

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

December 1, 2020 7:30 a.m.

MEMBERS PRESENT

Jim Kasselmann, Chair
Rich Adams, Vice Chair
Brian Campbell
Matt Likens
Christopher Nickerson
Natascha Ovando-Karadsheh
Dominic Perry
Brad Wilson

EX-OFFICIO

Mayor John Giles (Excused)
Chris Brady, City Manager
Sally Harrison
Jeffrey Pitcher
Jennifer Zonneveld

STAFF PRESENT

William Jabjiniak
Jaye O'Donnell
Maribeth Smith
Will Novak

MEMBERS ABSENT

Deb Duvall

GUESTS PRESENT

Councilmember Kevin Thompson

The EDAB meeting was conducted via Virtual Platform with options for public participation. Some items were taken out of order.

1. Chair's Call to Order - Chair Kasselmann called the Economic Development Advisory Board meeting to order at 7:30 a.m. He welcomed Councilmember Thompson and City Manager Brady to the meeting.

2. Items from Citizens Present – None.

3. Introduction of New Ex-Officio Member - Chair Kasselmann introduced new Ex-Officio member, Jennifer Zonneveld, with Northrop Grumman.

Ms. Zonneveld is the Director of the Guns Operating Unit and Site Lead at the Armament Systems Facility located near the Falcon Field Airport. She has lived in the Phoenix area for the last 22 years, working at Honeywell for 10 years before joining Northrop Grumman. She has a long history in the Valley in both the aerospace and defense areas and looks forward to supporting the Economic Development Advisory Board.

4. Approval of Minutes from the November Board Meeting - Chair Kasselmann called for a motion to approve the minutes from the November 3, 2020 meeting. Rich Adams moved to approve the November 3, 2020 minutes as presented; seconded by Dominic Perry. Upon tabulation of votes, it showed:

AYES – Kasselmann, Adams, Campbell, Likens, Nickerson, Ovando-Karadsheh, Perry, Wilson
NAYS – None

Chair Kasselmann declared the Motion carried by unanimous vote.

5. Southeast Mesa Virtual Tour – Director Bill Jabjiniak provided a virtual tour of southeast Mesa instead of the driving tour that has been taken in the past.

Crismon Road & Southern Avenue - Just north of US60 on the left side of Crismon, a Hampton Hotel is proposed on the large empty piece as well as a couple restaurants. The Sherwin Williams is coming along. There is already retail on the other side of the street. A new Salad and Go is proposed on the corner north of Mountain Vista Medical Center.

Rich Adams noted the restaurants are all fast food and asked if that was planned or just the way it fell together. Mr. Jabjiniak stated it is just the way it all fell together. The hospital used to complain about the lack of places to eat. Salad and Go had been requested. The Burger Kings and McDonald's are showing up on their own and are easy for developers to locate. We are just creating the vision for the area. It is anticipated to have more sit-down restaurants in that area as well. It is good to see the activity in general and now it is about having the right type of activity in this area. There is a lot of interest for retail here being right off the highway and near a major employer.

A couple years ago, Marriott Residence Inn was developed to the south of the hospital. Heading further east near the power lines is a proposed development with some residential components. The existing Sprouts shopping center at Signal Butte Road has done well. Councilmember Thompson fought hard to keep retail and the right components along Signal Butte Road just off US60. Going west along the 60, we have tried to maintain some office for future development. There is a lot of pressure on residential, although we have tried to make this somewhat walkable with more vertical integration. Yes, we have residential, although we want employment as this was originally designated as an employment area. Target was originally planned for that piece of land and we miss those sales tax dollars.

Signal Butte & Guadalupe - This is developing nicely as a destination area. A Fry's grocery opened a few years ago. Proposed is another Salad and Go, Someburros, and a Valvoline facility near the Legacy Traditional School. Dutch Bros is proposed on the northeast corner.

Councilmember Thompson pointed out the Signal Butte Self-Storage facility to the east. There was supposed to be another Quick Quack Car Wash where Someburros and Salad and Go is proposed. The residents in Santa Rita Ranch were opposed to both the self-storage and the car wash and sent over 900 emails and a petition to his office. Councilmember Thompson urged the zoning attorney to hold a community meeting. The self-storage proposed at three stories was negotiated down to two stories with a basement and the car wash was eliminated. In return, we have the Someburros, Salad and Go and the Valvoline. It was good to see the citizens engaged and push for what they really want.

Rich Adams did not see much difference between an oil change facility and a car wash. He asked what the concern was and why one was acceptable and not the other. Councilmember Thompson stated the residents didn't want the storage facility, car wash or an oil change facility, but eventually realized that something was going to be there whether they liked it or not. They considered the smells, sounds and lighting with a car wash and whether they would be better served with a Valvoline oil change facility with less noise and odors. They bargained and bartered and settled with the Valvoline.

Chair Kasselmann asked about the timeline for Legacy School. Councilmember Thompson advised that Legacy has been open for about two years. Located near a major corner, it created some havoc when it first opened getting cars in and out and with kids darting across Guadalupe to the Fry's where parents waited to avoid the line on Guadalupe. PD was brought in for traffic control and to work with the school on their timing for pick up and drop off. So far it seems to be working. Mr. Jabjiniak stated the Mulberry housing development to the west of that intersection made a lot of demands as well. He expects this area will continue to fill in with retail.

Elliot Road Tech Corridor (Signal Butte to Ellsworth) - Several years ago, a vision was developed to take advantage of all the power with the receiving station here. A zoning case years ago allowed for the overlay to be put in place. Opting-in to the overlay reduced the planning process from six months to six weeks, which is significant for the development community. That is considered a gold standard and led to some of the Economic Development Awards we received this fall. The Signal Butte Water Treatment Plant which opened two years ago on the east side of the road will be expanding from 24 million gallons to 48 million gallons a day. Along with the power, that water treatment plant allowed for the original First Solar facility which turned into Apple. On the west side of the road, Able Grid purchased a small parcel because of the power. Mortenson Development has purchased property here and are looking for the right user. LKY Development has proposed some retail on the corner with a residential component to be determined. To the south is Apple which is a fantastic story with 1.3M SF. They continue to develop that facility and there is a half million-dollar contract out for tenant improvement work. Apple has already invested about \$2 billion in that facility.

On the north side, NTT is the old RagingWire site and we expect to see vertical construction activity in the first quarter of 2021. The Digital Realty site is now out for sale with significant interest. CyrusOne has a site plan although we do not anticipate activity within the next 12 months. Niagara Bottling is expanding with a second production line and will be hiring later this month.

Chair Kasselmann asked how Niagara's production capacity will increase with that expansion and how will that impact their water consumption. Mr. Jabjiniak stated they will double production and we had planned for that in our water consumption and set aside a half million gallons.

On the north side of road, Mesa Elliot Tech Park sold a 36K SF building to Comarch. They are in the process of opting-in to the Overlay. On the northeast corner of Ellsworth and Elliot, Diversified has proposed a retail development. This is where we want retail across from the hospital near the highway and employers. There is retail development proposed to the west of the hospital on the Trammell Crow site as well as some industrial to the north. Dignity Health's medical office building was slowed down due to the pandemic. The road is being installed for Mesa Elliot Tech Park II.

On the south side of Elliot Road, a developer is interested in both the state land and the Baker Development piece. The state does not want to sell the north section. Baker Development pushed the bottom 160 acres going down to Warner into the state auction process. It is a developer out of Chicago looking to take advantage of the big power. We made a decision years ago to put the power outside the 202 to create redundancy to the power line to the north. That has been a big plus and we are seeing the industrial manufacturing users following the power.

Rich Adams asked why the State Land Trust does not want to sell that land. Mr. Jabjiniak stated the zoning on the north piece is different. It is mixed-use and retail and the vision for Baker is more industrial. Due to the demand for housing, they may want to auction that piece separately.

Councilmember Thompson stated the state land jumped in with the Hawes Crossing piece and ended up with this piece of land zoned as mixed-use. He fought against that with Jordan Rose. Mixed-use typically means apartments and McDonalds and his vision for Loop 202 is more of the office, retail, commercial and industrial seen along the 202 through Gilbert and Chandler. Rich Adams appreciated Councilmember Thompson fighting for jobs.

Mr. Jabjiniak stated heading east along the south side of Elliot is Project Huckleberry. They are in negotiations and expect to go into escrow soon for 316 acres at a major intersection. Heading east, Edgecore has an existing building today and is looking to exercise their option for an additional 25 acres for a total of 50 acres. Project Huckleberry is talking about using the Eastmark 50 acre piece for construction parking for several years. North of the existing Edgecore building, Project Seattle is

looking at a 50-acre site. We brought the 69 kv line down the Everton Terrace alignment. The property to the east of that alignment is out on the market and there have been discussions around everything from residential to other employment. The Masyno site is owned separately and has just been listed. To the south on the Eastmark I site there have been discussions on housing on part of it while we protect Apple at the same time.

Chair Kasselmann cringes every time he hears the word residential within this area with the state land and the Eastmark 50 acres. This is setting up to be a really great commercial powerhouse engine for the area. There is housing all around and he cannot imagine little patchwork pieces of residential in this area. He thanked Councilmember Thompson for advocating for the businesses here.

Mr. Jabjiniak stated so far we have resisted some of the additional residential developments, especially on the LKY site. The State Land piece is zoned for mixed-use which allows for residential. He was sure there will be more proposals that include residential there.

Elliot Road Tech Corridor (West of 202) - To the north next to the EdgeConnex site, the entire 170 acres was purchased and today 120 acres are on the market. The Landing at Elliot has taken the bottom 80 acres with just over 1M SF proposed. That site is going through the entitlement process now. They are looking more at a logistics play and will adapt if we can find a manufacturing user. That has been split into two buildings that can be combined if necessary. EdgeConnex recently inquired about power and there is another user on the 43 acres to the northeast. There are a lot of big power users looking to follow that power line. To the west, the farms have been rezoned in the Hawes Crossing case. Further west, Project Red Hawk has 187 acres. They are ready to start their switchyard development in March and there have been discussions with them about vertical construction of the first buildings sometime next year. To the east of Sossaman, there have been a couple different proposals for residential and long-term care facilities, although nothing has been agreed to.

To the south of Elliot Road, the Morrison Dairy is still in play and looking for the right user for a one-time sale. The Dale Morrison piece is also on the market. The state land along Hawes is not ready to be put into play. That land has three different zoning districts as part of the Hawes Crossing rezoning. There is also a lot of activity just south of Warner along the 202.

Power Road from Elliot to 202 - South of Elliot, a self-storage facility is already approved. There are four industrial buildings proposed, including a 20K SF building that can be converted to a variety of uses, as well as some larger buildings. At the southeast corner of Power and Warner, the proposed Cannon Beach development includes a surf lagoon, hotels, indoor go-cart track and retail along the Power Road frontage. Mr. Jabjiniak pointed out the surface parking areas and parking structure on the site map. To the south, three industrial buildings started construction last week as planned to buffer the Roberts Tire piece.

At Power and Ray, Gallery Park was announced a while ago and was just getting started when the pandemic hit. Spencers TV & Appliance is built on the hard corner. The Starbucks construction was stopped due to the pandemic. Raising Cane's is going through the entitlement process now. The rest of the retail needs to come along. An additional piece to the east towards the canal was purchased. They are redesigning some of the housing and refining the layout for the proposed hotel. There is money in the hotel market and we are anxious to see how that will develop.

Chair Kasselmann noted that restaurants with outdoor seating are doing extremely well in southern California. In the Gallery Park area, there is an opportunity to develop restaurants with outdoor seating capabilities.

Mr. Jabjiniak agreed. The entryway off Power Road is intended to be retail and dining with residential above. He believed they were in the process of reconfiguring some of the components to follow the capital markets. There is 400K SF of Class A office planned here as well, although that also took a hit with the pandemic. We are losing the retail side, although it is important to develop in the right way. We don't need any more drive-through Burger Kings or McDonalds. The developer stated they did not want fast food and are looking for the right mix of quality tenants. Hopefully, that will get moving in 2021.

Rich Adams wondered whether retail would come back or continue to move towards e-commerce like we see with Amazon home delivery. We have all learned how to work remotely and he wondered what the future held for Class A Office. There are serious questions on the table with respect to those markets.

Chair Kasselmann felt with an effective vaccine, we may see more people getting back out in the next 6-12 months. There could be some opportunities for developers with the right concepts in the right locations.

Mr. Jabjiniak advised that an infill site off Power Road is proposed for a Sleep Inn and MainStay Suites dual-branded hotel on 2.5 acres. Heading east on Ray Road across the canal, a developer has proposed 150K SF in the Ray Road Commerce Park. They are in the process of negotiations on the empty lot next to Potato Barn to complete that loop. This road was just put in a couple years ago. South of the Wetta development, two buildings are up. Print Save Repeat moved into one building and the other is on the market. Brent Howard is developing a lot of smaller 25K to 50K SF buildings which are also in demand. He has proposed four different buildings there which fills that area in nicely down to Ray Road. That is an Opportunity Zone project and has taken some time with funding to get out of the ground. ATP Flight School bought a site and parking is a big issue for them. To the east next to the Airport parking the Airgate Center is proposed by Orsett Properties who developed EuroContempo and GTCC. The EuroContempo building is in the process of selling with a new lease for Bass Cabinets.

Matt Likens noted a number of areas in Mesa designated as Opportunity Zones. He asked with the upcoming change in administration in Washington if there will be any change in that categorization. Mr. Jabjiniak stated it is too early to tell at this point. A lot of developers didn't want to wait given how hot the market is as it takes time to get the Opportunity Zone funding. We are paying attention at the federal level.

Councilmember Thompson reminded the Board that as part of the transportation bond, we are looking to punch Sossaman Road through from Warner to Ray Road. Mr. Jabjiniak noted that is out a couple years although it is roughed in under the highway and infrastructure will be added. The developers on the north side of the highway are ready to go.

Ray Road & 202 - Landing Phase 3 on the south side is under construction. Landing 202 was the second phase where Dexcom has taken the biggest of the buildings. Chair Kasselmann advised they will be hiring and training staff and going through the regulatory licensing process from January to March and he expects to go live in early April.

The 118K SF building next to Dexcom has a new lease to Pella Windows for part of that building for manufacturing. Marwest II is available for development. We have discussed a variety of things, but nothing has been finalized. The big building at Landing Phase 3 has a couple different proposals. We are trying to land both users in a 150K SF building. One may be moved to Marwest I. There is a lot of interest in that area. The Sunbelt piece has approval in place from about 10 years ago and we suspect their site plan will be changed. The Park Corporation pieces have long-term owners who have no interest in doing anything today. There is a lot to the north of Ray Road under agreement with a local development group for industrial. The Sunbelt piece will be a mix of industrial, residential, and retail.

There is a requirement for them to do the industrial first. SRP has a new receiving station planned. Project Huckleberry will need that to start sooner versus later. The former ViaWest site is now under agreement to Scannell, a developer out of the Midwest, for mostly industrial following the big power.

Councilmember Thompson noted on the Sunbelt piece, Todd Holzer pushed the multi-family piece and he reluctantly agreed with the concession to bring nice sit-down type restaurants instead of fast food. Mr. Jabjiniak noted that is where Project Huckleberry was originally targeted due to the proximity to the power. They wanted the whole block from Warner to Ray, although Todd Holzer changed his mind about selling.

SR24 & 202 (Gateway Area) - The proposed powerline alignment has already been approved coming up from our border along Crismon to SR24 and up to the 202 with a receiving station on the ViaWest site. Development will follow the power and water. State Route 24 has a two-year construction window. There is a lot of interest and activity and a lot of entitlements have already taken place on this expansion. Legacy Sports Park has been announced next to SR 24. They are working on water rights and entitlements and eventually annexing into the City.

Rich Adams asked if they have secured financing. Mr. Jabjiniak stated their financing piece is already confirmed as they brought in their financing people with Ziegler early in the process.

City Manager Chris Brady stated there was a little bit of a challenge due to the amount of turf. They recently decided to add a lot more artificial turf to help stay under on the water demands. There are a lot of other issues to be worked out related to annexation, ingress/egress and utilities. He hoped by the first quarter 2021 we will have all those pieces in place. They are anxious to move forward and actually held a groundbreaking before they had an agreement with the City.

Mr. Adams noted there is a significant amount of excitement about it within the DMO community and Visit Mesa is anxious to promote it.

Pecos Advanced Manufacturing Zone - A floating zone was put in place years ago in what is now known as the Pecos Advanced Manufacturing Zone with a streamlined entitlement process. There is a lot of activity east of Ellsworth Road and some of the existing users are in expansion mode. TRW has a piece of land in play getting a lot of activity. This is where we want the heavy industrial users. There is additional interest back towards Ellsworth along the frontage. To the west, there is a lot of activity under the Phoenix-Mesa Gateway Airport. Old Dominion Freight Line developed a cross-dock facility on the south side of Pecos Road. They were going to be on Ray Road, although that did not fit with our vision for that area. Fujifilm has expanded a couple times to add upgraded facilities and employees. Bridgestone is making progress with a research center for an alternative source for rubber. CMC Steel announced earlier this year a \$300 M investment to add a second steel mill. They are just starting the entitlement process. The Foreign Trade Zone became an important piece here as well. To the south, ZF TRW owns a lot of land. They are expanding their passive safety systems facility as well as looking to sell some land and bring in additional users.

Along Ellsworth and Pecos there are dueling car washes on opposite corners, as well as retail with industrial being proposed to the back. On the west side of Ellsworth there is a Burger King and convenience store. On Ellsworth and Germann is another proposed Sunbelt development with self-storage, retail and two industrial buildings along our border with Queen Creek. To the west north of Pecos, the area directly under the Airport is owned by Sunbelt. They don't typically develop but will sell to end-users. There is a proposal along the Hawes alignment. Heading west, Skybridge has 77 acres with a couple different proposals. The rest has many owners, although one developer is looking to take the majority of the almost 2M SF. On the northeast corner is a 36-acre parcel proposing smaller buildings. This is in the overlay area with the option for expedited processing. At Sossaman and Pecos

is Newport Commercial with another Opportunity Zone deal for three industrial buildings. Pecos 10 is already approved for industrial development. There is a lot of general activity further west of Sossaman towards Power Road.

PIRATE - The Pecos Industrial Rail Access and Train Extension project comes off the Rittenhouse alignment and crosses over Sossaman following the old Pecos Alignment towards our border. There is a lot of interest in getting the rail going especially east of Ellsworth. The question is how to cross Sossaman. We have heard that Sunbelt has objected to the layout. Where the rail comes off the Rittenhouse alignment, there is a lot of proposed development, mostly self-storage. We will apply for another build grant most likely in the second quarter 2021.

Phoenix-Mesa Gateway Airport - SkyBridge has two buildings and are looking to add another industrial building. There are a couple users looking at the 52K SF building off of Velocity. The second building is just finishing with more of a hangar setup at 80K SF. The Wyndham Hotel site just recently broke ground. The Wetta hangar is now fully functioning, although their user just fell out. That is now back on the market. On Airport, Aviation Performance Systems has proposed a building.

The MesaAZ.Gov website includes interactive development maps showing the status of different projects. It is updated quarterly.

BOARD DISCUSSION

Councilmember Thompson met about three years ago with the landowners south of the proposed SR24 on the vision for that portion of southeast Mesa. He had told them that SR24 would be the line of demarcation for housing. He was fine with housing up to the freeway. Everything to the south will be retail, commercial, and industrial. He advised the landowners not to anticipate rezoning any of their land to residential or mixed-use. We are now starting to see a lot of those landowners sell and we are starting to see commercial and light industrial activity along the SR24. It was really about building the vision and getting the landowners and developers to agree to that vision and sticking to it. In Mesa, we have not always done such a great job of building a vision and sticking to it. There was a great opportunity around Mountain Vista Medical Center to make the entire area a medical campus. We worked with landowners and developers to bring in medical offices to support the hospital, although instead we ended up with Culvers and car washes and assisted living facilities, all the things that do not necessarily fit a medical complex. We must do a better job moving forward with master planning, looking at what we are trying to build, moving that forward and pushing for the quality component. Our citizens expect and deserve that.

Chair Kasselmann appreciated Councilmember Thompson's comments. He stated visions for smart growth are built upon principles. Priorities can change, but good principles will lead to smart sustainable development and having the right infrastructure in the right places that meet what our citizens expect. He appreciated Councilmember Thompson standing firm upon principles that will lead to smart growth in this area. He appreciated the time and effort Mr. Jabjiniak and his staff put into the presentation. It is so different today compared to when he started on this Board over three years ago. It is impressive to see what has taken place.

6. Director's Update - Director William Jabjiniak congratulated Dexcom on the GPEC article. He will send that out to the Board. Back in 2016, Dexcom announced their new facility in Mesa with 500 jobs. Four years later, they are now over 1,000 jobs.

He also congratulated Matt Likens and GT Medical Technologies for raising \$16 million to expand. They started here in Mesa at LaunchPoint with their GammaTile brain tumor therapy, although they are now in Tempe. This is Mr. Likens' second start-up company.

Matt Likens noted they are only a mile from the Dexcom facility near the 101. They developed bovine collagen tiles containing four radioactive seeds that provide a lethal dose of radiation while protecting healthy brain tissue. He appreciated their start at LaunchPoint. They may consider a larger facility at some point, although with COVID that is on hold. He lives in Mesa and is part of the community here and there is no place he would rather be.

Mr. Jabjiniak noted the January EDAB meeting will include a presentation on the Mesa Moves Bond Program which recently passed in November. We will also report on five-year metrics and performance. The February meeting will be moved from February 9 back to February 2, which is usually set aside for the Mayor's State of the City. He thanked Maribeth Smith for the fantastic job putting the presentation together.

Hownd for the Holidays - Jaye O'Donnell stated Hownd is a local company working with municipalities and chambers of commerce around the state to help drive revenues for local businesses. They have a great digital platform similar to Groupon or AroundMe. Currently, there are 100 Mesa businesses on the platform. She encouraged purchasing local this holiday season. Participating merchants are offering great deals, discounts and coupons and the City is able to track all of that to determine our return on investment. The City is sponsoring the transaction fees up to \$15,000 and based on utilization, we expect that to last through April or May. The website is **Promos.MyHownd.com/City-of-Mesa-Arizona**. She asked Board members to direct any Mesa business that are struggling to contact her, and she will connect them with Hownd. It is a great tool for those businesses that are having a tough time. We will be doing LinkedIn and Twitter campaigns to help promote businesses as well. The MyHownd app allows you to gift directly to others with the app. It is safe, secure, and convenient.

The Mesa Cares Technical Assistance Program is coming to end in terms of the CARES financing. We are working on ways to continue the momentum of that program and some of the services. In the March EDAB meeting, she will present the HUUB digital platform that was developed by CO+HOOTS which allows us to track the companies, the utilization and collect demographic data. She will also discuss which services and programs developed for CARES we will be able to offer moving forward.

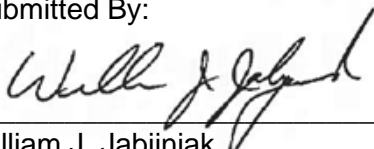
7. Other Business - Bill Jabjiniak thanked the EDAB members for a great year and wished everyone Happy Holidays. The next EDAB meeting will be held on January 5, 2021, at 7:30 a.m. Chair Kasselman wished everyone a safe and joy-filled Holiday season.

8. Adjournment - Rich Adams moved to adjourn the meeting; seconded by Christopher Nickerson. Upon tabulation of votes, it showed:

AYES – Kasselmann, Adams, Campbell, Likens, Nickerson, Ovando-Karadsheh, Perry, Wilson
NAYS – None

Chair Kasselmann declared the Motion carried by unanimous vote. The meeting adjourned at 8:55 a.m.

Submitted By:



William J. Jabjiniak
Economic Development Director