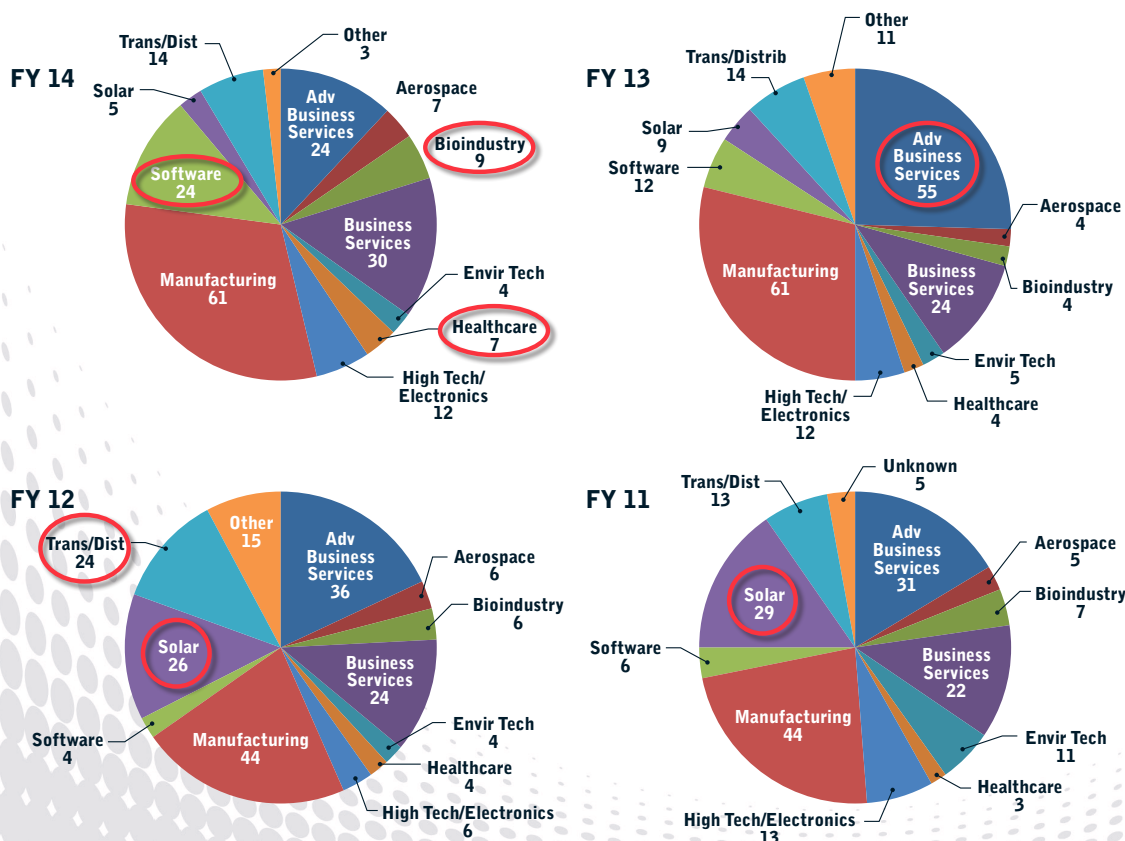
Advanced Business Services (ABS) represents one of the largest industry clusters in the FFEAA and generally includes enterprises that:

- derive most of their sales from business clients;
- provide product development and / or cost management solutions which are specifically tailored to the needs of clients;
- apply a high degree of creativity and intellectual expertise in delivering these solutions; and
- act as the **primary provider** of intellectual content as opposed to agents for other corporations providing pre-designed goods and services.

Examples of ABS businesses include banking, financial services, data centers, back office centers, consulting firms, accounting, mortgage, payroll processing, as well as software research, development and support, to name a few. The Greater Phoenix Economic Council's recent analysis breaking down the types of industry prospects demonstrates that Advanced Business Services and Business Services combined have comprised the largest segments of the prospects requesting GPEC's site selection services over the past several years. *See Chart below:*

Chart E: GPEC Prospect Report by Industry FY 11 – FY 14

Prospects by Industry



Source: Greater Phoenix Economic Council

In the FFEAA, ABS complements the strong infrastructure base of water, wastewater, fully improved streets, redundant electric grid, and freeway access. For smaller ABS projects, there is an adequate supply of existing office / flex buildings. However, for larger projects seeking existing space over 25,000 sq. ft., supply is grossly inadequate and new supply will need to develop quickly to maximize the window of opportunity. Several greenfield sites are available and are suitable for new build-to-suit office campuses adjacent to the Loop 202 freeway.

The attributes and assets of the area, combined with the upward trend within the Office and ABS sector, and the forthcoming effort to rebrand and aggressively market the FFEAA, indicate an above average opportunity to attract additional businesses in this sector.

Secondary Target Industry

Tourism

The FFEAA is both home and gateway to many outdoor activities such as hiking, mountain biking, and climbing in the City parks as well as in the adjacent mountain areas. It is purported that thousands of Arizona residents fish, kayak, tube and paddleboard the Salt River, as well as boat, ski, and wakeboard on nearby lakes. The clear economic impact however, is not known and has not been studied.

Coordinated efforts should be made by the City, the Mesa Chamber of Commerce, Visit Mesa and other organizations to first assess the market potential and then to capture a greater percentage of travelers as they utilize Mesa's unique amenities in the desert. With year-round access to lakes, rivers and parks, and assuming the market would support it, effort could be made to attract outfitters, sporting equipment manufacturers and retailers.

In addition to activities using the natural features of the area, the City should work to promote Sport Tourism utilizing existing parks: Quail Run, Gene Autry and Red Mountain; as well as planned park sites and other open space areas (City's extensive orange groves) as prime locations. These sporting complexes can attract events and tournaments, subsequently driving hotel bookings, development and retail/restaurant activity. This will elevate Mesa as a regional and national sports recreation destination and infuse the area with new dollars from outside the region.

Examples of destination facilities include Disney's Wide World of Sport Complex in Tampa, a 100-acre campus that offers multiple indoor and outdoor sporting opportunities, and Foley Sports Complex (under construction) in North Myrtle Beach which will feature local and regional sporting events. A greater emphasis should be placed on connecting recreational facilities with paths, greenbelts and other off-street access.

Falcon Field Economic Activity Area Strategic Economic Plan

August 2014

Goals and Strategies

To execute the mission, the Commission has outlined goals and objectives for consideration by Mesa City Council to establish the City's strategic direction for economic development within the FFEAA. The recommendation from the Commission discusses two distinct components, or strategies (campaigns), for accomplishing the mission: **1.) Business Development** and **2.) Branding and Marketing**.

The first goal is **to create and retain quality jobs in the FFEAA** and requires a three-prong approach: attracting new business; retaining and expanding existing businesses; and product development. Product development for the purpose of this document, includes research, analysis and planning to identify feasible opportunities to pursue for tourism and commercial development that would yield an attractive return on investment. Ideally, over the next three to six months, a business development plan would be created and execution would begin. The business development plan would be a three to five year effort with annual performance measures and key milestones to identify success.

The second component, to run concurrently with the first outlined above, involves a **concerted effort in promoting** the Falcon Field Economic Activity Area (FFEAA). Marketing and branding efforts for the FFEAA need to be prioritized during the current fiscal year. The FFEAA has quality assets in key industries and a detailed plan for distributing the message is needed immediately. There is a known contingent in the development and brokerage community who are relatively unaware of the benefits of locating in the FFEAA. With targeted and strategic promotion, the visibility of the FFEAA could be raised substantially.

Business Development

Goal 1. Create and Retain Quality Jobs

To attract, grow and retain high quality jobs, increase capital investment, expand the tax base, and diversify industries in the FFEAA.

Objective 1:

Business attraction. Generate quality leads of businesses exploring relocation or expansion opportunities.

Strategies:

- a) Identify staff and resources within the City of Mesa Office of Economic Development to focus on achieving the goals and objectives outlined in the document.
- b) Direct City staff to examine and implement methods, programs or incentives to spur development within the FFEAA which may include creation of new tools (financial resources, self-certification, flexible zoning and/or overlays, signage, evaluating length and rate of lease terms on-airport and airport fees, non-traditional resources) *These programs would be accessible to new and existing businesses.
- c) Develop and implement a marketing campaign directed at major commercial brokerage institutions in the Phoenix-Mesa area to educate them about the opportunity and/or available buildings/properties within the FFEAA.
- d) Respond strategically to leads from the Greater Phoenix Economic Council (GPEC), Arizona Commerce Authority (ACA), as well as leads from other partners.
- e) Market new and/or existing business assistance programs including Foreign Trade Zone, expedited or Self-Certified plan review and permitting, and customized solutions (build-to-suit/lease), etc., to decision-makers in key industries.
- f) Work with partners to create strategies and winning solutions for project proposals to the Arizona Commerce Authority, GPEC, brokerage inquiries, etc.
- g) Build relationships with key site selection professionals and commercial real estate brokers in an effort to increase direct lead generation.
- h) Work with existing land and building owners to cooperatively market (CoStar service), brand and price their land and facilities accordingly.
- i) Prioritize “game changer” companies and develop a plan to pursue them.
- j) Develop a strategy and timeline to address fiber infrastructure opportunities.

Supporting Tactics May Include:

- a) City staff to inventory relevant buildings/land for business attraction efforts in the industries of opportunity within the FFEAA. CoStar represents a portion of the available land and buildings in the FFEAA.
- b) Facilitating regular conference calls, monthly meetings, or other forums, with key sales and marketing partners.

Timeline: 3-12 months

Resources / Budget / Source of funds:

City of Mesa Office of Economic Development staff – reallocation of priorities and resources.

Objective 2.

Business retention and expansion.

Strategies:

- a) Provide assistance to existing FFEAA companies to ensure their continued health and aid in their ability to grow and thrive in the community by providing technical assistance and expertise on subjects such as expansion options, permitting guidance, financing options, etc.
- b) Identify needs of existing area businesses to improve their ability to recruit and retain employees such as convenient / affordable housing for employees, support businesses for the companies, hotels, retail, etc. plus training and education support for employees.
- c) Aggressively implement Mesa's Business Retention & Expansion (BRE) program with partners, including the Chamber of Commerce, to identify and meet with companies. Utilize the data to assist in retaining and expanding businesses.

Timeline: Ongoing

Resources / Budget / Source of funds: Currently being executed in City of Mesa Office of Economic Development scope of services.

Objective 3.

Product development. Identify feasible opportunities for tourism and commercial development that may yield return on investment for the FFEAA.

Strategies:

- a) Conduct a feasibility study to determine the economic potential of Red Mountain Park and or the City orange groves into a City-owned and operated "Mega Sports Complex".
- b) Conduct a Visitor Profile study to determine the potential of subsector markets in the tourism industry (cultural traveler, youth sports, outdoor adventurer, culinary arts, etc.) and the potential opportunity to build products in the FFEAA to maximize the opportunity those travelers represent.
- c) Work closely with Visit Mesa to identify synergies between tourism and economic development agencies to maximize resources and increase awareness of the FFEAA as a business and travel destination.
- d) Leverage City of Mesa-owned real estate and utilities within the FFEAA to add value to city site proposals and packages. Consider creating P3 partnerships to develop spec office space.
- e) Direct city staff to identify redevelopment opportunities with recommendations for creative uses. Develop streamlined processes to make sites more productive and attractive. May consider focusing on smaller companies for infill / redevelopment projects.
- f) Consider adopting minimum standards for commercial on-airport businesses.

Timeline: 3-12 months

Resources / Budget / Source of funds: Feasibility Study for Sports Complex: \$75,000 – public / private partnership.

Visitor Profile Study: \$75,000 – public / private partnership.

Objective 4.

Maintaining high quality neighborhoods.

Strategies:

- a) Focus on what is needed to continue to attract and maintain neighborhoods, retail/restaurants, recreational/cultural amenities, etc. that will sustain the FFEAA.
- b) Examine and improve where appropriate, the area infrastructure to support existing, growing, and new businesses and technologies, as well as improvements that would add to the quality of life for residents in the FFEAA. Inventory and assess amenities and infrastructure including streets, trails, entry points, facades, etc.
- c) Identify areas to develop additional greenbelts and pathways to connect public spaces within Northeast Mesa.

Timeline: 3-12 months

Resources / Budget / Source of funds: To be determined.

Performance Measures / Defining Success / Deliverables:

- » Increase the number of quality, high-wage jobs created in the FFEAA by 5 percent or 950 jobs, over the next three years.
- » Attract \$25 million capital investment through new attractions and existing expansions in the FFEAA over the next three years.
- » The FFEAA will have an Annual Report highlighting progress and accomplishments.

Branding and Marketing

Goal 1. Build awareness, increase visibility and aggressively promote FFEAA as an attractive destination for businesses to grow.

Increase awareness, drive interest and increase leads from businesses in targeted sectors for site location in the Falcon Field Economic Activity Area (FFEAA).

Objective 1:

Create a brand strategy for the FFEAA.

Strategies:

- a) Develop a new brand for the FFEAA.
- b) City staff to coordinate a stakeholder committee of residents, business representatives, and other community members, to work on the brand and participate in creating the new FFEAA brand pillars, messaging, positioning statement/value proposition, etc.
- c) City staff to lead this effort and coordinate resources and stakeholder participation.

Timeline: 3-6 months

Resources / Budget / Source of funds:

Brand development and strategy – to be developed internally by City staff or if outside consultant is used: \$75,000.

Objective 2:

Create a marketing and communications plan for the FFEAA.

Strategies:

- a) In concert with the branding process, develop a marketing plan identifying target audiences, target industries and measurable performance indicators.
- b) Develop and implement a consistent and cohesive marketing strategy, aimed at local, national and international target audiences (including site selectors and company executives), establishing the FFEAA and Falcon Field Airport as a desirable location for investment by targeted, high skill industries.
- c) Educate target audiences on the value of the FFEAA to the media, residents, businesses, economic development partners, and decision-makers.
- d) Incorporate specifics of the FFEAA brand value proposition into the City of Mesa Economic Development “Road Show” promoting city services, business resources (P&Z), and signature projects; make presentations at various conferences held locally, regionally, and nationally to reach the target audiences including brokers, site selectors, real estate consultants, company decision-makers, and other related professionals.
- e) Work with partners to shape the FFEAA as an attractive opportunity for development – participating in the FFEAA improvement projects, marketing land and buildings, existing business mix, workforce, infrastructure improvements, etc.

- f) Publish a City of Mesa Development Resource Guide that explains the process for expediting development and construction projects.
- g) Collaborate with state, regional and local business development organizations such as Arizona Commerce Authority, GPEC, Arizona Technology Council, local arts and culture community, and others to improve Mesa's profile as a top tier destination to live, work and build a business.
- h) Work with Chamber of Commerce, Visit Mesa and East Valley Partnership and other community partners to promote the FFEAA. Identify and coordinate "who" will be doing "what" as part of the Marketing / Communication strategy and outreach efforts.

Timeline: 3-9 months

Resources / Budget / Source of funds:

Advertising / Public Relations / Promotions - \$50,000 – public / private partnership

Familiarization Tours (2) - \$10,000.

Performance Measures / Defining Success / Deliverables:

- » The FFEAA will have a clearly defined value proposition, key differentiators and brand supporting an economic development "actionable market strategy".
- » Create appropriate targets for key performance measures for years 1-5.
- » Increased earned local and national media.
- » Conduct two broker/developer familiarization tours of the FFEAA per year.
- » Increase lead generation year over year.
- » Track conversion rate of leads to locates to establish a baseline.
- » Identify Mesa's Office of Economic Development as the prime point of contact for businesses.

Budget Summary

- City of Mesa OED staff – reallocation of priorities and existing resources
- Feasibility Study for Sports Complex: \$75,000 – public / private partnership
- Visitor Profile Study: \$75,000 – public / private partnership
- Brand development and strategy – maximum of \$75,000 if outside consultant utilized
- Advertising / PR / Promotions - \$50,000
- Familiarization Tours (2) - \$10,000

Several of these items may be accomplished using existing City of Mesa resources and community partners.

Appendix

Exhibit 1

Community Profile

Falcon Field and Mesa Comparison

City of Mesa - Office of Economic Development



	Mesa	Falcon Field Area
Population Summary		
2000 Total Population	399,930	51,342
2010 Total Population	439,041	59,488
2014 Total Population	454,981	61,916
2019 Total Population	480,530	65,432
Household Summary		
2014 Households	171,244	22,984
2019 Households	181,116	24,379
Median Household Income		
2014	47,801	70,147
2019	54,351	83,666
Median Home Value		
2014	\$167,372	\$243,708
2019	\$206,862	\$276,496
Per Capita Income		
2014	\$23,491	\$35,712
2019	\$26,766	\$41,668
Median Age		
2010	34.7	43
2014	35.3	44.1
2019	36	44.7
2014 Households by Income		
Household Income Base	171,243	22,984
\$35,000 - \$49,999	15.7%	10.6%
\$50,000 - \$74,999	20.8%	20.1%
\$75,000 - \$99,999	13.4%	14.7%
\$100,000 - \$149,999	8.7%	15.8%
\$150,000 - \$199,999	3.2%	9.0%
\$200,000+	2.2%	7.7%
Population Earning above \$100,000	14.1%	32.5%
Average Household Income	\$61,940	\$95,860
Average Home Value	\$262,977	\$364,541

Data Note: Income represents the preceding year, expressed in current dollars. Household income includes wage and salary earnings, interest dividends, net rents, pensions, SSI and welfare payments, child support, and alimony.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2014 and 2019. Esri converted Census 2000 data into 2010 geography.

	Mesa	Falcon Field Area
2014 Population by Age		
Total	454,980	61,919
0 - 24	35.0%	30.6%
25 - 44	26.7%	20.3%
45 - 64	22.6%	30.4%
65+	15.8%	18.4%
2014 Population by Race/Ethnicity		
Total	454,981	61,916
White Alone	75.6%	88.9%
Black Alone	3.7%	1.7%
American Indian Alone	2.5%	0.9%
Asian Alone	2.2%	2.3%
Pacific Islander Alone	0.4%	0.2%
Some Other Race Alone	11.9%	3.3%
Two or More Races	3.7%	2.8%
Hispanic Origin	27.7%	10.5%
Diversity Index	65.6%	35.8%
2014 Population 25+ by Educational Attainment		
Total	295,652	42,876
High School Graduate	22.4%	17.8%
GED/Alternative Credential	3.9%	2.7%
Some College, No Degree	27.9%	26.9%
Associate Degree	8.4%	9.1%
Bachelor's Degree	16.3%	24.1%
Graduate/Professional Degree	8.2%	14.7%
2014 Population 15+ by Marital Status		
Total	358,079	50,630
Never Married	30.7%	22.9%
Married	51.0%	61.5%
Widowed	5.9%	5.0%
Divorced	12.4%	10.7%
2014 Civilian Population 16+ in Labor Force		
Civilian Employed	91.8%	93.8%
Civilian Unemployed	8.2%	6.2%
2014 Employed Population 16+ by Industry		
Total	191,515	27,297
Agriculture/Mining	0.6%	0.5%
Construction	7.3%	5.7%
Manufacturing	8.4%	12.2%
Wholesale Trade	1.9%	2.7%
Retail Trade	12.8%	11.3%
Transportation/Utilities	4.6%	4.4%
Information	1.5%	1.2%

Data Note: Persons of Hispanic Origin may be of any race. The Diversity Index measures the probability that two people from the same area will be from different race/ethnic groups.

	Mesa	Falcon Field Area
Finance/Insurance/Real Estate	8.3%	8.7%
Services	51.4%	49.0%
Public Administration	3.3%	4.3%
2014 Employed Population 16+ by Occupation		
Total	191,514	27,298
White Collar	59.1%	71.8%
Management/Business/Financial	12.9%	19.9%
Professional	18.4%	23.8%
Sales	11.7%	13.0%
Administrative Support	16.1%	15.1%
Services	22.2%	15.0%
Blue Collar	18.7%	13.1%
Farming/Forestry/Fishing	0.2%	0.0%
Construction/Extraction	5.4%	3.0%
Installation/Maintenance/Repair	3.8%	2.3%
Production	4.1%	4.1%
Transportation/Material Moving	5.2%	3.7%
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2014 and 2019. Esri converted Census 2000 data into 2010 geography.		
©2014 Esri		

Exhibit 2

City of Mesa Industrial and Flex Space Summary

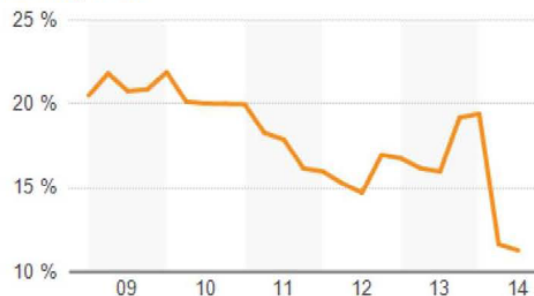
*Last 12 months = July 2013 - June 2014

Availability	Survey	5-Year Avg	Inventory	Survey	5-Year Avg
Rent Per SF	\$7.73	\$7.27	Existing Buildings	895	889
Vacancy Rate	11.3%	17.9%	Existing SF	18,712,605	17,622,837
Vacant SF	2,111,696	3,148,199	12 Mo. Const. Starts	13,923	504,329
Availability Rate	13.2%	19.0%	Under Construction	0	660,141
Available SF	2,465,847	3,438,460	12 Mo. Deliveries	28,948	395,040
Sublet SF	21,113	75,407			
Months on Market	10.5	10.9			

Demand	Survey	5-Year Avg	Sales	Past Year	5-Year Avg
12 Mo. Absorption SF	938,598	686,721	Sale Price Per SF	\$74	\$67
12 Mo. Leasing SF	1,056,100	1,171,463	Asking Price Per SF	\$81	\$71
			Sales Volume (Mil.)	\$149	\$66
			Cap Rate	8.4%	7.2%

*Source for all data is CoStar - July 2014

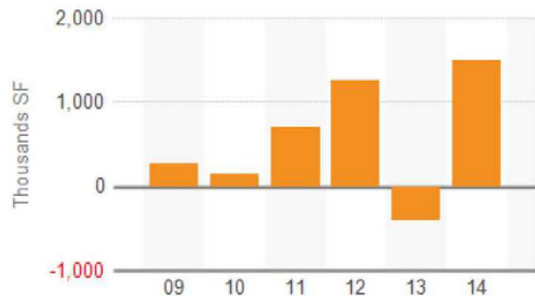
Vacancy Rate



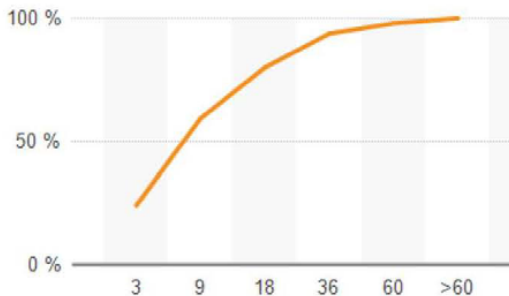
Asking Rent Per SF



Net Absorption



Probability of Leasing in Months



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Exhibit 3

Falcon Field Industrial and Flex Space Summary

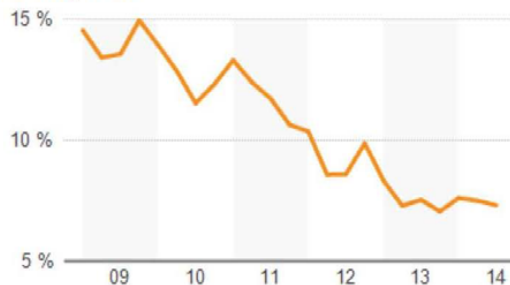
*Last 12 months = July 2013 - June 2014

Availability	Survey	5-Year Avg	Inventory	Survey	5-Year Avg
Rent Per SF	\$7.76	\$7.71	Existing Buildings	204	201
Vacancy Rate	7.3%	10.5%	Existing SF	4,273,606	4,242,944
Vacant SF	312,851	444,951	12 Mo. Const. Starts	13,923	14,107
Availability Rate	8.7%	12.6%	Under Construction	0	8,319
Available SF	371,249	533,660	12 Mo. Deliveries	28,948	17,242
Sublet SF	3,450	36,053			
Months on Market	8.5	9.6			

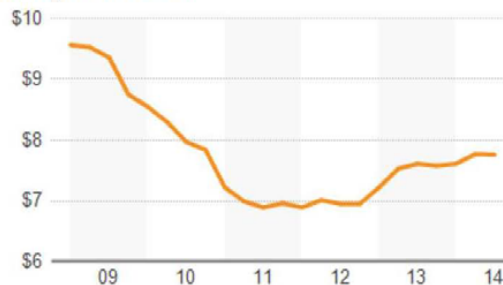
Demand	Survey	5-Year Avg	Sales	Past Year	5-Year Avg
12 Mo. Absorption SF	25,863	57,123	Sale Price Per SF	\$71	\$69
12 Mo. Leasing SF	181,172	150,677	Asking Price Per SF	\$89	\$82
			Sales Volume (Mil.)	\$12	\$11
			Cap Rate	6.8%	6.8%

*Source for all data is CoStar - July 2014

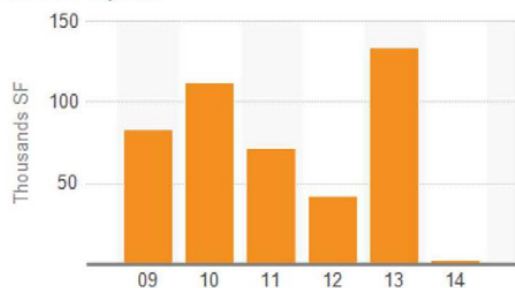
Vacancy Rate



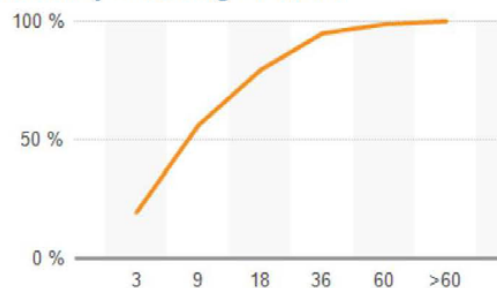
Asking Rent Per SF



Net Absorption



Probability of Leasing in Months



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Exhibit 4

City of Mesa Office Space Summary

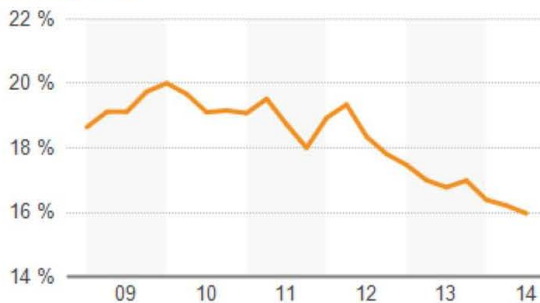
*Last 12 months = July 2013 - June 2014

Availability	Survey	5-Year Avg	Inventory	Survey	5-Year Avg
Gross Rent Per SF	\$17.92	\$18.38	Existing Buildings	1,002	999
Vacancy Rate	16.0%	18.5%	Existing SF	10,999,628	10,841,753
Vacant SF	1,756,610	2,003,564	12 Mo. Const. Starts	0	33,030
Availability Rate	18.2%	20.0%	Under Construction	0	13,932
Available SF	2,001,471	2,169,163	12 Mo. Deliveries	0	51,151
Sublet SF	60,693	45,114			
Months on Market	17.5	16.4			

Demand	Survey	5-Year Avg	Sales	Past Year	5-Year Avg
12 Mo. Absorption SF	112,438	103,070	Sale Price Per SF	\$125	\$92
12 Mo. Leasing SF	464,392	577,715	Asking Price Per SF	\$105	\$106
			Sales Volume (Mil.)	\$62	\$35
			Cap Rate	7.7%	9.1%

*Source for all data is CoStar - July 2014

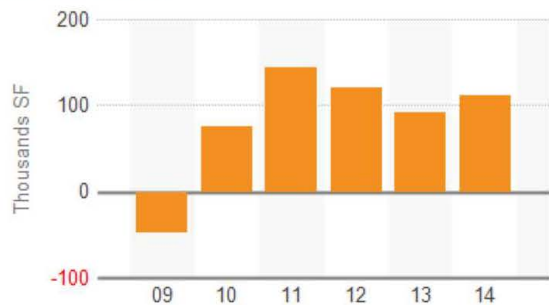
Vacancy Rate



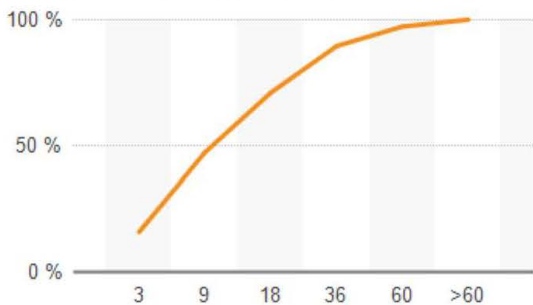
Gross Asking Rent Per SF



Net Absorption



Probability of Leasing in Months



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Exhibit 5

Falcon Field Office Space Summary

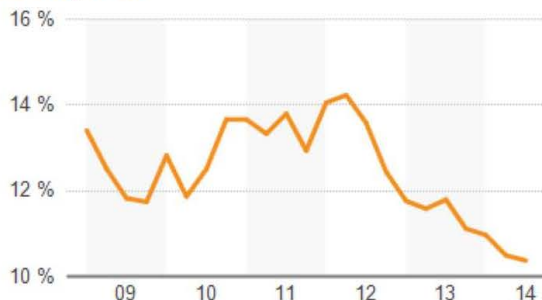
*Last 12 months = July 2013 - June 2014

Availability	Survey	5-Year Avg	Inventory	Survey	5-Year Avg
Gross Rent Per SF	\$16.64	\$17.36	Existing Buildings	138	138
Vacancy Rate	10.4%	12.5%	Existing SF	1,445,626	1,442,759
Vacant SF	150,023	180,494	12 Mo. Const. Starts	0	3,018
Availability Rate	11.4%	13.8%	Under Construction	0	2,264
Available SF	164,608	199,084	12 Mo. Deliveries	0	3,584
Sublet SF	0	568			
Months on Market	20.0	15.6			

Demand	Survey	5-Year Avg	Sales	Past Year	5-Year Avg
12 Mo. Absorption SF	15,892	8,325	Sale Price Per SF	\$74	\$66
12 Mo. Leasing SF	38,592	35,922	Asking Price Per SF	\$116	\$107
			Sales Volume (Mil.)	\$3.2	\$3.0
			Cap Rate	9.0%	10.3%

*Source for all data is CoStar - July 2014

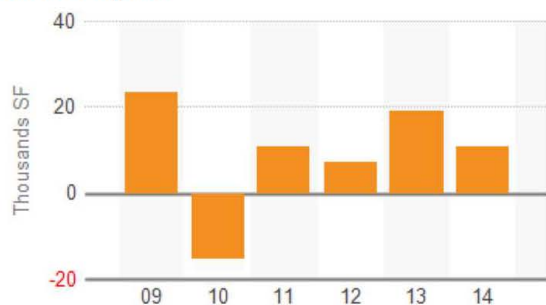
Vacancy Rate



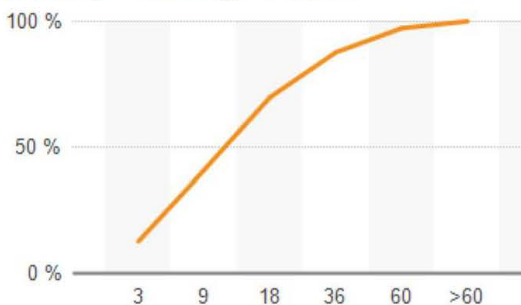
Gross Asking Rent Per SF



Net Absorption



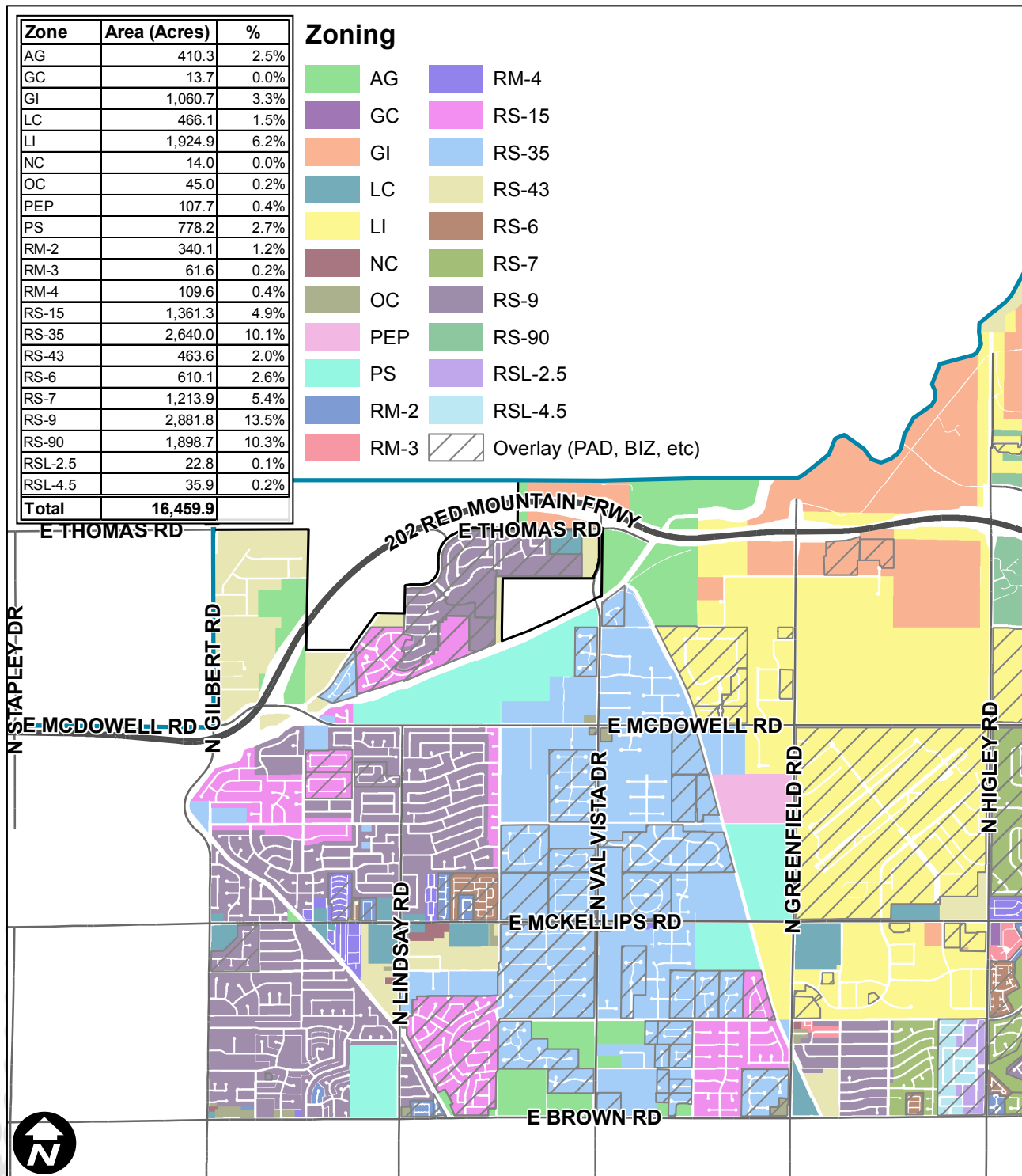
Probability of Leasing in Months



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Exhibit 6

Zoning Summary Map



City of Mesa Data Disclaimer - Restrictions & Protections:

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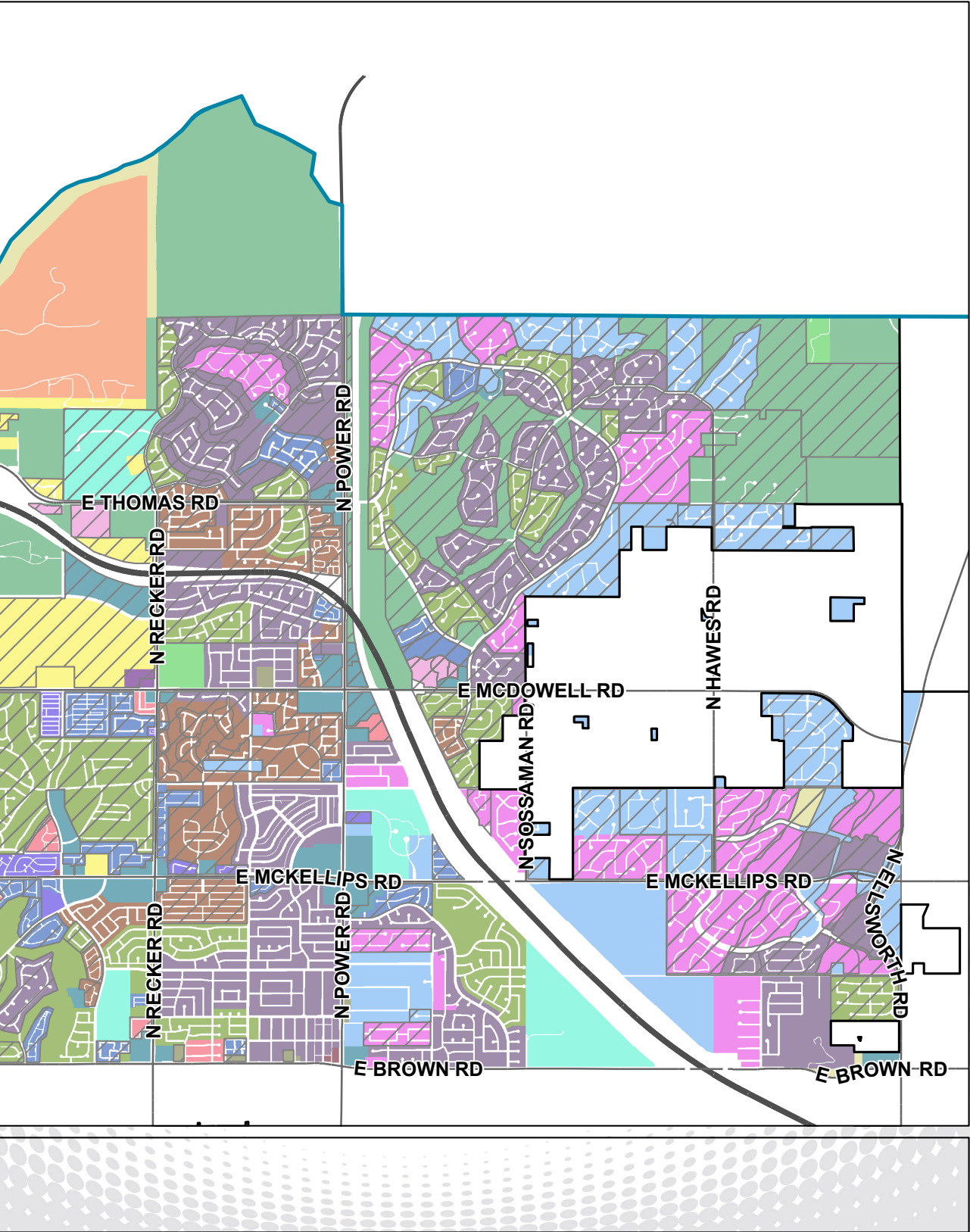
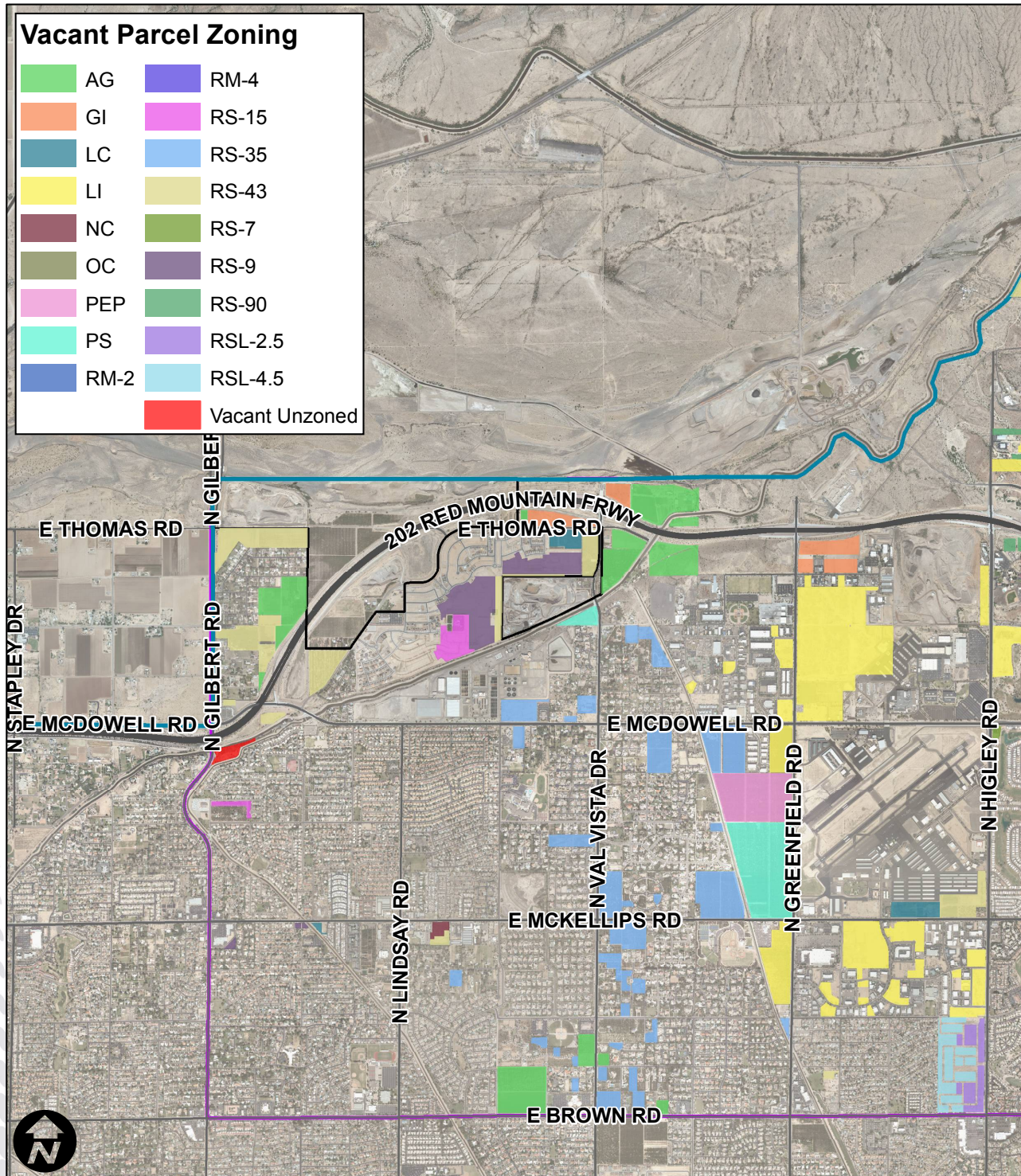


Exhibit 7

Vacant Land Zoning Map



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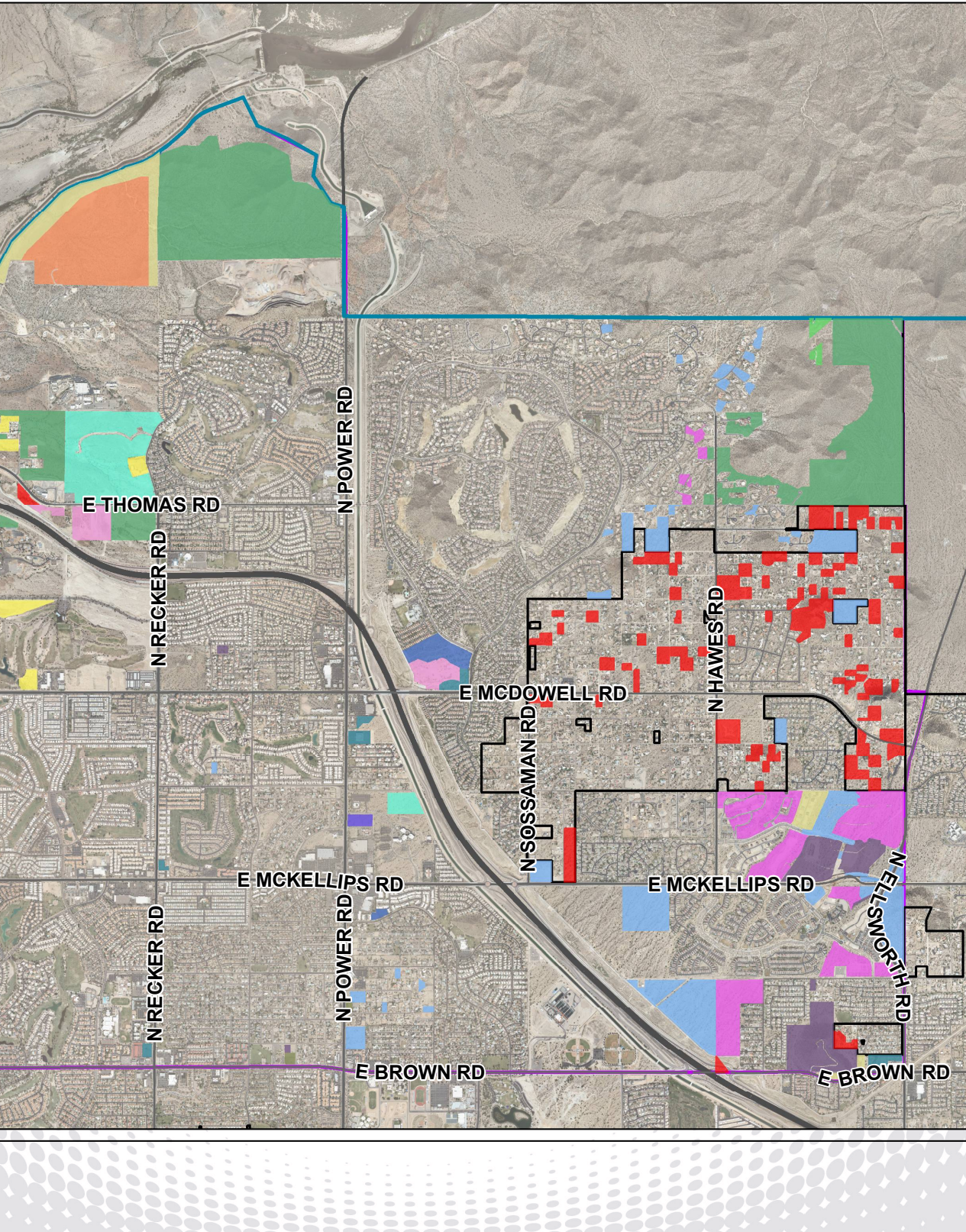


Exhibit 8

Uses allowed in the Light Industrial Zoning District

Residential:

Correctional Transitional Housing Facility

CUP

Public & Semi-public:

Clubs and Lodges

Colleges & Universities

Cultural Institutions

Day Care Centers

Government Offices

Hospitals and Clinics

Clinics

Hospitals

Places of Worship

Public Safety Facilities

Public Maintenance Facilities

Public Schools

Private Schools

SUP

SUP

CUP

Commercial:

Animal Sales and Services

Artists' Studios

Automobile/Vehicle Sales and Service

Banks and Financial Institutions

Building materials and services

Commercial Recreation

Eating and Drinking Establishments

Food and Beverage Sales

Funeral Parlors and Mortuaries

Hotels and Motels

Laboratories

Light Fleet-Based Services

Live-Work Units

Maintenance and Repair

Medical Marijuana Dispensaries

Medical Marijuana Cultivation Facilities

Offices

Parking, Commercial

Personal Services

Plant nurseries and garden centers

Retail sales

General

Large Format

SUP

CUP

Swap meets and flea markets

CUP

Tattoo and body piercing parlors

Employment and Industrial:

Handicraft/custom manufacturing

Light Assembly/Cabinetry

Manufacturing, General

Manufacturing, Limited

Research and Development

Recycling facilities

Warehouse and storage

(except outdoor storage as the primary use)

Airport:

Aircraft Refueling Stations

Aircraft Light Maintenance

Airport Transit Station

Airport Related Long-term Parking

Heliports

SUP

Transportation, Communication, and Utilities

Communication Facilities

Freight/Truck Terminals and Warehouses

Transportation Passenger Terminals

Solar Farms

Utilities, Major

Utilities, Minor

SUP

CUP

Specific Accessory:

Outdoor storage

Caretakers' Residences

Outdoor entertainment or activities

Outdoor display

Exhibit 8

Uses allowed in the General Industrial Zoning District

Residential:

Correctional Transitional Housing Facility

CUP

Public & Semi-public:

Commercial Trade Schools

Industrial Trade Schools

Cultural Institutions

SUP

Day Care Centers

SUP

Government Offices

Hospitals and Clinics

Clinics

SUP

Public Safety Facilities

Public Maintenance Facilities

Public Schools

Private Schools

CUP

Commercial:

Animal Sales and Services

Artists' Studios

Automobile/Vehicle Sales and Service

Banks and Financial Institutions

Building materials and services

Eating and Drinking Establishments

Food and Beverage Sales

Funeral Parlors and Mortuaries

Hotels and Motels

Laboratories

Light Fleet-Based Services

Live-Work Units

SUP

Maintenance and Repair

Medical Marijuana Dispensaries

Medical Marijuana Cultivation Facilities

Offices

Parking, Commercial

Personal Services

Plant nurseries and garden centers

Retail sales

General

Swap meets and flea markets

CUP

Tattoo and body piercing parlors

Employment and Industrial:

Handicraft/custom manufacturing

Light Assembly/Cabinetry

Manufacturing, General

Manufacturing, Limited

Metal Refining

CUP

Research and Development

Recycling facilities

Salvage and Wrecking

CUP

Warehouse and storage

(except outdoor storage as the primary use)

SUP

Transportation, Communication, and Utilities

Communication Facilities

Freight/Truck Terminals and Warehouses

Transportation Passenger Terminals

Solar Farms

Utilities, Major

CUP

Utilities, Minor

Specific Accessory:

Outdoor storage

Caretakers' Residences

Outdoor entertainment or activities

Outdoor display

Exhibit 9

City of Mesa Business Assistance Programs

Historically, Mesa considers the use of programs and or incentives on a case by case basis weighing the impact of jobs, revenue generation, and impact on the community. A list of current and past tools the City has utilized to spur development can be found below.

- **Public Infrastructure Improvements:** Utilized by the City for a number of years, installing public infrastructure (water, wastewater, gas, streets) has been one of the most successful programs that spurs business investment. The City Council and staff, during the budget process, identify and prioritize public infrastructure improvement projects that would help both existing development and future development.
- **Proactive Entitlements:** The flexibility of entitlements within a specific area can potentially impact a development both in time and cost savings. This ability to move approved uses within a development area, based upon a business's needs, is critical in business recruitment efforts. In an effort to create this flexibility, City Council is encouraging staff to look at methods such as Planned Area Development Overlays, to provide flexibility to properties in the FFEAA.
- **Customized Timeline for Plan Review and Permitting:** As the phrase is often heard "time is money", the City has worked with companies who are on tight development timelines to design a customized timeline for plan review and permitting. These customized timelines are agreed to only if the company commits that their development team will provide the City with the requisite plans, information and decisions within specific timeframes.
- **US Foreign Trade Zone:** The Foreign Trade Zone (FTZ) Program is a federal program administered by the U.S. Foreign Trades Zones Board, a division of the U.S. Department of Commerce. The City of Mesa is the Grantee for FTZ #221. FTZ #221 is considered outside the customs territory of the U.S. for formal entry procedures only. Foreign merchandise admitted into the zone is within the territory and jurisdiction of the U.S. and is considered imported. The FTZ program helps encourage value-added activity at U.S. facilities in competition with foreign alternatives by allowing delayed or reduced duty payments on foreign merchandise, as well as other savings. Arizona has a unique FTZ benefit in that it provides a lower property tax assessment ratio for activated FTZ General Purpose and or Subzones. This tax reclassification may result in an up to a 75-80% reduction in real and personal property taxes. In addition, the City has the ability to create FTZ Subzones for qualifying companies outside of Mesa's FTZ #221 General Purpose Zone.

FTZ Benefits include:

- o Duty Exemption (on re-exports) No duties or quota charges
- o Duty Deferral (on imports) Customs duties and federal excise tax deferred.
- o Inverted Tariff (on imports) In FTZ manufacturing, imported inputs can have higher duty rates than the finished product to be entered into U.S. commerce. The FTZ Board may allow the manufacturer to apply the lower finished-product duty rate to the foreign inputs
- o Logistics Benefits: Companies using FTZ procedures may have access to streamlined U.S. Customs and Border Patrol procedures (e.g. "weekly entry" or "direct delivery").

Exhibit 9

- o Property Tax Benefit: Activated sites are eligible to for a property tax reclassification benefit that changes the activated property to a Class 6 property, which carries a 5% assessment ratio. The reclassification may result in a 75% - 80% reduction in real and personal property taxes.
- o Other Benefits: Foreign goods and domestic goods held for export are exempt from state/local inventory taxes.
- **Single Point of Contact:** What may initially sound like a minor benefit to a business often ends up becoming very important in the success of a project. Meeting timelines facilitates the business having a great relationship with the City. Through the City identifying a single point of contact person for the project, the business's stress of moving through all the City processes and getting timing answers to their questions is greatly reduced and the probability of a project hitting timelines significantly increases. The long term benefits are great since the business starts off with a great opinion of the City and feels comfortable communicating with City.

State of Arizona Business Assistance and Incentives

Pro-Business Climate: Operating Environment

- Minimal Regulations, operating cost up to 40% lower than in California
- Take advantage of Arizona's 100% electable sales factor for multi-state corporations
- Benefit from a 30% reduction in Arizona's corporate income tax rate
- Capitalize on Arizona's reduced commercial property assessment ratio – 18% by 2017
- Improve your bottom line by a 15% increase in personal property exemptions
- Arizona Additional Depreciation Program (AADP)
- Low total payroll costs, including some of the lowest worker's compensation and unemployment insurance in the country
- Right to work State, Low unionization
- Talented Workforce and Workforce Development

100 % Sales Factor:

Increases the electable sales factor for multi-state corporations from 80% to 100% between FY 2014 and FY 2017. The increase is to occur in equal increments over a four year period.

Corporate Income Tax:

Reduces the corporate income tax rate from 6.97% to 4.9% between FY 2014 and FY 2017. The reduction is to occur in equal increments over a four year period.

Property Tax Reform:

- Personal Property: Increases the exemption on personal property to \$79,000 in tax Year 2011 by using the Employment Cost Index (ECI) rather than the Gross Domestic Product Implicit Price Deflector (GDP IPD).
- Commercial Property: Reduces the commercial property assessment ratio to 18% from 20% on Class 1 property.

Arizona Additional Depreciation Program (AADP):

Provides a unique and aggressive depreciation schedule to encourage new capital investment and reduce a company's personal property tax liability. It is worth pointing out that schedules for most equipment classes provide for depreciation down to 2.5% of original value, thus virtually eliminating the tax liability.

Exhibit 9

Summary of Incentives Administered by the Arizona Commerce Authority

Job Training Grants Program

The Job Training Grants Program stimulates economic growth in Arizona by supporting the design and delivery of customized employee training plans.

- Depending on company size, wages, and industry, the Job Training Grants Program can provide reimbursable grants with training expenses.
- Up to \$5,000 per employee to assist companies in urban areas (\$8000 rural)
- 50% of the approved training costs for incumbent employees and up to
- 75% of the approved training costs for net new employees.

Quality Jobs Tax Credit Program

The Quality Jobs Tax Credit Program stimulates job creation and capital investment across all Arizona industries. To qualify for the program, a company must, within 12 months of the three-year period, make a capital investment and hire a minimum of jobs.

- \$9,000 income tax credit for each new “quality job” created over a three-year period by qualified companies.
- Urban - \$5 million Capital Investment and create at least 25 new qualified jobs.
- Rural - \$1 million Capital Investment and create at least 5 new qualified jobs.

Qualified Facility Tax Credit Program

The Qualified Facility Tax Credit Program stimulates job creation and capital investment in the manufacturing sector.

- The program provides a refundable tax credit for qualifying capital investment made at a manufacturing facility, including a manufacturing-related research or headquarters facility.
- The credit is equal to the lesser of 10% of the qualifying capital investment or \$20,000 per net new job at the facility.
- All of the net new jobs must, among other criteria, provide health insurance benefits for which the company pays at least 80% of the premiums
- 51% of the new jobs must pay 125% of the county median wage

Renewable Energy Tax Program (RETIP)

The Renewable Energy Tax Incentive Program (RETIP) stimulates growth in the renewable energy industry by offering two types of tax incentives, refundable income tax credits and property tax reclassification, for job creation and capital investment at renewable energy facilities.

- Refundable tax credit up to 10% of the company's investment
- Property tax reductions of up to 75% for up to 15 years

Research & Development Tax Credit Program

The Research and Development Tax Credit Program stimulates R&D activity in Arizona.

- Income tax credits for year-over-year increases in research and development activities conducted, equal to 24% of the first \$2.5 million
- Plus 15% of the qualifying expenses in excess of \$2.5 million.
- The credit is increased by 10% when the expenditures are made in conjunction with an Arizona public university.
- Companies with fewer than 150 employees may take 75% of the credit as a refund if the other 25% is waived.

Exhibit 9

Computer Data Center (CDC) Tax Exemptions Program

The main objective of the program is to provide tax relief to computer data centers owners, operators, and co-location tenants.

- Provides Transaction Privilege Tax (TPT) and Use Tax exemptions at the state and local levels on purchases of CDC equipment.
- Exemptions are available for up to 10 years from the date of certification.
- Eligible participants include: New or Expanding CDC's who make a new investment of at least \$50 Million dollars in Maricopa or Pima County; or \$25 million in new investment if located in any other county.
- Existing CDC's, within 72 months prior to September 1, 2013: \$250 million in new investment

Arizona Innovation Accelerator Fund Program (AIAF)

The Arizona Innovation Accelerator Fund Program is an \$18.2 million small business loan participation program funded by the U.S. Department of Treasury and administered by the ACA.

- Through the AIAF, the ACA partners with local lenders and investors to finance small business
- 500 or fewer employees.
- The AIAF portion of a financing package can be up to \$2 million and can constitute up to 49.9% of the overall package.
- AIAF loan proceeds can be used for working capital, inventory, equipment purchase, and real property improvements.

Arizona Innovation Challenge

The Arizona Innovation Challenge is an investment in the minds of talented entrepreneurs in Arizona and around the world. The ACA awards \$3 million annually.

- Tech Companies
- Awards from \$100,000 - \$250,000
- Awarded bi-annually for \$1.5 Million each

Angel Tax Credit Program

The Angel Tax Credit program stimulates investing in Arizona small businesses.

- Investor making an investment of at least \$25,000 in a certified small business can earn a tax credit equal to 30% of the investment
- or 35% when the small business is a bioscience or rural company
- Up to \$250,000 in total investments per year.
- Additionally, beginning in tax year 2014, any capital gains income derived from a qualified investment under the Angel program will be exempt from taxation in Arizona
- Must be certified by ACA
- Small businesses must, among other criteria, have at least two full time employees and no greater than \$10 million in assets.

AZ FAST Grant

AZ FAST Grant enables Arizona-based technology companies to initiate the commercialization process. The grant will pay up to \$7,500.

- The company is required to have a physical presence in Arizona, have less than 30 employees and gross revenues of \$2 million or less.
- The company's solution must be for a targeted ACA technology sector: science/technology; aerospace/defense; or renewable energy.

Exhibit 9

AZ STEP Grant

The STEP program will assist Arizona small businesses (defined as those with less than 500 employees) to enter export markets for the very first time or to expand into new markets.

- Export education & counseling for company to be informed and equipped for success on internationally.
- Assistance with market selection strategy.
- Assistance with development of international marketing materials, including brochures and websites.
- Assistance in identifying actual, potential buyers, agents, distributors, end users, and other strategic partners in international markets
- Opportunities for your company to participate in sector-specific trade missions/summits.

Arizona Competes Fund

The Arizona Competes Fund is an annual discretionary fund available to assist with attracting and expanding Arizona basic enterprises.

Grants from the Arizona Competes Fund are made subject to compliance with applicable statutory conditions and are paid in pro rata increments as Performance Target milestones are achieved during the term of the grant.

Military Reuse Zone Tax Incentive Program

The Military Reuse Zone Tax Incentive Program (MRZ) stimulates growth in the aerospace industry and mitigates the impact of military base closures in Arizona

- Tax Credits up to \$10,000 for each new employee
- Property tax reductions of up to 75% for up to 5 years
- Transaction Privilege Tax Exemption on certain types of construction

Workforce Services

Invest in the bottom line without touching your pocketbook; these and other no-charge services are made possible via funding from the Workforce Investment Act (WIA). This is delivered by the local workforce areas in 13 counties. They are called One Stops and are designated by the federal government to deliver workforce services at the local level.

Goal 1. Create and Retain Quality Jobs

To attract, grow and retain high quality jobs, increase capital investment, expand the tax base, and diversify industries in the FFEAA.

Objective 1:

Business attraction. Generate quality leads of businesses exploring relocation or expansion opportunities.

Strategies:

- a) Identify staff and resources within the City of Mesa Office of Economic Development to focus on achieving the goals and objectives outlined in the document.
- b) Direct City staff to examine and implement methods, programs or incentives to spur development within the FFEAA which may include creation of new tools (financial resources, self-certification, flexible zoning and/or overlays, signage, evaluating length and rate of lease terms on-airport and airport fees, non-traditional resources) **These programs would be accessible to new and existing businesses.*
- c) Develop and implement a marketing campaign directed at major commercial brokerage institutions in the Phoenix-Mesa area to educate them about the opportunity and / or available buildings/properties within the FFEAA.
- d) Respond strategically to leads from the Greater Phoenix Economic Council (GPEC), Arizona Commerce Authority (ACA), as well as leads from other partners.
- e) Market new and/or existing business assistance programs including Foreign Trade Zone, expedited or Self-Certified plan review and permitting, and customized solutions (build-to-suit/lease), etc., to decision-makers in key industries.
- f) Work with partners to create strategies and winning solutions for project proposals to the Arizona Commerce Authority, GPEC, brokerage inquiries, etc.
- g) Build relationships with key site selection professionals and commercial real estate brokers in an effort to increase direct lead generation.
- h) Work with existing land and building owners to cooperatively market (CoStar service), brand and price their land and facilities accordingly.
- i) Prioritize "game changer" companies and develop a plan to pursue them.
- j) Develop a strategy and timeline to address fiber infrastructure opportunities.

Supporting Tactics May include:

- a) City staff to inventory relevant buildings/land for business attraction efforts in the industries of opportunity within the FFEAA. CoStar represents a portion of the available land and buildings in the FFEAA.
- b) Facilitating regular conference calls, monthly meetings, or other forums, with key sales and marketing partners.

Timeline: 3-12 months

Summary of Comments on FFEAA_Strategy_8_20_14_FINALdraft_forDistr ibution - COMMENTS.pdf

Page: 22

Author: aarenas Subject: Sticky Note Date: 8/19/2014 11:21:03 AM
K: Make a public announcement for new zoning overlays. Benefits presented in parts of Scottsdale & Salt River Maricopa Indian Community include:

- > Allow zoning overlays along the freeway and major corridors as follows
 - Planned Area Flex Zoning"
 - No new heavy industrial within 1,000' of the freeway
 - Flex zoning to allow general office and up to 50% distribution & clean assembly
 - Height up to 80' or 6 stories
 - FA 4.5
- > Signage
 - Parcels 10 acres or over 1 tenant or multi-tenant pylon signs up to 60' high along freeway
 - Spacing no less than 1,000' no advertising or message boards under the "Planned Area Designation"
 - Increase by 50% the size of building mounted signs

Resources / Budget / Source of funds:

City of Mesa Office of Economic Development staff – reallocation of priorities and resources

Objective 2.

Business retention and expansion.

Strategies:

- Provide assistance to existing FFEAA companies to ensure their continued health and aid in their ability to grow and thrive in the community by providing technical assistance and expertise on subjects such as expansion options, permitting guidance, financing options, etc.
- Identify needs of existing area businesses to improve their ability to recruit and retain employees such as convenient / affordable housing for employees, support businesses for the companies, hotels, retail, etc. plus training and education support for employees.
- Aggressively implement ~~Mesa's~~ business Retention & Expansion (BRE) program with partners, including the ~~Chamber of Commerce~~, to identify and meet with companies. Utilize the data to ~~assist~~ in retaining and expanding businesses.

Timeline: Ongoing

Resources / Budget / Source of funds:

Currently being executed in City of Mesa Office of Economic Development scope of services.

Objective 3.

Product development. Identify feasible opportunities for tourism and commercial development that may yield return on investment for the FFEAA.

Strategies:

- Conduct a feasibility study to determine the economic potential of Red Mountain Park and or the City orange groves into a City-owned and operated "Mega Sports Complex".
- Conduct a Visitor Profile study to determine the potential of subsector markets in the tourism industry (cultural travelers, youth sports, outdoor adventure, culinary arts, etc.) and the potential opportunity to build products in the FFEAA to maximize the opportunity those travelers represent.
- Work closely with Visit Mesa to identify synergies between tourism and economic development agencies to maximize resources and increase awareness of the FFEAA as a business and travel destination.
- Leverage City of Mesa-owned real estate and utilities within the FFEAA to add value to city site proposals and packages. Consider creating P3 partnerships to develop spec office space.
- Direct city staff to identify redevelopment opportunities with recommendations for creative uses. Develop streamlined processes to make sites more productive and attractive. May consider focusing on smaller companies for infill / redevelopment projects.
- Consider adopting minimum standards for commercial on-airport businesses.

Timeline: 3-12 months

Resources / Budget / Source of funds:

Feasibility Study for Sports Complex: \$75,000 – public / private partnership

Summary of Comments on FFEAA_Strategy_8_20_14_FINALdraft_forDistr ibution - COMMENTS.pdf

Page: 23

Author: aarenas Subject: Sticky Note Date: 8/19/2014 11:26:41 AM
d) Study the current business model at Falcon Field to update and explore how to bring more balance of uses. Recommendations include:

- Increase ground lease terms on Falcon Field to maximum periods provided capital investments by tenants warrant the longer term years. This will encourage a higher dollar amount of investment
- Leases expiring on city owned buildings are adjusted to 95% of the current market rates being offered by non-city owned competitors rate: competition better for all

-There is a perception among potential employers and users that Falcon Field is difficult to operate in due to training operations

--Reasoning

- Falcon Field is a stand-alone operation; no subsidy from the city.
- Current day-to-day operations i.e. hanger leases, ground leases, fuel taxes, are barely sufficient to operate the field on a profitable level
- Any capital improvement must come from federal grants (with strings attached). This source is becoming more problematic due to Federal Budget Constraints
- The source of the federal funds are 70% individual income tax revenue and 30% corporate tax revenue
- The current make up of air traffic at Falcon is approximately 25% general aviation (for private use) and 75% commercial aviation (for profit use). Current traffic is saturating the air space, creating an imbalance of uses to the detriment of the aviation population based on Falcon.
- In addition, it appears almost 1/3 of the current commercial air traffic is by commercial for profit entities not based on the fields, nor using other services available

--Suggestion

- City explore model to balance operational uses at FFC to include increases in fees for non tenants who do not avail themselves of FFC services while at Falcon

2015 EMPLOYEE BENEFITS PROGRAM

COUNCIL PRESENTATION
September 11, 2014

Current Benefit Plan Overview

- ❑ **The City provides four main insurance related benefits**
 - ❑ Medical – choice of 3 plan designs
 - ❑ Dental – choice of 3 plan designs
 - ❑ Vision – choice of 2 plan designs (fully insured)
 - ❑ Group Term Life (employee only)
- ❑ **Medical and dental benefits – currently self-funded/self-administered**
- ❑ **Funded through the Employee Benefit Trust Fund**
 - ❑ Contributions from the City
 - ❑ Employee and retiree premiums
 - ❑ State retirement system subsidies
 - ❑ Trust investment income

Health Plan Updates for 2015

- ❑ **New! AmeriBen – Medical/Medical Management/Disease Management \$2,075,856**
 - ❑ Out-sourced third-party administration of medical claims
 - ❑ Health care reform compliance
 - ❑ Efficiencies
 - ❑ Data analytics and reporting
 - ❑ Administration costs offset by reduced internal costs and claims payment efficiencies
 - ❑ Enhanced customer service
- ❑ Continued Blue Cross Blue Shield of Arizona network (no disruption)
- ❑ **New! Delta Dental of Arizona – Dental \$1,586,650**
 - ❑ Out-sourced third-party administration of dental claims
 - ❑ Passive network availability
 - ❑ Network discounts
 - ❑ Administration costs offset by reduced claims costs
 - ❑ Enhanced customer service

Health Plan Updates for 2015 - Cont.

4

- ❑ **New! ConnectYourCare – Flexible Spending Account (FSA) Admin \$36,745**
 - ❑ Out-sourced third-party health and dependent care FSA administration
 - ❑ Debit cards (health)
 - ❑ Mobile app and online member portal
 - ❑ Direct deposit
 - ❑ 24 x 7 Customer Service
- ❑ **CVS/Caremark – Prescription Drug Benefits**
 - ❑ Continued third-party prescription drug benefits administration
- ❑ No premium increases in 2015

Changes Due To Health Care Reform in 2015

- ❑ **Remove Choice Plus Medical Plan**
 - ❑ Plan Frozen in 2013 (low membership)
 - ❑ Reduces Cadillac Tax risk by 2018
- ❑ **Medical Out-of-Pocket Expense Maximums introduced on prescription drugs**
- ❑ **New preventive screenings covered at 100%**
- ❑ **Part-time employees:**
 - ❑ City contributions for part-time benefit eligible employees will increase from 60% to 80% on Basic Medical Plan
 - ❑ Meets health care reform “affordability” compliance requirement

Health Plan Document Revisions for 2015

☐ **Cost Containment/Administrative Efficiencies**

- ☐ Removed pre-certification requirement on physician office surgeries over \$500

☐ **Plan Enhancements**

- ☐ Retiree health plan eligibility for employees hired on or after 1/1/09 with 20 years of service (access only - no City contributions)
- ☐ Dental Plan PPO network (“passive” - no reduction in benefit levels)

Open Enrollment/Health & Wellness Fair 2014

☐ Open Enrollment (passive)

- ☐ Online October 13 - October 27, 2014

☐ Health and Wellness Fair – October 14, 2014 9 am to 3 pm – Mesa Convention Center

- ☐ Multiple wellness events and demonstrations
- ☐ Multiple Health Care Vendor booths (including new third-party administrators)
- ☐ Flu Shots – Mesa Fire Department administered

Questions?

September 11, 2014

TO: CITY COUNCIL MEMBERS

FROM: MAYOR ALEX FINTER

SUBJECT: APPOINTMENTS TO A DOWNTOWN VISION AD-HOC COMMITTEE

With significant contributions and insights from District 4 Councilmember and Vice Mayor Christopher Glover, the following are my recommendations for appointments to a Downtown Vision Ad-hoc Committee:

Jo Wilson (Chair)—Ms. Wilson serves as Senior Administrator and Special Assistant to the Executive Vice President of Benedictine University at Mesa. She's been previously honored as Mesa Community College Woman of Distinction, Mesa Woman of the Year and serves on her wide array of community involvement efforts, including service on Mesa boards and commissions, the Mesa Chamber of Commerce Board, the Mesa Arts Center Foundation Board, Mesa Rotary (currently President-Elect), as well as several other community agencies and committees.

Steve Chucri—A Mesa native, Mr. Chucri currently serves as President and CEO of the Arizona Restaurant Association and as District 2 Maricopa County Supervisor where he focuses on policies focused on innovation, sustainability and in growing the business 'best of the best' cache in the County.

Debby Elliott—A Mesa native, Ms. Elliott and her husband Mike Elliott have been long-time advocates of arts and culture in Mesa, serving on the Mesa Arts Center Board, and are the namesake fundraising sponsors of the Nesbitt-Elliott Playhouse at the Mesa Arts Center. Most recently, Ms. Elliott serves on the MARC Center Community Resource Board, which serves those with cognitive, emotional and physical disabilities.

Charles Huellmantel— Mr. Huellmantel is a local attorney and partner of Mesa Housing Associates, the team that built "Encore on First Avenue," providing important housing for seniors and allowing them to become part of Mesa's burgeoning downtown.

Marco Meraz-- Mr. Meraz is a Mesa native. In 2012, he and his family opened a Latin-inspired cuisine restaurant in downtown Mesa, called Republica Empanada. Mr. Meraz serves on the Mesa Urban Garden Advisory Board, the R.A.I.L. (Retail, Arts, Innovation and Livability) alliance, and also works with local merchants and agencies to improve and grow Downtown Mesa.

Rich Marchant--- Mr. Marchant is the Executive Vice-President of Operations for Crescent Crown Distributing LLC, located in downtown Mesa. He has lived In Mesa since 1974. He's been honored with the Arizona Public Service Company's Wayne Farnsworth Award for service to the community, serves as an Executive Board member of The Greater Phoenix Economic Council and on the Mesa Chamber of Commerce Business Expansion Council.

Lorenzo Perez-- Co-owner of the local Venue Projects, a design-centered, redevelopment, investment and construction real estate practice in the Valley, Mr. Perez works to transform urban and historical places and finding ways through design and architecture to promote community, serve and celebrate nature. He is Realtor and a member of the Urban Land Institute and the Arizona Multihousing Association.

This ad-hoc committee is charged with developing a shared vision and broad goals to help chart the future growth of Downtown Mesa and to ensure that growth is in alignment with stakeholder and community interests. Their work is planned to be begin shortly and be completed in spring 2015.