

ECONOMIC DEVELOPMENT ADVISORY BOARD MINUTES

April 1, 2025

The Economic Development Advisory Board of the City of Mesa met in the boardroom at 120 North Center Street, on April 1, 2025, at 7:30 a.m.

BOARDMEMBERS PRESENT

Richard Blake
Mark Drayna
Kurt D. Ferstl
Michelle Genereux
Charles Gregory
Amanda Kay
Frank Sanders
Laura Snow

BOARDMEMBERS ABSENT

STAFF PRESENT

Jaye O'Donnell
Maribeth Smith
Rob Stirling
Jack Vincent

EX-OFFICIO MEMBERS PRESENT

Mayor Mark Freeman
Chris Brady
Sally Harrison
Natascha Ovando-Karadsheh
Sonny Cave

EX-OFFICIO MEMBERS ABSENT

Jennifer Zonneveld (Excused)

GUESTS

Dr. Andi Furlis
Dr. Matt Strom

(*Participated in the meeting via video conference equipment)

1. Call meeting to order.

Vice Chair Michelle Genereux called the meeting to order at 7:30 a.m.

2. Items from Citizens Present.

There were no items from citizens present.

3. Approval of minutes from March 4, 2025, Economic Development Advisory Board meeting.

It was moved by Vice Chair Kurt Ferstl, seconded by Board member Amanda Kay, that the March 4, 2025, Economic Development Advisory Board meeting minutes be approved.

Upon tabulation of votes, it showed:

AYES – Blake-Drayna-Ferstl-Genereux-Gregory-Kay-Sanders-Snow

NAYS – None

ABSENT – None

Chair Genereux declared the motion carried unanimously.

4. Hear from Mayor Freeman regarding his economic development vision, followed by a discussion.

Mayor Mark Freeman discussed the growth of the Mesa Gateway Airport, highlighting the expansion of Virgin Galactic and Skybridge, and the potential for new developments such as Gateway East and XNRGY, which manufactures high-end air conditioning units for data centers. He also mentioned the positive impact of these developments on water consumption and the potential for more chip manufacturing in the area. (See pages 1-2 in Attachment 1)

Mayor Freeman discussed the importance of water conservation, and the investments made in the water portfolio. He mentioned the Colorado River's reduced water production and the potential of raising Bartlett Dam to capture more water. Mayor Freeman also highlighted the Central Arizona Project's role in providing water and the ongoing construction of the Central Mesa Reuse Pipeline, which will provide a lower-cost water source through an exchange with the Gila River Indian community. He discussed the city's underground water supply as well as the significant increase in the cost of drilling wells due to inflation and equipment costs. (See page 3 in Attachment 1)

Mayor Freeman strongly believes education is the foundation of our community. While the City of Mesa does not deliver education, it has a role in supporting it. He highlighted the city's commitment to education and workforce development, including partnerships with schools and community colleges, the Family Resource Center, job fairs, and Mesa College Promise sustainable funding. (See page 4 in Attachment 1)

Mayor Freeman stated access to housing is crucial for Mesa's growth. He referenced a recent survey related to Mesa's Balanced Housing Plan that highlighted the need for middle housing options like condos, patio homes, and townhomes. (See page 5 in Attachment 1)

Mayor Freeman thanked City Manager Chris Brady for his leadership through challenging economic periods. Mr. Brady will retire in May 2025. The City Council unanimously selected Assistant City Manager Scott Butler as the next city manager, emphasizing succession planning and institutional knowledge. (See page 6 in Attachment 1)

City Manager Chris Bady addressed the city's financial situation, noting the city is financially strong and focused on efficiency and streamlining operations to maximize resources. Financial challenges include the loss of the residential rental tax and the high cost of public safety personnel. The city is working on a 5-year forecast and is drawing down reserves to pay for some of the costs. The City Manager requested departments make a 2% base budget cut while keeping core services intact. Mayor Freeman concluded by discussing the city's revenue sources. (See page 7 in Attachment 1)

Mayor Freeman highlighted various 2024 economic development metrics including 50 announced projects which resulted in 2,625 new jobs, 7.1 million square foot developed or absorbed, and \$5 billion in capital investment. Looking forward, the City of Mesa intends to strengthen collaborations at both Arizona State University's Polytechnic and downtown Mesa campuses, continue to invest in infrastructure, and focus on advanced manufacturing as well as balanced development. (See pages 8-9 in Attachment 1)

Chair Genereux thanked Mayor Freeman for speaking with the board and Mr. Brady for his years of dedicated service to the City of Mesa.

5. Introduction of Mesa Public Schools new superintendent, followed by a discussion.

Dr. Andi Furlis, the current Mesa Public Schools superintendent, emphasized the importance of strong families in education and the school's strategic plan to know each student by name, serve their strengths and needs, and prepare them for college, career, and community. She also discussed the Mesa Public Schools' graduation plus model, which includes earned college credit and internships. Dr. Furlis, who is retiring in June 2025, introduced Dr. Matt Strom who will become superintendent on July 1, 2025.

Dr. Strom is the current associate superintendent and brings 28 years of public education experience to his new role. He believes public schools are where the future labor force is developed. Mesa Public Schools face challenges due to competition from charter schools and the declining student population.

Board member Natascha Ovando-Karadsheh asked what percentage of school age students in Mesa are attending non-traditional schools or attend school outside Mesa. She commented that a sense of community is often lost when neighborhood children don't attend the same school.

Dr. Strom explained that about 25% of students attend alternative schools, and public schools need to become more aggressive in recruiting students. He emphasized that public schools provide an excellent education for both college-bound and career-oriented students. Comprehensive high school curriculums include advanced placement courses, dual enrollment, and career experience opportunities. Public schools could do a better job of selling that information; however, charter schools have marketing budgets that public schools do not. Public school funding is allocated towards students.

Dr. Furlis mentioned Boeing's high school engineering program and the obstacles they faced in partnering with Mesa Public Schools, including child labor laws and confidentiality agreements for minors. Board member Kurt Ferstl suggested pushing for legal carve-outs to allow minors in vocational programs to sign binding confidentiality agreements.

Chair Genereux thanked Dr. Furlis and Dr. Strom for their time and commitment to Mesa's youth.

6. Discussion regarding framework to identify potential market shifts and opportunities for Mesa businesses in the short and long term and review the Economic Development strategic planning process and schedule.

Board member Laura Snow presented a framework for identifying potential market shifts and opportunities, focusing on changes in federal policy and their impact on the healthcare sector. (See pages 1-2 of Attachment 2)

The Board will focus on the aerospace and defense, semiconductors/supply chain, and manufacturing sectors next. Board member Snow suggested quarterly updates on the industry landscape, with more frequent updates as needed.

7. Economic Development Director's current events summary including conferences attended.

Economic Development Director Jaye O'Donnell shared an update on current department recruitment. Staff are scheduled to attend the Select USA Investment Summit in Maryland and the International Council of Shopping Centers 2025 event in Las Vegas in May.

Ms. O'Donnell shared that Komatsu plans a groundbreaking on April 2. Komatsu manufactures mining equipment and is expanding. Upcoming events include speaker Meagan Johnson's Zap the Generational Gap on April 29. Mayor Freeman's State of the City breakfast will be held on May 6. The Board's May meeting will be canceled. Mesa Business Builder @ The Studios celebrates its one-year anniversary in May. Programing will include a small business networking event on May 8 and an entrepreneur roundtable event on May 14.

8. Introduction of new business to be discussed at a future meeting.

Board member Ovando-Karadsheh proposed revisiting the prospect report quarterly as once per year is too infrequent. She suggested tracking lead origins, project data, industrial and office availability and comparing the previous quarter as well as 2 years previous.

Director O'Donnell suggested presentations from Gallery Park and Cannon Beach developers as well as a survey on future meeting topics.

Chair Genereux recommended retail be kept at the forefront. She also suggested power and manufacturing – where Mesa falls short, supply chain issues, what Mesa does well that attracts additional locates.

9. Schedule of meetings.

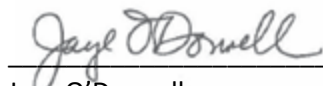
The next Economic Development Advisory Board meeting is scheduled for June 3, 2025.

10. Adjournment.

Without objection, the Economic Development Advisory Board meeting adjourned at 9:07 a.m.

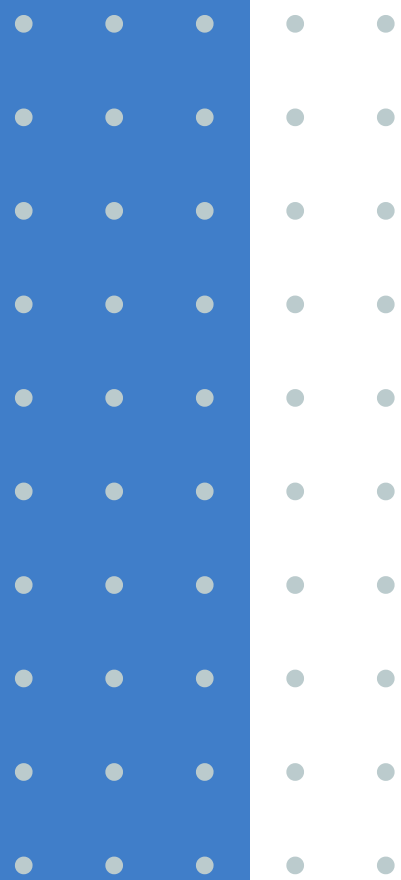
I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Economic Development Advisory Board meeting of the City of Mesa, Arizona, held on the 1st day of April 2025. I further certify that the meeting was duly called and held and that a quorum was present.

Submitted by:



Jaye O'Donnell
Economic Development Director

ms
(Attachments – 2)

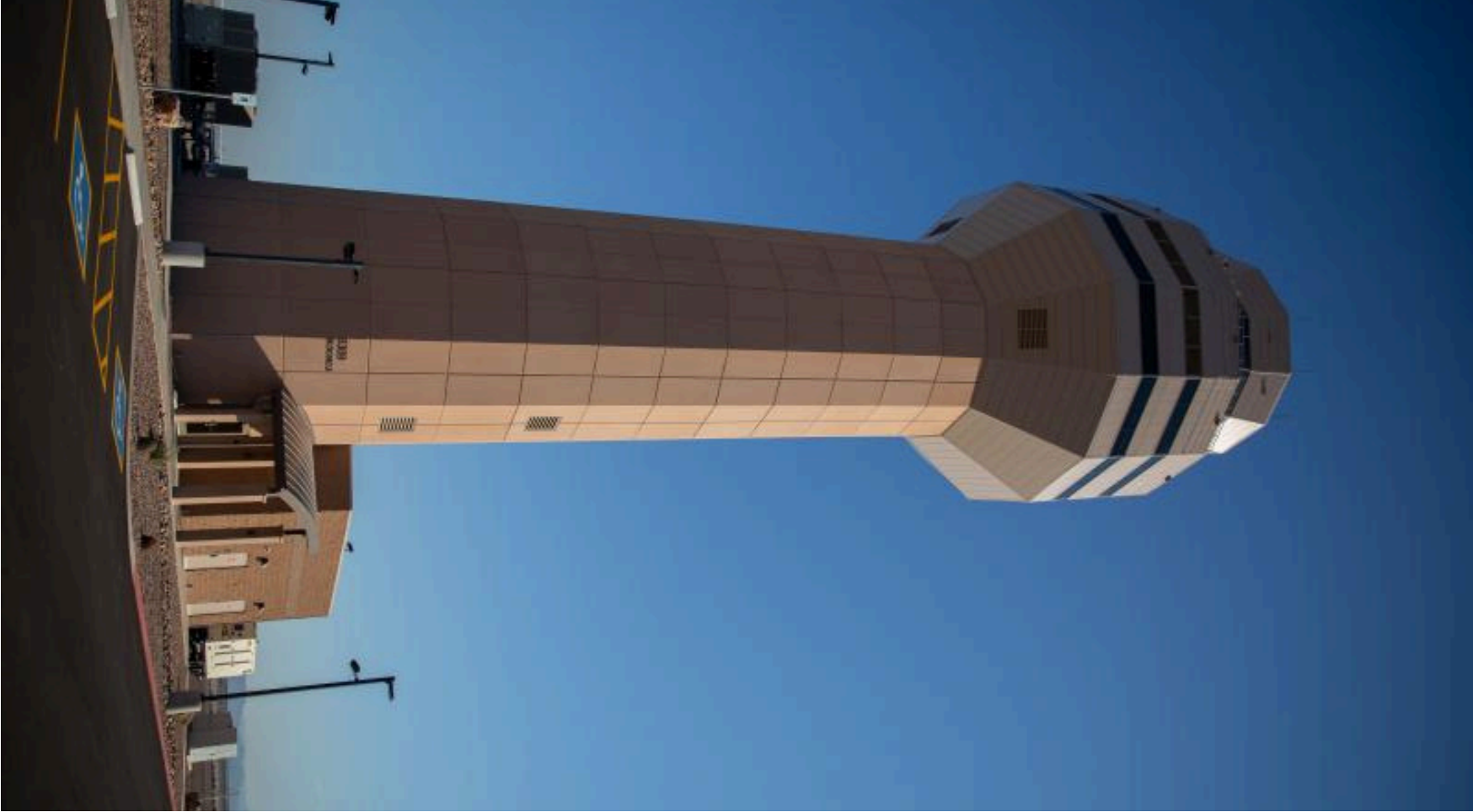
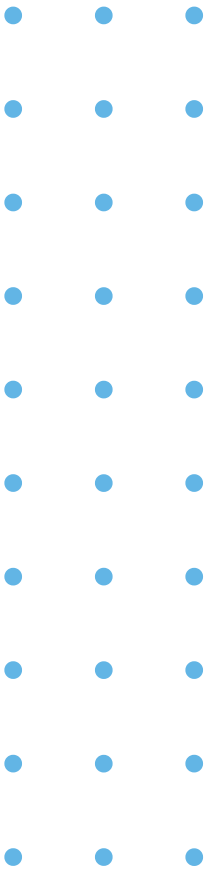


ECONOMIC DEVELOPMENT ADVISORY BOARD



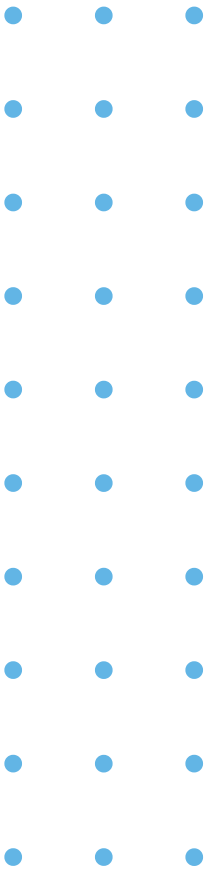
MESA GATEWAY AIRPORT

- Incoming hotel development at the 273-acre Boyer Gateway East site emphasizes a higher-level design.
- Gulfstream Ribbon-Cutting: The new facilities are now open and operational, and Gulfstream is servicing and maintaining aircraft at the new site.
- XNRGY Expansion in Mesa- specializing in air conditioning units for data centers that are now operating and actively hiring employees.
- SkyBridge has 250,000 sq. ft. of available space. A new company tenant will be announced in the next few weeks, and the expansion of the SkyBridge area will continue.
- Gateway Commerce Center has a builder, “Amplify,” which is constructing buildings- building sizes range from 150,000 sq. ft. to smaller units for 10,000-20,000 sq. ft. commercial and industrial users.
- Virgin Galactic Hiring & Expansion- hiring employees to support spaceship development. Their Delta service model goal is to launch in 2026, allowing commercial space travel.

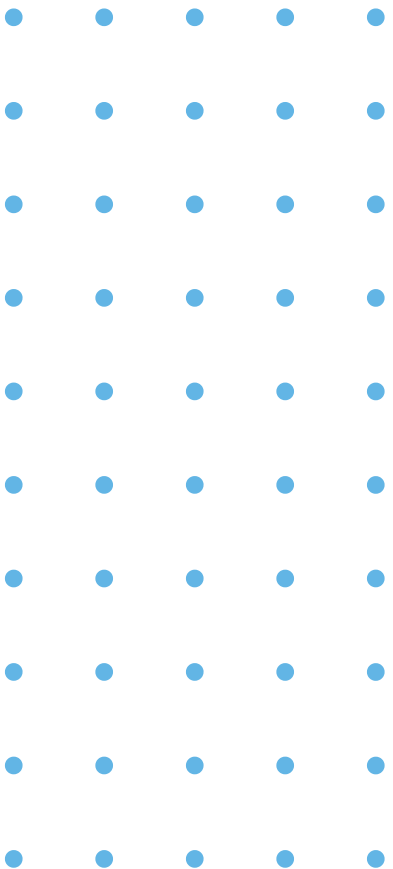


WATER UPDATE

- Colorado River Cuts & Drought Impact- This coming year, ongoing water reductions from the Colorado River will affect supply.
- Mesa continues to adapt and plan for long-term water sustainability.
- Despite challenges, maintaining Mesa’s 100-year assured water supply remains a top priority. As Mayor, I am committed to securing Mesa’s water portfolio.
- Continued investment in water conservation, efficiency, and infrastructure to ensure a reliable supply for residents and businesses.
- Collaborating with our partners at SRP- expanding Bartlett Dam and Forest Thinning project



EDUCATION AND WORKFORCE



I strongly believe education is the foundation of our community.

It shapes the opportunities for our residents and shapes our next generation of employees.
Strengthening the future of our local economy.

The City of Mesa, does not deliver education, but as elected officials we have a role in supporting it.

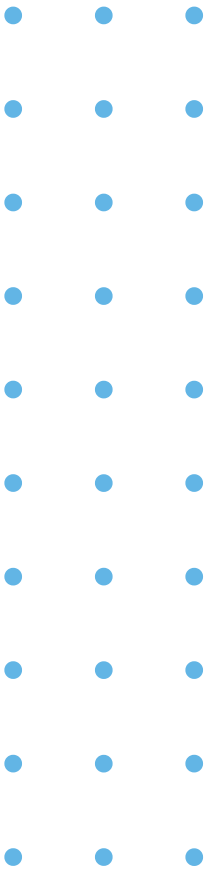
Examples:

- Mesa Family Resource Center
- Mesa Gateway Library & Read Runner
- Mesa College Promise Sustainable Funding
- Job Fairs & Mesa Business Builder Support
- Updated City Workforce Development Plan
- Updated Education & Workforce Roundtable Strategic Focus Areas



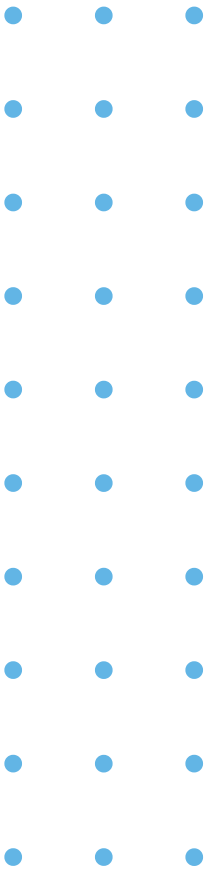
HOUSING

- Access to housing is crucial for our City’s growth, helping our workers stay here and supporting businesses in Mesa. We’ve worked hard to create a balanced housing plan focusing on these needs. We know how important it is to have homes people can afford so they can live, work, and enjoy life right here in Mesa.
- Doing so will take time and involve working closely with developers. While we want more housing options, we must also make smart choices about using our land. It’s essential to build the right projects that fit our community and make Mesa an even better place for everyone.



CITY MANAGER

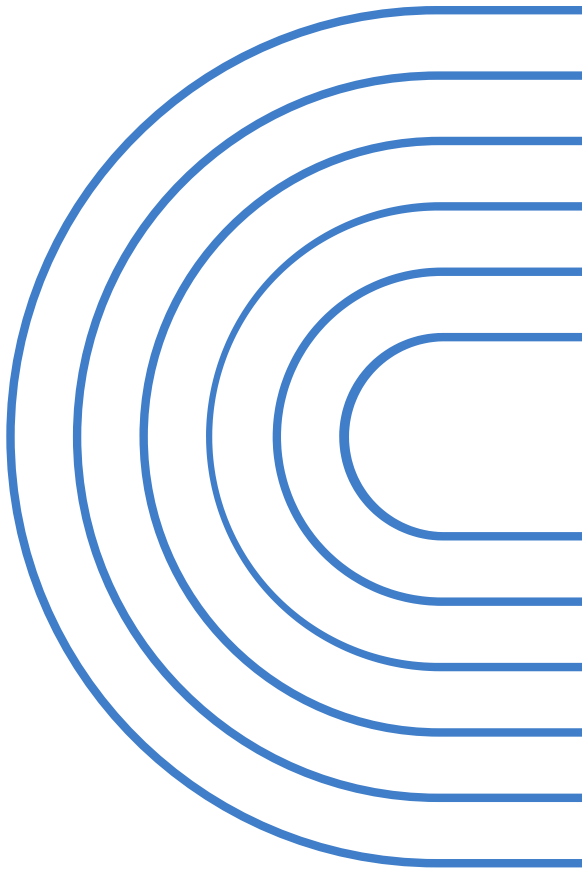
- Current City Manager Chris Brady will retire this May 2025. He has led Mesa through challenging economic periods and the pandemic with strong fiscal management. And implemented innovative financial strategies, including the passage of several capital bond initiatives for parks, streets, and public safety.
- Transition & Future Leadership- Brady will work closely with the Mayor and City Council in the coming months to ensure a smooth leadership transition.
- City Council unanimously agreed to recruit the next city manager internally, showing confidence in Mesa’s current direction.
- Assistant City Manager Scott Butler has been selected as the next city manager, emphasizing succession planning and institutional knowledge.



CITY OF MESA BUDGET

- Entering Budget Season
- City leadership is preparing for the upcoming budget planning process.
- Focus on efficiency and streamlining operations to maximize resources.
- We will continue to emphasize fiscal responsibility and strategic investments.
- City of Mesa is full service- take care of all your core services.
- We will face some financial challenges, as the loss of the residential rental tax will significantly impact City revenue.
- Bench marking public safety personnel's salaries
- The City Manager has asked departments to make 2% budget cuts.
- The City has to mitigate revenue loss while maintaining essential services.





2024 ACCOMPLISHMENTS

- Key Economic Development Metrics - FY2024
- Groundbreakings and Ribbon Cuttings
- 50 projects and 2,625 new jobs announced - \$61,300 / year
- Jobs makeup: 63% manufacturing, 25% transportation/warehousing; 8% technology
- \$5B capital investment
- 7.1M sq ft developed or absorbed
- 80% of square footage is manufacturing (spec construction excluded) National and international companies selecting Mesa
 - • • • • • • • • •
 - • • • • • • • • •
- FY2025 YTD: 2,383 jobs; \$66,400 average annual wage; \$2.39B cap inv
 - • • • • • • • • •
 - • • • • • • • • •

2025 LOOKING FORWARD

- Development Services Enhancements: Continuing to refine our processes to support streamlined, business-friendly development.
- Partnerships with ASU: Strengthening collaborations at both the Polytechnic campus and Downtown Mesa. Explore expansion ideas in Downtown Mesa.
- Focus on Advanced Manufacturing: Prioritizing industries that provide high-quality jobs, especially in sectors like semiconductors, aerospace, and clean energy.
- Infrastructure Investment: Ensuring robust infrastructure remains a cornerstone of our economic development strategy, supporting industry needs and future growth.
- Balanced Development: While data centers have brought valuable investments, our emphasis is shifting to industries with significant job creation and economic impact.





QUESTIONS?



Impact of Federal Policy Changes – Healthcare Sector
DRAFT / PROPOSED FRAMEWORK

Reduction in workforce: The announced reduction in the workforce generally and of federal health agencies specifically, including the Department of Health and Human Services (HHS), the Food and Drug Administration (FDA), and the Centers for Disease Control and Prevention (CDC) involves cutting approximately 10,000 - 20,000 jobs.

| | | | |
|--|---|--------------------------|------------------------------------|
| Potential impacts – Primary | Potential impacts – Secondary | Mesa Businesses Impacted | Estimated impact over 12-18 months |
| Federal layoffs of Mesa residents | | | |
| Slower response times to public health emergencies. | Increased prevalence and severity of disease in local community stresses hospital, provider capacity. | | |
| | Missed days of school and work. | | |
| Diminished ability to conduct research and develop new treatments. | Delayed review, approval of innovations in biomedical space. | | |

| | | | |
|--|--|---------------------------------------|------------------------------------|
| Freeze on Agency Grants and Financial Assistance Programs: The freeze on agency grants, loans, and other financial assistance programs affects a variety of funding streams and grants, including those for community health centers and Federally Qualified Health Centers | | | |
| Potential impacts – Primary | Potential impacts – Secondary | Mesa Businesses Impacted | Estimated impact over 12-18 months |
| Hinder the operations and sustainability of these health systems. | Decrease ability to provide services. | Adelante Sun Life Mountain Park | |
| VA impacts | Care shifted to community health system environment. | | |

Impact of Federal Policy Changes – Healthcare Sector
DRAFT / PROPOSED FRAMEWORK

| Reduction in Medicaid funding through changes to ACA or through reductions in the Federal Budget: | | | |
|---|---|------------------------------|------------------------------------|
| Potential impacts – Primary | Potential impacts – Secondary | Mesa Businesses Impacted | Estimated impact over 12-18 months |
| Reduction in Medicaid/AHCCCS rolls; higher uninsured | Higher volumes, costs of uncompensated care. Financial Adjustments. | Banner Health HonorHealth | |
| | | | |
| | | | |

| Tariffs on imported medical supplies, equipment and pharmaceuticals: | | | |
|--|---|---------------------------------------|------------------------------------|
| Potential impacts – Primary | Potential impacts – Secondary | Mesa Businesses Impacted | Estimated impact over 12-18 months |
| Higher cost of products | Financial impact on health systems, providers | Optum Banner Health HonorHealth | |
| Supply chain disruptions | Shortages of products, hinder patient care | | |
| Long term growth of domestic production | | | |