

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

Date: September 6, 2022 Time: 7:30 AM

MEMBERS PRESENT

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

EX-OFFICIO

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

STAFF PRESENT

William Jabjiniak
JD Beatty
Chris Molnar
Jaye O’Donnell
Maribeth Smith

MEMBERS ABSENT

N/A

GUESTS

N/A

1. Chair’s Call to Order

Chair Zonneveld called the September 6, 2022, meeting of the Economic Development Advisory Board to order at 7:33 a.m.

2. Items from Citizens Present - None

Chair Zonneveld welcomed Steve Henderson to the Board. Mr. Henderson is the Vice President – West Division at Commercial Metals Company (CMC) and a proud Mesa resident. CMC began operations in Mesa in 2007 and have been part of the community for 15 years. Mr. Henderson commented that he was honored to serve as a member of the Advisory Board.

3. Approval of Minutes from August 2, 2022, Meeting

Chair Zonneveld called for a motion to approve the minutes. A motion was made to approve the August 2, 2022, minutes by Brian Campbell, seconded by Christopher Nickerson.

Upon tabulation of votes, it showed:

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

NAYS – None

Chair Zonneveld declared the motion carried by unanimous vote.

4. Hear from Mayor Giles regarding his economic development vision for the next 12-24 months

Chair Zonneveld welcomed Mayor Giles and City Manager Chris Brady.

Mayor Giles thanked the Board members for their service. He commented that each member brings special skills, connections and life experiences that the community benefits from.

He stated that we all have multiple reasons for living in Mesa, Arizona, and included in all of our reasons is that this is a place that we can earn a living and provide for our families. Thank you for helping us get better at that. Mayor Giles commented that we've had our best sales tax collection year ever this last year, and he was reminded of sitting in this room three years ago, being afraid of what was to come. We knew we were at the beginning of something that was going to be difficult and impactful, and not just as far as the tax on the health and the life of our community, but on the economy that's so important to all of us. The irony is it was the best of times and the worst of times. In spite of this unprecedented pandemic, economically, the City of Mesa has done pretty well. We've had as many or more new economic development projects come to Mesa as ever. These are not simply Fortune 500 companies, but Fortune 50 and Fortune 10 companies coming to Mesa, Arizona and making multi-billion-dollar investments. But in spite of the pandemic, Mesa was well positioned and the people who were coming here and the companies that were coming here were so committed and had the resources that it happened in spite of the pandemic. We appreciate our relationship with GPEC. They send us great leads, and we are very competitive at a national and global level for very major projects, as you know. As important as business attraction is, business retention and expansion are equally important. It is wonderful to attract new companies to Mesa, particularly the Apples and the Googles and the Facebooks. But we're equally thankful for those long-standing companies who have chosen to grow and expand in Mesa such as Boeing, Banner Health, and Dexcom. He commented on his appreciation for the effort that the Economic Development Office has been putting into strengthening the relationships we have with these existing employers.

About a year ago, the Office of Economic Development convened a great event where we sat down with the top 20 or so employers. We kind of had a situation like this, where we heard from them in a group setting and small conversations before and after the event. He mentioned a great conversation with Banner's leadership. Banner Desert Hospital is one of the top 10 largest hospitals in the United States of America and the largest and busiest hospital State of Arizona. Banner mentioned that workforce was their challenge, and as a result of that conversation we had additional conversations with Mesa Community College regarding their nursing program. The ripple effect of that meeting has been rewarding to watch. That connection may not have happened, but for convening these major employers and discussing the challenges they were experiencing. We're committed to doing more of that.

Mayor commented that we've been fortunate with the development in the southeast part of Mesa, where literally every time you go, you see a new half million or million square foot building. He mentioned his support of the Pecos Industrial Rail Access and Train Extension (PIRATE) project. He recently spoke about the local impact of the CHIPS Act and its significant story. There are tens of billions of dollars being spent on TSMC and Intel Fabs, and the ripple effect is being felt in Mesa as well. JX Nippon bought 65 acres for microchip manufacturing, Fuji produces solvents and the other chemicals, and CMC can also tell us how important rail is. We are part of the supply chain economy related to those chips.

Mayor shared his excitement regarding the new ASU building that opened at Mesa City Plaza within the last few weeks. That is what a \$100 million dollar building looks like, and it has exceeded our expectations in multiple ways. The technology within the building is phenomenal. every discipline will benefit from that technology, from film to augmented reality which teach people how to perform surgery and how to fly helicopters. Mayor recalled that Dr. Crow, at the beginning of the ASU conversation a few years ago, said when we build a building, there will be other people coming to Mesa to build buildings to be next to this building. We're seeing that happen now, in terms of inquiries about additional redevelopment in downtown Mesa. The ASU campus will continue to expand in downtown Mesa. We're in the middle of those discussions with Dr. Crow and his staff right now to see what will be next.

ASU announced that they are locating the Advanced Manufacturing School, which is part of the Engineering College, at ASU Polytechnic where multiple disciplines will be housed within the \$200 million dollar facility. Again, all geared towards this new emphasis on supporting and training workforce for advanced manufacturing. The facility will include clean room facilities for workforce training, funded directly by CHIPS Act money. That is a national and global story that is transpiring right before our eyes.

Mayor commented on how gratifying it is to see the support from the business community for the Mesa College Promise program. He recalled a conversation with then Mesa Public Schools Superintendent Mike Cowan, about six or seven years ago. Mayor had asked how the City could help. A strong community partnership was needed to fund programs that could assist with higher education attainment. Mesa, as you know, is a very large city surrounded by some affluent smaller cities. So, in comparison, our higher education attainment level is not where we want it to be. We want to be more of a college town. The Mesa College Promise program is a direct attempt to respond to that. As is the higher education initiative that brought Benedictine University to downtown Mesa, that brought an ASU campus to downtown Mesa. This is also the rationale behind our support for the expansion of ASU's Polytechnic campus. We need to support our workforce.

Mayor spoke with AT&T's CEO and the Secretary of Commerce at Mesa Community College last week about the fiber optic cable program that we announced in Mesa which is designed to bring fiber to every home and business. He stated this was one of the takeaways from the pandemic, the digital divide. He witnessed it multiple times during food distribution events where parents were waiting for food, but also needed homework packets because when the school went to an online curriculum, but they were not connected. That provoked us to use part of our COVID relief money to make sure that every elementary school child in Mesa had a device, so that they could be connected. But another layer we learned from the pandemic is that not all of us have access to adequate internet connection. We need access to fiber. That is how South Korea is. So, our goal became to have fiber in every home and business in Mesa. We went through an exhaustive process, realized that in order for us to achieve that, if we were to take it on ourselves as a city, that's hundreds of millions of dollars in infrastructure, and so we looked for a different model. Mr. Brady and Mr. Jabjiniak and the smart people at the City of Mesa, about a year ago, put out a request for information stating this is what we want, is there a model that will fit for us. We were delighted with the response. We got six or seven companies that were all very capable, many of whom are household names, that stated they wanted to do this, and they thought Mesa, Arizona was a great place to show everybody that it can be done. That's led to agreements with four companies. So, the CEO of AT&T, which is a Fortune 10 company, stepped to the microphone at Mesa Community College last week and said that he was very excited to expand fiber service in Mesa, Arizona. To facilitate that, he introduced the president of Corning who makes fiber optic cable. The fiber will be produced in Gilbert and taken to every home and every business in Mesa. Mayor feels this program is something that will distinguish Mesa, Arizona.

Mayor Giles stated Mesa is continuing its support for small businesses and entrepreneurship. The Studios @ Mesa City Center, Mesa's former library, has been resurrected as a space to convene entrepreneurs. It remains a City of Mesa building, although ASU is staffing it. Small businesses, people who want to be entrepreneurs, people who want to get access to resources, can use that building, as can all of you. CO+HOOTS facility opened in partnership with Benedictine University a few months ago. A great place where a startup or a business can receive mentoring. Similarly, another coworking space is about to open in one of the Caliber buildings, the old Newberry's building to be specific. The Mesa Chamber of Commerce has been a great partner through the pandemic with multiple programs that continue to be available online to support small businesses. Mayor stated that our small business community is a lot more sophisticated now than at the beginning of the pandemic. We've offered access to a multitude of resources and continue to do so. Mayor asked the board for feedback and/or ideas that will help Mesa, Arizona create an even stronger economy.

Natascha Ovando-Karadsheh thanked Mayor Giles and Mr. Brady for speaking with the Board. She mentioned that part of the success we're seeing now is the result of many years of strategic vision and planning. When we look back as a board, we pushed for industrial product and to guard against housing in employment areas and now we're seeing benefit of that vision. Development is so busy right now that we're just reacting to all that's coming through in such a short amount of time. Sometimes it's difficult to plan strategically when the workload is crushing. Where do we want to go next as a city economically? Is there an industry we want to target?

Mayor Giles commented that we are planning for the update of our general plan. Mr. Brady is facilitating the staffing and consultants for this update. He stated that he was on city council 25 years ago when Williams Air Force Base was this place off in the middle of the desert, surrounded by tumbleweeds and cactus, and it was hard to get to by design. It's hard to imagine how different things were then than they are now. The City has gone through a couple of decades of holding off housing in favor of industrial and employment in that area, which has turned out pretty well. Recently, he has heard comments about the hundreds of acres of tilt up concrete buildings that are being developed in southeast Mesa and his reply is that was what we wanted. He commented that we'll be criticized and complimented for generations to come in terms of how this is built out, but it has been by design. It's been thoughtful and intentional. However, we're not done yet, so please help us with this general plan update because we need to be asking and answering these questions as a community going forward.

Mr. Brady stated that good planning begins with first understanding who you are. So, to talk about what we want to become, we have to start with who we are today, because it's really important to understand where we've come from and what makes us really good today. What are our strengths and weaknesses? That doesn't mean we can't become something different than we are today, but you start there as you look forward. As the Mayor has said, and Bill and I've talked about this, this is an overnight success that took over a decade. Because it really began that long ago when we were having conversations about Southeast Mesa. We knew that when the proving grounds became available for development, infrastructure would be our biggest challenge. Infrastructure is a big capital expense, whether it's roads, water, sewer, water treatment plants, etc. Our investment in the City that started more than a decade ago is now finally paying off. The Elliot Road Technology Corridor, where we have Google, Apple, and Facebook all within three miles of each other, is due to the power, roads, water and sewer capacity that we've installed. Our residents and our businesses pay a competitive rate for infrastructure, but the payoff is we are bringing an investment unlike any other community. The PIRATE project is just another link or connection to more infrastructure that provides for logistics that are needed to move goods and products back and forth. He envisions that the City will continue to build off of that strength. A lot of credit has to go to SRP when we're having these big conversations. They are sometimes the pivot point whether or not a project comes to Mesa. We're seeing other industries, electric vehicles and batteries, invest in the City. As the Mayor said, we see the semiconductor business as a big future of Mesa because they're already starting to show up in certain ways. We have a very skilled proven workforce that supports Boeing and MD Helicopters. He also stated that ASU Polytechnic's effort will become a great opportunity for Mesa's crossover between high technology and academics. That's what we're hoping happens in downtown. We've referred to downtown Mesa as an innovation district because there is a collision of academic, technology, and the world of the private sector. Mr Brady stated that we're also making a big investment in supporting small business. Big business gets a lot of attention, but the bread and butter of what makes Mesa great, and any community, is the strength of the small business community entrepreneurs, the mom and pops, the small businesses that are just trying to make it work. On that note, we've acquired a property that used to be the old Catholic bookstore, which will be our restaurant kitchen lab with Local First. We'll be able to provide space for local entrepreneur restaurants to perfect their business plan and their recipes, so they'll become successful. Additionally, Jaye is working with us on The Studios @ Mesa City Center. One floor is built out and two more floors are planned for small business assistance. So, between this high-tech evolution that needs to be supported by big infrastructure, we're

also focusing, and have focused, on small business by building out an infrastructure of space and training and support for them. Those are the exciting parts of economic development for the future.

Mr. Jabjiniak commented that the industrial jungle in southeast Mesa Mayor mentioned means jobs. During a recent presentation Jaye provided on our strategic plan, we discussed looking at emerging industries over the next four years. We know that the market has changed with the pandemic. One of the hallmarks, one of the strengths that site selectors mention, is Mesa is politically stable and all pull in one direction. How the City departments work together to accomplish some of the things that Mr. Brady mentioned is also a strength. Infrastructure and entitlements are important when you talk to a business. They want to determine how quickly they can get there and what type of risk do they have. Working closely with SRP as a partner really gets things accomplished and keep things moving. Currently, as soon as developments are built, they're occupied. It wasn't that many years ago, the board talked about having only one speculative building.

Rich Adams commented that when he first joined this board was about the time that Mayor was on council the first time. Rich couldn't have imagined the growth that has happened since. These achievements are just magnificently wonderful and beyond anything he thought we would ever see here in Mesa. Mr. Adams stated that Mesa is becoming known for what we're doing here across the country. We're not a secret anymore. And what was just mentioned, the idea that we all pull in the same direction here in Mesa and here in the valley, that's an unusual thing. It's a really strong asset. He stated that it has to do with leadership, Mr. Brady's leadership, our elected leadership, and Mayor's leadership. It's just a wonderful thing to see. Rich mentioned that he has served on either two or three general plan working groups over the years and would be happy to offer his historical perspective.

Brian Campbell commented that we're watching the market very closely. Mayor detailed our strengths and long-range planning that got us here. Mr. Campbell mentioned that he has been on this board since the days when Mayor was on council the first time also. The City has always had vision and always looked to see what's coming next. We're seeing the fruition of the planning from 7-10 years ago, but we're coming to the end of that run. Nationally, Amazon was in the press about changing their approach and the people that follow their real estate are making some significant alterations in their business model. What is your strategic view of what's coming in the next five years? What's the path?

Mayor Giles stated that things are changing, and we need to adapt to the next phase of Mesa, Arizona. Put an emphasis on quality as opposed to quantity as Mesa becomes known in the national economic discussion. The City has wonderful opportunities in West Mesa, in the Falcon area, the Asian District, all unique and attractive in their own way, and we can really do some amazing things there. An additional strength is our diversity. Diversity means that you have the best of things too. We have high paying jobs and above market residential. We need to put an emphasis on raising the bar and saying that we can afford now to be a little more selective in the things that we embrace, in the things that we bring the resources of government to.

Mr. Brady agreed that in the past, we've gone after big quantities and big boxes, and maybe we don't have to do that anymore. It gave us some name recognition, but sometimes the ratio of jobs to square footage is not the best end result. He felt that we are in a position now where we can say, no, we want you to come, but your wages have to be better than average and you have to demonstrate a commitment to our community by hiring locally.

5. Hear a presentation on the Office of Economic Development 2022 Annual Report

Chair Zonneveld welcomed Assistant Economic Development Director Jaye O'Donnell.

Jaye O'Donnell thanked the Board for the opportunity to present the Office of Economic Development FY2022 Annual Report. This is the second Annual Report we've published. The theme for this year's annual report is Mesa momentum. Mayor and Mr. Brady talked a lot today about infrastructure, planning and strategic vision, which is certainly really important to build and develop a community economically. Diversification is also critical. So, thinking about all the momentum that has been created with development and successful projects, it is our responsibility to tell the story and make sure the message gets out. This year's report is different although we still have the same categories such as an executive summary or a letter from the director, Mesa by the Numbers, Awards and Accolades, and Strategic Initiatives. We picked out a couple of initiatives that we've worked on during the year that have garnered some success and additional press, if you will, and then Accomplishments and Results. We included the Economic Development Advisory Board members for FY2022 as well as staff. Three videos were added which include an introduction video, an award and accolades video as well as strategic initiatives. This year's report is in a digital format, so we don't have a printed piece. We used a program called Infogram, which makes it really easy to show graphically our performance measures.

The letter from the Director summarizes the year including the 37 companies announced that have landed or expanded in Mesa creating nearly 2,500 high quality jobs. Capital investment is off the charts at \$2.8 billion and almost six million square feet of industrial and office space absorbed. We've exceeded almost all of our goals and we're especially proud of the 175 business retention and expansion visits that we conducted. We also like to provide a little bit of context about what has happened in the community. Our population is close to 514,000. Our median household income is \$65,500. Our medium home price is also increasing. As Mayor mentioned, our educational attainment level is 40%. Those include associate degrees or higher. We would like that number to increase. Finally, our unemployment rate is very low. From the development perspective we looked at 2010 to 2021 and residential permits are up 51.5%, commercial is up almost 28%. That is phenomenal growth. Gateway Airport commercial traffic is also incredible even with the pandemic. Last fiscal year traffic included 1.8 million passengers. We have highlighted staff and all of the awards that we received this last fiscal year including a gold award for economic equity and inclusion with the HUUB Digital Platform and a silver award for organization of the year. JD Beatty was also awarded the young economic developer of the year. Rich Adams, of course, was awarded the citizen leadership award. AAED golden prospector awards are announced at their fall conference, and we were awarded a golden prospector for deal of the year for ElectricaMeccania, as well as again, Mesa CARES HUUB Digital Platform for small businesses.

Rich Adams commented how very humbling it was to receive that award, but the best part was to be able to accompany Bill and JD to Nashville where JD received his award and meet some of the folks that our staff deal with on a regular basis. It was another situation where I saw how highly regarded the City of Mesa and our professional staff are regarded on a national level.

Ms. O'Donnell showed the top key performance indicators or highlights. We exceeded our goal of 2,100 jobs for the year with 2,461 jobs. We are always looking to improve the average annual wage and making sure that we attract high quality jobs. The goal is 135% of the county median wage and for last fiscal year was \$53,361. We exceeded that goal at \$54,300. Our goal was 33 companies that we assisted in attracting, expanding, or retained. We hit 37. Our goal was 36 prospect visits. These are prospects that are coming to the market to view property, meet with our staff, sometimes the mayor and city management, not simply a phone call. We participated in 68 visits. A successful project word cloud of some of the companies that we worked with over the fiscal year was included as well. We achieved our business retention and expansion goal of visiting 175 Mesa businesses. Our media impressions for this last fiscal year were massive, nearly 500 million impressions generated. A great deal of that was from the Facebook announcement, but we made national and international news for a number of projects that announced. The strategic initiative section includes both our highlight reels for talent attraction, specifically the workforce development programming held last fiscal year, as well as our technical assistance program. Our talent attraction and workforce development piece centered around the three-

workshop series to help determine what companies needed and responded to, what they were looking for. We're compiling that information that we've gathered into a workforce development strategy which will be launched in a few months and will help define what the office of economic development's role is going to be for workforce development. In addition to all the other city efforts that are happening with the Education and Workforce Development Roundtable. We contracted with five vendors to deliver small business technical assistance services: Local First, Mesa Chamber, CO+HOOTS, PRESTAMOS, and the East Valley Hispanic Chamber of Commerce. Last fiscal year, we delivered 1,284 hours of one-on-one assistance to 77 businesses at a value of nearly \$140,000. We also registered them all on the HUUB platform which houses our online digital library of 120 webinars that are free to Mesa businesses. Of all business registered on the HUUB, 60% of them are women owned businesses and 39% are black, indigenous, and/or people of color. Jaye encouraged Board members to watch all the videos.

Laura Snow commented on the impressive amount of work and great outcomes – another banner year. She also appreciated that the document was digital.

Dominic Perry commented on the fantastic work compiling the data and the new format. It makes it very easy to digest and absorb. May we post this on our LinkedIn page or other channels?

Jaye O'Donnell thanked Mr. Perry for the comments and invited all Board members to elevate the department's social media efforts on their channels.

6. Director's Report

Bill Jabjiniak mentioned that the City's General Plan process is underway. The Planning Department is hosting a virtual public hearing to discuss proposed zoning ordinance text amendments regarding drive-thrus, outdoor eating, and temporary uses on Wednesday, September 21st from 6:00 to 7:00. The flyer was provided in printed and electronic form via email.

Next, Contour's Sossaman Park 202 will be breaking ground on September 14 at the southwest corner of Sossaman and Warner Roads. This area inside the loop has received a lot of interest even with its infrastructure restrictions. The City plans to extend Sossaman south from Warner under US60 to Ray Road. There are proposed developments from Elliot south along Sossaman and south of Warner moving east. We expect a lot of activity here in the near future.

JX Nippon will hold a groundbreaking on October 5 near Germann and Crismon. They are located near CMC Steel, which is currently expanding.

Finally, on a somber note, the reigning young professional of the year, JD Beatty, has announced his intention to move to Iron Mountain Data Centers as the site selection manager for the Americas. JD has been with the Office of Economic Development, joining us out of college, for nine years and five months to the day, and he has accomplished great things and elevated our service. Bill thanked JD and wished him nothing but luck and success.

7. Other Business

The next Economic Development Advisory Board meeting will be on Tuesday, October 4, 2022.

8. Adjournment

Chair Zonneveld called for a motion to adjourn. A motion was made to adjourn the meeting at 8:35 a.m. by Brian Campbell, seconded by Christopher Nickerson.

Upon tabulation of votes, it showed:

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

NAYS – None

Chair Zonneveld declared the motion carried by unanimous vote.

Submitted By:



William J. Jabjiniak
Economic Development Department Director