

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

Date: May 2, 2023 Time: 7:30 A.M.

MEMBERS PRESENT

Rich Adams (Chair)
Brian Campbell
Michelle Genereux
Steve Henderson
Kathleen “KJ” Jolivette
Christopher Nickerson
Dominic Perry
Laura Snow

EX-OFFICIO

Mayor Giles (Excused)
Chris Brady (Excused)
Sally Harrison
James Kasselmann
Natascha Ovando-Karadsheh (Excused)
Jennifer Zonneveld (Vice Chair)

STAFF PRESENT

William Jabjiniak
Frank Adams
Elsa Beljean
Chris Molnar
Russ Scheetz
Maribeth Smith
Jack Vincent

MEMBERS ABSENT

N/A

GUESTS

Councilmember Mark Freeman
Eric Tune
Garilyn Bourgeois Sowers
Jill Hegardt
Dea McDonald

1. Chair’s Call to Order

Chair Adams called the May 2, 2023, meeting of the Economic Development Advisory Board to order at 7:30 a.m.

2. Items from Citizens Present - None

3. Approval of Minutes from April 4, 2023, Meeting

Chair Adams called for a motion to approve minutes. A motion was made to approve the April 4, 2023, minutes by Brian Campbell, seconded by Dominic Perry.

Upon tabulation of votes, it showed:

AYES – Adams, Campbell, Genereux, Henderson, Jolivette, Nickerson, Perry, Snow

NAYS – None

Chair Adams declared the motion carried by unanimous vote.

4. Hear from Councilmember Mark Freeman regarding economic development in District 1

Councilmember Mark Freeman thanked the Board for the opportunity to discuss economic development in District 1. He has been a council member for six years. District 1 boundaries were discussed which no longer include Riverview and Sloan Park due to redistricting. Councilmember Freeman’s prior career as a City of Mesa firefighter encompassed many areas within District 1. He shared a presentation

highlighting District 1 developments including industrial and warehouse space at Greenfield and McDowell and west of the Mesa Hangar development, residential development including the Estates at Pioneer Crossing, the Burden Orchard, and Burden West at Pioneer Crossing. The Burden family land is envisioned as an agritainment district for Pioneer Crossings which will include an area for food trucks, ramadas, a reception and outdoor area to rent or enjoy outdoor activities, as well as a building with historic farm implements. This concept will integrate with Jalapeño Bucks and provide additional parking that isn't currently available.

Councilmember Freeman touched on an infield space at 600 North Mesa Drive, previously Mesa General Hospital. A multi-family development is in the submittal process currently. Additional residential developments were discussed as well. Future Fire Station 223, approved by voters through the public safety bond, will be built in Lehigh Crossings. He commented on upcoming retail amenities such as Gravity Energy, EOS Fitness, Salad and Go and Dutch Bros.

The Center Street Sports Park on North Center Street includes state of the art lighting, ample parking, fields for soccer, lacrosse, flag football, and the other activities including adaptive archery. A map was shared of the Lehigh Crossing Shared Use Path, a \$12.4 million project, which will begin this year and be completed in two phases. This pedestrian and multi-use path is a wonderful amenity for the surrounding community.

Mr. Campbell commented about the historic nature of this area and that this amenity will become a destination. He also inquired about the status of the Rio Salado restoration project that ASU is heading and shared that approximately 15 years ago the Army Corps of Engineers granted approval to restore the Salt Riverbed as a riparian habitat. The south bank is controlled by the city.

Councilmember Freeman stated that there have not been any real updates, although it's still a work in progress. The overall project involves multiple municipalities, public and private ownership. He commented on the historic pioneer canals that were dug by hand, by mule and horse, that still survive. Those are important to preserve due to their historic nature. Without them, Mesa would not have existed. Councilmember Freeman discussed an upcoming capital project, the Central Mesa Reuse Pipeline. This project will allow Mesa to provide gray water to the Gila River Indian Community (GRIC) in exchange for potable, Colorado water thereby sustaining future growth.

Mr. Campbell stated that this is a wonderful project that helps solidify future water sources for the city. He commented that the GRIC settled with the Secretary of Interior recently regarding Central Arizona Project (CAP) allotments and asked how that settlement impacts this project?

Councilmember Freeman stated that it doesn't affect it at all since the city has a 99-year lease with GRIC to deliver this water. He added that Mesa's water portfolio is very deep. The councilmember is part of the Arizona Municipal Water Users Association (AMWA). Each of the valley's cities are represented.

A challenge several council districts are experiencing is balancing commercial and residential developments as well as resurrecting or reimagining aging shopping centers. Neighborhoods in the north must drive three and a half miles to get gasoline and groceries. However, infill retail developments also face challenges with surrounding neighbors on occasion. Community residences have become an issue in some neighborhoods. This is a term used for group homes, sober living, addiction recovery, and other types of homes under the broad umbrella of community residences. If a business, a community residence, wishes to locate in a neighborhood, they purchase a home, and if they have less than five patients or occupants, they do not have to register with the state or the city. In some cases, this business is purchasing two to three homes in the same neighborhood, and it has caused angst and disruption in neighborhoods. If there are five or more occupants, the business must register with the state and cannot locate within 1,200 feet of another registered community residence.

Councilmember Freeman encouraged board members to download the MesaNow app if they hadn't already. Residents can reach out to different departments with questions or a report. Finally, he asked board members to share why they live in Mesa or a challenge they're facing.

Mr. Campbell commented that the Councilmember had mentioned adaptive reuse, which has been a challenge for communities across the nation. How can we help in District 1 in particular with some of those adaptive reuse issues?

Councilmember Freeman replied that he has had discussions with Development Services to modify ordinances for reuse.

Mr. Jabjiniak commented that the ordinance or regulatory side could change to make it easier to do business, but ultimately, we need to understand what caused those retailers to move or close. Today, shopping centers are adding housing and walkability. The challenge is attracting a developer and/or property owner to build vertically and incorporate green space and walkability. This requires that the infill property be large enough to accommodate the development.

Mr. Nickerson suggested opportunities for health care clinics in partnership with larger entities like Banner Health, Dignity, or HonorHealth to meet the needs of residents.

Councilmember Freeman asked if he was suggesting a broader approach since District 1 does have urgent care clinics.

Mr. Nickerson replied that multi-use or multi-specialty clinics or primary care offices could be an area of growth. For instance, as schools are built, there will be a need for pediatricians.

Councilmember Freeman relayed a recent conversation he had with a pediatric dentist who was having difficulty finding a local practice. He was working for the San Carlos Indian community and is now living in Mesa and wants to open a practice. This pediatric dentist is considering working in Surprise, since most practices are being sold to larger corporations. Councilmember Freeman commented that the north central and east portion of Mesa must travel for serious medical emergencies. He shared that a new rehabilitation facility for post-surgery rehab is in process at 6th Street and Mesa Drive.

Bill Jabjiniak replied that we would be interested in partnering with all types of healthcare entities. He felt the challenge may be capital. Banner invested in Banner Desert and Children's recently; however, he inquired if Banner Baywood had any plans in place. Councilmember Spilsbury recently inquired about the shopping district on the south side of the hospital, just north of Broadway and Power, that has been empty for a while and is unsightly.

Ms. Snow remarked that the last few years have been horrendous on healthcare systems' bottom line due to the pandemic as well as the exorbitant cost of external contract labor. She felt that as health systems recover, they will move towards investment mode.

Vice Chair Zonneveld asked about development around Falcon Field, specifically the orange groves along Greenfield?

Councilmember Freeman replied that the city owns most of the groves on the west side of Greenfield and some will be preserved for flight patterns. To the north across from the Mesa Hangars there are plans for development as well as the southwest corner of Greenfield and McDowell. Some trees will be preserved to buffer the residential neighborhoods to the west.

Ms. Snow inquired if developers have ever considered a marketplace concept within an empty big box or grocery store. Other markets have these destination concepts of a marketplace filled with stalls of independent businesses that cannot yet justify a retail standalone location. She asked if that concept had been discussed or tested locally.

Councilmember Freeman commented that the city owns what was previously Mervyn's at Stapley and Main and repurposed it into a farmer's market with other services as well and it didn't survive. He was unsure if the outcome would have been different in another part of the city.

Mr. Henderson thanked Councilman Freeman for the presentation and commented on the challenges of hiring skilled labor and that talent finding affordable housing. He stated that several of their new employees are locating 20 to 30 miles outside of the city to find affordable housing. It is a challenge to retain the talent that our growth is attracting.

Councilmember Freeman asked the question, what price point is considered affordable housing today? He is working with a developer whose entry level homes are approximately \$475,000. This is also a conversation the council has been having. What is considered affordable for the skilled workforce we're attracting?

Char Adams commented that it is interesting that Mesa is now exporting employees to live elsewhere else when we were previously the bedroom community. He thanked Councilmember Freeman for speaking with the Board and offered the Board as a resource at any time.

5. Hear a presentation and update on Eastmark's master-planned community

Chair Adams welcomed Eric Tune, Garilyn Bourgeois Sowers, Jill Hegart, and Dea McDonald of Brookfield and DMB Associates.

Mr. Tune mentioned that this year marks Eastmark's 10-year anniversary, although the planning process began 17 years ago. The community's grand opening was held on June 1, 2013. A site overview and history of the General Motors Desert Proving Grounds was shared. Sustainability was a key piece in the reuse of the site, recycling asphalt and concrete to reuse as base course for roads. Eastmark was initially entitled for 15,000 dwelling units and 20 million square feet of commercial and designed their approach to respond to market conditions.

A key element, Ms. Hegart shared, of Eastmark's success was creating a Development Unit Plan in collaboration with the City of Mesa. An exhibit was shared detailing the framework dividing the property into nine development units as well as their zoning categories, or land use groups. Multiple land use options were also designed into the development unit plans allowing for flexibility for different opportunities. A history timeline was displayed from 2006 to present detailing commercial development and home sales. Initially, the Queen Creek School District wasn't ready to expand, so Eastmark approached charter schools. BASIS, the first occupied structure in Eastmark, opened a K-10 school in 2013 and Queen Creek School District eventually built the middle school and high schools. The upcoming fire station will be home of either the first or second electric fire truck in the country. Eastmark does not burden residents with high HOA fees, instead they partner with the city to provide public amenities such as the Great Park which includes a large sports complex, a unique autism certified playground, a fishing lake, an irrigation lake, disc golf course, skate park, along with all kinds of other trails and amenities that help provide connectivity through the community.

Regarding commercial development, the Elliott Road Tech Corridor is a perfect example of collaboration and a defining element for the project. A map of available property along Elliot was displayed reflecting two available properties. The southern portion of the Meta site was initially planned for residential

development, but the roughly 400 acres they purchased was one of the largest land deals in Mesa in 2021 and construction began quickly. Southeast of the industrial developments on Signal Butte is a 15-acre commercial shopping center anchored by Safeway and various shops and restaurants. The intent for the northeast corner of Ray and Ellsworth Roads, East Market, is to create a unique and more upscale walkable entertainment, retail, restaurant, district that integrates with the community. The site plan is currently in process with the city. Additionally, one of the luxuries of this type of entitlement is the ability to shift the residential development originally planned for the southern portion of the Meta site to the area around East Market.

Mr. Jabjiniak inquired about the timing of the East Market development and how retailers will be engaged considering the exceptional demographics of the area.

Eric Tune replied that they anticipate approval in August by the Planning and Zoning Board, and then the concept would be taken to market by their brokerage team. There is interest from grocers, hotels, and restaurants, but nothing concrete yet. He also reiterated that they could create an additional grocery anchored shopping center more quickly, but that is not the concept Eastmark intends for this area. The desire is pedestrian friendly and entertainment related.

Mr. Campbell commented that Development Unit 4, where East Market will be located, was the Airport Gateway Core. That area was envisioned as an employment campus housing R&D, incubators, and high-tech manufacturing. He praised Eastmark for their market condition flexibility, but inquired if the Airport Gateway Core concept would be replicated elsewhere.

Ms. Hegart replied that there are still opportunities in the Elliot Road Tech Corridor, and she maintained that the Tech Corridor could change over time. There are large landholdings with large buildings that could take on a different form at some point in the future.

Mr. Tune commented that the airport's development, GatewayEast, caters to those uses and Eastmark has always considered how it would fit into the surrounding developments.

A drone video was shared highlighting Eastmark developments.

The Great Park was included in the initial community plan as well as the general street network. These were the backbone that laid out the residential and non-residential areas, taking into consideration the airport flight paths. Another key component was the design architecture of the buildings. Eastmark developed its own design review board which included a member of staff. We worked collaboratively with the staff person to analyze, evaluate, and approve everything that was built. Eric Tune added that the key planning principles behind the layout of the community were connectivity, use of open space for buffering, as well as for activity zones, with a mixture of intensity of development. A great example of that is the community center in Great Park. There are both public and private entities all within that same general area, which just feels like it all belongs together.

As Eastmark wraps up its residential sales, DRB moves its attention approximately a mile and a half east to Blossom Rock at Superstition Vistas. This four-square mile, 2,800-acre development in Pinal County is in partnership with D.R. Horton and will include full residential with some integrated commercial. One of the unique aspects of the project is the entire landscape palette will be irrigated using non-potable water as part of the entitlement with the City of Apache Junction.

Brian Campbell asked if Superstition Vistas, as it builds out, will impact the residential demand in Eastmark?

Eric Tune replied that demand is high and Eastmark does not expect an impact. Currently, Eastmark's residential component is essentially complete with only around 500 homes remaining.

Chair Adams thanked the Eastmark and DMB representatives for their presentation.

6. Director's Report

Mr. Jabjiniak shared that the Office of Economic Development was awarded the Arizona Association for Economic Development, Economic Development Distinguished by Excellence Award for Large Organization of the Year. The award is testament to a very talented team and strong support from our elected officials. In addition, Mr. Brady's support over his 17 years with the City of Mesa has been invaluable, allowing us to achieve the large organization of the year. Mr. Jabjiniak was also awarded the William Lampkin Long-term Excellence in Economic Development.

Three new staff members were introduced. Elsa Beljean leads the Business Retention Expansion (BRE) Program and previously worked as a policy and government relations specialist with Maricopa Association of Governments. Elsa holds three citizenships and is fluent in Spanish and French. Economic Development Specialist, Frank Adams, previously worked in commercial lending. He graduated from ASU with a degree in economics and from Florida State University with an MBA and has lived in Mesa for more than 20 years. Russ Scheetz previously owned and operated a real estate brokerage and worked in commercial real estate site selection. He graduated from Black Hills State University and holds a degree in social sciences. More importantly, he worked for a retail developer in the past, so we will use that expertise as we move forward. Frank and Russ respond to leads by proposing properties on behalf of our department.

East Elliot Mesa Commerce Center, east of Power on Elliot, broke ground on April 6. SkyBridge broke ground on the second 250,000 square foot building on April 18. Nippon Express held a ribbon cutting April 24 in the Metro East Valley Commerce Center on Auto Center Drive. EdgeCore, an existing data center, has announced their intent to expand. Data centers have advanced their technology to be air cooled rather than reliant on water. That is important in today's environmental climate. Mayor and Ms. Collins are attending a hiring event at Optum RX, owned by United Healthcare. OptumRx fills prescriptions and is also located at Metro East Valley Commerce Center complex. Finally, a social media campaign to recognize Economic Development Week will recognize and thank our partners. Economic development is a team sport, and we want to thank those who help us achieve results for our community, such as the City Attorney's Office, Water, Engineering, Development Services, to name a few.

7. Other Business

The next Economic Development Advisory Board meeting on June 6, 2023, will be held in the Office of Economic Development's board room at 120 North Center Street. Chair Adams recalled accompanying Mr. Jabjiniak to the International Economic Development Organization's fall conference a couple of years ago and everybody knowing who Bill Jabjiniak is. Mesa, Arizona is on the map because of this Economic Development Office and more importantly, the team. He reminded the board to interact with posts on LinkedIn, sharing them with your own network.

8. Adjournment

Chair Adams adjourned the May 2, 2023, Economic Development Advisory Board meeting at 9:08 a.m.

Submitted By:

A handwritten signature in blue ink, reading "William J. Jabjiniak", is written over a horizontal line.

William J. Jabjiniak
Economic Development Department Director