

**Office of Economic Development
Economic Development Advisory Board
MEETING MINUTES**

Date: April 3, 2012 **Time:** 7:30 A.M.

MEMBERS PRESENT

Rich Adams
Terry Benelli
Tony Siebers
Jo Wilson
Steve Wood

EX-OFFICIO

Mayor Scott Smith (excused)
Chris Brady (excused)
Brian Campbell (excused)
Jeff Crockett
Steve Shope
Peter Sterling (excused)

STAFF PRESENT

Betsy Adams
William Jabjiniak

MEMBERS ABSENT

Mitzi Montonya (excused)
Steve Parker (excused)
Jeff Pitcher (excused)

GUESTS

None

1. Chair's Call To Order

Chair Jeff Crockett called the April 3, 2012 meeting of the Economic Development Advisory Board to order at 7:33 a.m. at the City Council Chambers, Lower Level, 57 E. 1st Street, Mesa, AZ 85201.

2. Items from Citizens Present

None.

3. Approval of Minutes from the February 7, 2012 Board Meeting

Chair Crockett called for a motion to approve the minutes from the meeting held on February 7, 2012.

MOTION: Jo Wilson moved that the minutes from February 7, 2012 be approved.

SECOND: Tony Siebers

DECISION: Passed unanimously.

4. Healthcare Subcommittee Update

Ms. Terry Benelli, Chair of the Healthcare Subcommittee, stated the Subcommittee reviewed the Healthcare and Biosciences Recruitment for Interest proposal in early February. The First Phase for the Market Feasibility studies was completed in July 2010 by ESI Corporation. ESI suggested a healthplex encompassing a medical fitness and wellness facility. Fostering a cross training relationship with the Mayo Clinic has the

potential to draw educational meetings to Mesa along with biotech start-ups, vendors and people from around the globe. The expansion of Cardon's Children's Hospital offers an opportunity for partnering with the hospital and partnering with GPEC (Greater Phoenix Economic Council) were also addressed.

The next Phase involves interaction with M.D. Anderson as well as the Banner Simulation Center (Sim Center) regarding possible advancement with discussions of the Healthcare Initiative. A market analysis, vision statement, and compiling information were also the responsibility of ESI. The comparative data to other cities in the United States with similar initiatives would be explored as well as a local competitive analysis in Maricopa County. Also included would be documentation in the broader market. Additionally, materials, documents and final draft including guiding principles for evaluating business recruitment targets, as well as a prioritized list of opportunities are necessary. The completion target is 28 months with a cost of approximately \$8,000.

Mr. William Jabjiniak stated part of the required funding for this project has been accounted for in the 2012/2013 fiscal year's budget by the City Manager. The City Council and City Manager established an Economic Investment Fund to assist with various costs involved in implementing the Initiatives.

Ms. Benelli stated she attended a conference held in Seattle, Washington. Also in attendance were major banks. They are supportive of tax credits for education and healthcare., but are now beginning to focus more on healthcare.

Chair Jeff Crockett inquired about the use of the tax credit tool in economic development.

Mr. Jabjiniak believes the Healthcare Initiative will mirror the efforts made with regard to the Higher Education Initiative. The Healthcare Analysis, research and study have been completed. The same approach used in the Higher Education Initiative will be used in the Healthcare Initiative. The Higher Education Initiative's success has set a high standard, but an excellent standard to be followed.

Mr. Crockett suggested a briefing be given on the Healthcare Initiative at a future board meeting.

Mr. Jabjiniak anticipates moving forward with the Healthcare Initiative and identifying key pieces in the future.

5. Updates on AZLabs

Mr. Jabjiniak reported the Mesa Redevelopment Authority (MRA) unanimously approved the Economic Development Conveyance application and recommended the application be approved by the City Council to forward to the Air Force. The City is proceeding with the conveyance and the Air Force conversely is anxious to make a decision on the application. The proposal involves no costs for the conveyance, and basically is asking for the property at no cost. This is the last piece of the BRAC process to be completed.

The lack of maintenance of the facility over the years will necessitate a large expenditure to bring the property up to standards. However, with security clearances in place, it is anticipated the City will attract beneficial tenancy. The costs for Alion are approximately \$2,000,000 per year as well as \$300,000 in utility and maintenance expenses to operate the facility. Business attraction interest has increased in the past 4 to 5 months.

Mr. Shope inquired about a formal Master Plan.

Mr. Jabjiniak responded that a Facility Management Plan addresses priorities, but a Master Plan has not been established yet. Discussions have ensued regarding road closure but nothing formal has been established due to the obvious issues that will arise. The Air Force is working with the City regarding these issues.

Vice-Chair Adams commented on the near completion of the process in comparison to when the process started.

Mr. Jabiniak commented that the Air Force originally stated this was a 5-year process but it has been accomplished in a year and a half, which is a milestone. The creation of 250 high-paying new jobs is a reality based on projections. The need for conference and hotel space is being discussed. The fact the AZLabs has retained the Security Clearance continues to draw interest and national attention.

6. Director's Report

Mr. Jabjiniak announced the golf course at Riverview closed March 18th. The salvaging of the trees has begun. The ground-breaking for the Cubs facility is anticipated for this summer. The B2B (Business 2 Baseball) was a tremendous success with approximately 350 people being hosted from our office along with the Mayor and Council members. Discussions with ASU and the Cubs continue regarding the use of the Cubs' new facility. Further discussions with the Oakland A's continue for the use of Hohokam Park and Fitch Park facilities possibly starting in the 2015 season.

The March 6th Mayor's Downtown Summit was well attended and received. Approximately 50 developers, brokers and city staff were in attendance. New projects are anticipated with developers in the downtown area.

Mr. Jabjiniak thanked several Board members for participating on the Hiring Panel for the Economic Development Specialist position. A young man graduating in May from ASU, with 10 years practical experience is anticipated to start May 7th as the Economic Development Specialist. Scot Rigby has been chosen as an Assistant to the City Manager. His special assignment will be for 3 months starting July 2 through September.

Mr. Shope requested an overview of the city's budget for the coming year as well as a Higher Education update. He understood there could possibly be one or two more colleges announcing their intention of coming to Mesa. He also requested an update on the Eastmark property.

Mr. Jabjiniak stated the Eastmark property has been approved for a community facility. It will be repaid by users via extra fees to cover infrastructure with possibly 3,500 homes going in.

The budget is on a slow, steady climb and headed in the right direction. The City is demonstrating care not to overspend.

Mr. Jabjiniak commented the Higher Education Initiative has recently received contact and interest in coming to Mesa from the 22nd college. In the next 30-60 days two more colleges will announce their coming to Mesa. The Old Court Building is being looked at for the colleges and details are being finalized.

Benedictine University (BenU) will be opening 3,700 sq. ft. of administrative offices located at 51 E. Main Streets. BenU is applying for state licensing the first week of April and Board action for this item is anticipated by May or June. An architect, construction manager have been selected for classroom restructuring located at 225 E. Main Street. Three other institutions have similar interest in downtown and are in varying degrees of negotiation with the City. Another institution up for consideration will utilize private space.

Chair Crockett advised that it might be advantageous to invite representatives from Benedictine and other announced colleges to come to an EDAB meeting.

Mr. Jabjiniak agreed. He further mentioned the local Catholic Diocese will be meeting in May along with BenU to discuss opportunities and relationships. He further encouraged the Board to obtain and read the article on Mesa and Mayor Scott Smith that was on the front page in the Chronicle of Higher Education.

Ms. Wilson agreed that the article was favorable.

Chair Crockett intimated that he has expectations that the Healthcare Initiative will be as positive and successful as the Higher Education Initiative has been.

Mr. Jabjiniak reminded everyone that success was based on 1,500 students at 3-5 institutions of higher learning over the course of five years. BenU is projected to have 1,500 students within the first three years.

Ms. Wilson stated that the president of Mesa Community College noted the focus on education was very important for institutions of higher learning. Healthcare will need the same focus and support for success.

7. GPEC Update

Chair Crockett gave an update regarding the GPEC Board Meeting held the last week in March. The Board feels that the fiscal year has been positive in terms of high-paying jobs created. Additionally, defense cuts were discussed at length. The need for contacting and educating our Arizona delegation and candidates regarding these defense issues was a focus. There are no delegates in Arizona that are noted as championing the defense issue. Discussion ensued regarding the effects of defense costs in the Greater

Phoenix area will not be impacted as much as Raytheon in Tucson which is mostly defense work. Defense cuts will impact engineers and other high-paying professionals who will be displaced and consequently they will search for comparable employment. The Unmanned Aircraft Vehicle (UAV) Program was discussed as an opportunity for Mesa and the State of Arizona to focus on in the future.

Mr. Shope discussed opportunities for funding besides earmark availability. He further reiterated that the defense costs will be in the billions of dollars to the State of Arizona. The shift is to cyber warfare and he believes the City needs to focus in that direction.

Chair Crockett explained that the use of UAV sensor technology was discussed in the GPEC meeting as well.

Mr. Shope responded that UAV's are a platform for items such as optical sensors, radar sensors and other uses. Furthermore, he reiterated that the UAV is not just an airplane without a pilot but rather a whole new delivery and defense system.

Chair Crockett inquired whether Mr. Shope wished to address the Innovation Council meeting.

Mr. Shope stated investment funding for science and technology needs in the valley were discussed. These include such items as green technology, green housing, and net zero housing in which utilities are paid for the life of the house. Arizona will be a model for the rest of the country in using green technology.

Chair Crockett shared that GPEC has an updated website including a section for each municipality. This provides an excellent resource for those relocating to the Valley.

Mr. Shope added that the website analyzed each industry in the valley and how it affects other areas.

Mr. Shope stated the defense budget cuts were discussed by Mr. Barry Broome via a Power Point presentation. A request was made for this presentation to be given by Mr. Broome at a future meeting.

8. Other Business

Vice-Chair Adams voiced concerns regarding the northwest corner of Alma School and Southern and wondered what efforts were being made regarding redevelopment and improvement for the area.

Chair Crockett replied that this has been an ongoing concern and effort. Opportunities for redevelopment of the Fiesta District are continuing.

Mr. Jabjiniak agreed that the corner mentioned has been an obstacle the city is working on. Until the market changes, there does not appear to be an answer since offers have been made for the area but have not been well-received. The Mayor is hoping to hold a workshop in the Fall with the Stakeholders and other property owners to discuss options and possibilities for the entire area.

Ms. Benelli stated the Stakeholders for the Fiesta District do not seem to find this property to be a priority. She requested that an update be given on the Fiesta District at a future EDAB meeting.

Mr. Shope shared that he graduated from an FBI Academy course along with 35 other classmates. The course lasted eight weeks, and met on Tuesday nights. The courses discussed were issues facing Arizona such as; kidnapping, economic espionage, political corruption along with other interesting courses were examined. He encouraged Board members to consider taking the Academy and to consider inviting the FBI to give a briefing or presentation at a future EDAB meeting.

9. Adjournment

Chair Crockett adjourned the Board meeting at 8:30 a.m.

Submitted By:

William J. Jabjiniak
Economic Development Department Director
(Prepared by Jeanne LaRue)