

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

Date: June 2, 2009: **Time:** 7:30 A.M.

MEMBERS PRESENT

Rich Adams
Christian Alder
Terry Benelli
Theresa Carmichael
Jared Langkilde
Jim LeCheminant
Steve Parker
Jo Wilson

EX-OFFICIO

Mayor Scott Smith (excused)
Chris Brady (excused)
Brian Campbell
Jeff Crockett
Charlie Deaton (excused)
Steve Shope

STAFF PRESENT

Betsy Adams
William Jabjiniak
Frank McRae

MEMBERS ABSENT

Steve Wood (excused)

GUESTS

Tom Verploegen

1. Chair's Call To Order

Chair Jim LeCheminant called the June 2, 2009 meeting of the Economic Development Advisory Board to order at 7:33 A.M. at the City of Mesa Council Chambers, Lower Level, 57 E. 1st Street, Mesa, Arizona 85201.

2. Items from Citizens Present

There were no items from citizens present.

3. Approval of Minutes from May 5, 2009 board meeting.

Chair LeCheminant called for a motion to approve the minutes from the meeting held on May 5, 2009.

MOTION: Jo Wilson moved that the minutes from May 5, 2009 be approved as written.

SECOND: Christian Alder

DECISION: Passed unanimously with Rich Adams and Jared Langkilde abstaining as they were absent from the May 5, 2009 board meeting.

4. Hear a presentation on Downtown Mesa Concept Plan

Mr. Tom Verploegen, President of the Downtown Mesa Association gave a presentation on the proposed update to the Downtown Mesa Concept Plan. He explained the Downtown Mesa Vision/Concept Planning Process to update the Plan. This process

involves meeting with as many groups both public and private as possible for input or suggestions to the draft plan. The Downtown Mesa Association (DMA) was asked by the City Council to update the Downtown Mesa Vision/Concept Plan that was last updated in 1999. A number of projects in the 1999 Plan have been accomplished. After updating the Downtown Mesa Vision/Concept Plan, DMA indicated a need for a collaborative update of the Downtown Action Plan (i.e. implementation). The City of Mesa would then need to update the Downtown Capital Improvements Program, Downtown Zoning/Code Ordinance and a Downtown Communication Plan. The downtown is comprised of one (1) square mile. The square mile is bordered on the west by Country Club Drive, the east by Mesa Drive, the north by University Drive and the south by Broadway Road.

May to October 2009 meetings for community outreach and public input are scheduled. November 2009 is the target date for coming back to the City Council, the DMA Board, and the community with a draft Plan.

DMA is using a planning template for the downtown plan that includes; visioning, vision elements, strategies, transformative project/programs, major project concepts/locations and implementation tactics. The planning process has incorporated informal input from the private, non-profit and public sectors over the last year and a half. More formal public (City of Mesa) and private stakeholder input is being sought to revise, finalize and adopt a downtown plan that incorporates a shared vision and common strategies.

Currently the draft plan's vision encompasses 5 key elements (a flourishing, pedestrian friendly, diverse, unique and collaborative downtown), 26 strategies and 10 transformative projects/programs. However, many of these are expected to change with community input.

Of the 26 draft plan elements/strategies there are 10 elements most critical to advancing the plan vision. Success in these 10 projects/programs will leverage the ability for the other projects to succeed as well. These preliminary draft ideas include:

1. **Embrace Regional/Area Transportation Access**
Connect downtown to regional and area mass transportation: light rail, bus rapid transit, area circulator/shuttle, and encourage a SR202-Mesa Drive freeway interchange to be constructed.
2. **Adopt City of Mesa Municipal Buildings Master Plan in Downtown**
Vertically consolidate City administrative buildings. Develop master plan for all city buildings/functions in or proposed to be downtown (including expanding City Convention Center Complex)
3. **Develop City Owned Redevelopment/Vacant Property Within Downtown**
If the City consolidates its administrative offices in a few high rises, there would be approximately 50 acres of City owned properties available for private development at multiple sites within downtown Mesa.
4. **Formulate a Tailored Downtown Mesa Building Rehabilitation Code**
Systematically evaluate downtown commercial buildings and create a rehabilitation building code, infill code, and zoning to accommodate existing unique and historic construction. Develop City return on investment (ROI) incentives for downtown.

5. **Subdivide Outmoded and Oversized Private Buildings in Downtown Core**
Develop practical public-private return on investment strategy utilizing incentives/regulatory flexibility to develop particularly large, unmarketable and underutilized buildings into thriving modern commercial properties.
6. **Develop Unique and Inviting Walkable Public Realm**
Develop shaded sidewalks, pedestrian pathways and cultural walkways with unique way-finding signage and sculptures. Develop a heavily shaded central park, inviting small shaded plazas, pocket parks, and courtyards with lots of green.
7. **Evaluate Latino/Hispanic Marketplace/Cultural Complex**
Perform feasibility analysis of mercado/zocalo marketplace and compatible cultural/social uses to develop a complex of interest to locals of all backgrounds and tourists alike.
8. **Attract More Education Facilities**
Devise plan to recruit public and private education facilities, particularly higher education (MCC, NAU, ASU, U of A, private colleges extensions) and charter and private schools where practical.
9. **See and Be Seen in Active Downtown**
Institutionalize outdoor event, art/sculpture/mural and activity programming by creating and funding ongoing event facilitation organizational structure to nurture the experience economy.
10. **Increase Downtown's Sphere of Influence**
Collaborate with City, local and neighborhood organizations to improve areas within a few miles outside of downtown with similar but tailored clean, safe, business/residential development programming (e.g., enhanced special improvement district).

The next steps are meeting with the public sector, private sector, stakeholders and City staff for input and going before the City Council in November 2009 with the draft. After final revisions have been made by City Council, DMA and stakeholders the next step would be to adopt the plan. The final step will be to implementing the Action Plan.

Mr. Alder commented that the office and residential aspects keep the people downtown, encourages shopping, and creates the vibrancies talked about. He asked what entertainment concepts have been researched to bring people downtown. Other larger events centered downtown with sponsor partnerships might be an option.

Mr. Verploegen responded that discussions have taken place with several people in terms of nightclubs. There is a Hispanic nightclub downtown, but to date there has not been success in actually recruiting those types of venues downtown. As light rail and all the pieces start to come together, then a market will be created and built for that type of entertainment venue. He also stated that the DMA focus would shift to bring larger events into the downtown area.

Ms. Jo Wilson commented that over the last few years she has been impressed with seeing the change of new businesses and restaurants coming into the downtown. Now with the failing economy some of those businesses are leaving and the number of vacant properties concerns her. She asked if those remaining businesses can survive when the light rail construction comes into the downtown area in conjunction with an ailing economy. The second observation is that as a long time Mesa resident she doesn't look

at downtown Mesa as a destination to go shopping or dining. She does not have enough time to go downtown for one shop in particular and the same with dining. More parking promotion is also needed. Most people do not know that there is plenty of parking behind the stores off of the main street. She applauds the mixed-use concept.

Mr. Verploegen responded that the economy is definitely affecting the whole area and could get a bit worse before picking up. There is reluctance by businesses to sign a lease knowing that light rail construction will start in about 5 years and the subsequent potential effect on the businesses. There were businesses lost during the streetscape, but then ultimately better and stronger businesses replaced the ones lost, as he is sure will happen with the light rail.

Mr. Jabjiniak commented that a good point was made by Ms. Wilson regarding whether the destination is either shopping or dining or perhaps both. If you have a good restaurant where it becomes popular and is downtown, then people will go out of their way to get there regardless of light rail construction. The downtown is unique in that it does not have a parking problem. People have grown accustomed to parking on the front doorstep. There will be changes needed in breaking habits, but there has to be a focus or push for downtown to become a restaurant destination. There are challenges to overcome, but not impossible with a partnership.

5. Directors Report

Mr. Jabjiniak commented on the following events:

- The Business Retention Report has been withdrawn until the next meeting agenda. Mr. Charlie Deaton and Ms. Lois Yates were unable to attend to provide a report.
- June 3, 2009 there is a Toby Keith Grand Opening, invitation only event. The EDAB Board has been invited. Mr. Keith will be present and the event will be held inside.
- East Valley Partnership Annual Meeting is to be held on June 4, 2009 at the Mesa Arts Center from 3:30 p.m. to 5:30 p.m.

Mr. Jabjiniak commented that a new restaurant is opening at 270 W. Main Street named Il Vinaio, LLC. This was formerly known as the Valley Eatery Restaurant. A new liquor license has been approved and the restaurant will be stocked with beer and wine. The restaurant is currently open only for breakfast and lunch, however starting in July it will begin serving dinner as well.

There is a rumor that Café Boa in downtown Tempe is going to be opening a location in Northeast Mesa next to the D'Vine Bistro. We are looking forward to seeing the actual plans coming forward. Again those restaurants can be destination points for people coming to Mesa.

6. Solar Project Partnership

Mr. Jabjiniak introduced Mr. Frank McRae, Energy Resources Department Director for the City of Mesa. Monday, June 1, 2009 the City Council approved a new public/partnership with Sol Focus, SRP and the city's utility department.

Mr. McRae explained that since 1917 the city has owned gas and electric utilities that serve parts of Mesa. The city has approximately 15,000 customers. The peak demands are in July and August and consumption patterns are heavily influenced by temperature and weather.

Sol Focus, Incorporated, after installing and opening their manufacturing operation in Mesa, has been in a partnership with the City for approximately 2 years. They wanted to take the next level of technology and do a research and demonstration along with testing. Their arrays have been installed in Europe and more experience with the desert southwest solar climate was needed along with the amount of solar installation that is available in Arizona. A year ago 2 arrays and trackers of different vintages were installed for a total of 6kW, and 2 additional arrays will be installed in 2009 bringing the total capacity to 12kW.

In April 2009 a Request for Proposal (RFP) went out. The City wanted to see what the solar energy industry market conditions were, if solar could provide utility scale power and, if so, under what terms and conditions. We were looking for anywhere between 80-100kW, which is enough to reach the peak demand requirements of 8 to 10 homes. One requirement put in the RFP was the need to provide preferences for those types of projects that had a local economic development benefit.

The Utilities Department has a long term contract portfolio that has contracts expiring starting in 2012 or 2013. By the time 2018 arrives, 60 megawatts out of a 95 megawatts portfolio will have been replaced. There are a substantial number of resources needed. A large portion of it could be met by solar energy.

The preferences for proposals that generate synergies are:

- Meeting Energy Resources Department's electric energy supply resource needs
- Renewable energy technologies
- Generate tangible economic benefits to the local economy

The selection criteria were:

- Financial health & solar electric generation equipment experience
- "Footprint" of the equipment and technology employed (a measure of efficiency)
- Price and cost for any O&M to ensure reliability for 20+ years
- Eligibility of ARRA funding and the Davis-Bacon wage "Made-in-America" requirements
- Jobs retained/created and capital investment in local community

This is a unique public/private partnership in selecting Sol Focus Incorporated, which is a local manufacturer that installed the first 2 arrays and will install 2 more arrays.

With the Public/Private Partnership linking the RFP the opportunity of using ARRS, SRP's EarthWise and the Department of Energy's (DOE) Renewable Energy Production Incentive (REPI) programs will offset the cost of the projects.

The RFP helps achieve the Council's Strategic Initiatives which are:

- Economic Development
- Community Engagement
- Quality of Life

- Regional Leadership
- Financial Stability & Proactive Leadership

As a part of the selection of Sol Focus the economic development benefits are:

- Over 150 high wage jobs created and /or retained with an annual payroll of more than \$7.5 million
- Local capital investment of \$10 million to date
- Initiates “Cluster” of advanced solar energy technology
 - Research & Development
 - Manufacturing
 - Production of renewable energy on a utility scale
 - Model for integration of a renewable resource into an electric utility resource portfolio

The Community Engagement and Quality of Life in the Public Partnership are:

- An Exemplary Private/Public Partnership
- Initial step in creation/development of distributed/solar energy “Showcase” for Electric Smart Grid
- Further stewardship of environment via enhancement of already diverse, robust electric portfolio
- Creates educational opportunities
- Illustrates opportunity to utilize technology as an aesthetic buffer for industrial or commercial facilities

Economic stimulus money is available to help Mesa develop the Smart Grid. The Partnerships of Sol Focus, SRP and other entities within the region provide the help needed to take the big leaps toward the “Smart Grid”. Mesa will be able to take advantage of the Economic Stimulus in ways that other cities within the state cannot.

In taking the Regional Leadership the advantages are:

- Evolution of sustainable electric resources
- Environment spurring innovation
- Jobs, capital investment, education and training
- Expansion of renewable resource portfolio
- American Recovery and Reinvestment Act (ARRA) for Renewable Energy and Smart Grid
- Accelerate the development of the Renewable & Solar Energy Industry in Mesa, Arizona
- Collaborative “Showcase”

The partnership will also provide financial stability and proactive leadership such as:

- Insulation from volatile energy markets
- Proactive compliance with prospective renewable portfolio standards & environmental (global climate change) policies

Mr. Jabjiniak requested Mr. McRae share with the Board the process of the RFP.

Mr. McRae explained there are numerous inquiries from different energy entities that are interested in solar energy and developing solar energy projects within or around Mesa. The Pinal property has had numerous inquiries for solar installation. Some property has

been sold to a group out of Canada called Trans Canada. They are building conventional natural gas fired projects. The City has been looking for ways to integrate different types of solar generation facilities into the buffer zones of traditional technologies. The facilities are typically noisy and in some peoples' minds esthetically unpleasing. An internal team was formed comprised of economic development personnel, procurement, legal and the new sustainability and development program personnel. Work needs to be done in the contracting process and the RFP process. The process was intense. The RFP was issued at the end of April with proposals due by May 11. Clarification questions were then sent out with a short turn-around time with responses received within a week. City Council approved Sol Focus June 1, 2009. Later this summer we are going out with an RFP for megawatts instead of kilowatts.

Mr. Jabjiniak thanked Mr. McRae for the leadership given and demonstrating a strong public/private partnership.

Mr. Jared Langkilde commented that Mesa is uniquely situated because of utilities owned. He inquired what advantages there were in stimulus dollars and what it equates to in terms of actual stimulus dollars.

Mr. McRae responded that the purchase price for the equipment is under \$600,000 and it is anticipated that all of those costs will be offset by economic stimulus funds. Also leveraged will be rebates from SRP under their EarthWise program, which will be another \$200,000. Roughly \$500,000 of stimulus money will be spent on the purchase of the equipment, on site improvements, and security within the Central Arizona Project (CAP) Water Treatment Plant. An educational "Showcase" is the goal as well.

Mr. Christian Alder asked if any of the City of Mesa's utility customers benefited or received energy since it was channeled through the SRP grid.

Mr. McRae responded that there are 2 ways of doing this process. The simple approach is to take the energy at Red Mountain Park and then do an interdepartmental transfer between the Parks Department and the Utility Department. In doing the process this way it created a \$10,000 benefit in reducing the amount of consumption at Red Mountain Park. A sharing formula will be forthcoming between the Parks Department and the Utility Department. SRP and Mesa receive power at a substation called the Roger Substation. The amount of energy produced at the Red Mountain Park meter is then transmitted to the Roger Substation. Mesa takes out an amount of energy needed at the substation for its electric utility use.

Mr. Brian Campbell commented that he was very excited regarding this project and the potential for the larger megawatt bid. He would like to focus on the cluster aspects of the presentation. We have had some discussion on this regarding the renewable energy economy. Nationally it is going to center in certain areas of the United States much like the semiconductor industry centered in Silicon Valley and later in Arizona. Mesa is taking leadership to become the cluster for Arizona and this region. The economic development opportunities are staggering. The opportunity to capitalize on billions of dollars that will be invested is there. He also commented that in order to help Arizona to achieve this cluster the Senate Bill #1403 needs to pass. Senate Bill #1403 is the Renewable Energy Incentives. Anything that the Utility Department can do to help to encourage this passage would be greatly appreciated. This would be another tool to pass

along to our Public/Private Partnerships such as Sol Focus and others to attract that cluster to Arizona.

7. Other Business

Mr. Langkilde requested that an update on the business licensing process be placed on a future agenda.

Mr. Jabjiniak responded that several months ago Mr. Shea Joachim gave a short presentation and the process is moving forward. We have a partnership with the Fire Department, Procurement and others and are trying not to duplicate the requirements that are already in place. Staff have been working on how to access the information with our ITD Department. The Business Registry is the name that is being used. The process is moving forward and a further update can be placed on a future agenda.

Mr. Rich Adams asked whether any progress has been made regarding the Grace Company property on the corner of Southern and Alma School.

Mr. Jabjiniak responded that unfortunately there has been minimal if any communication with the Grace family. They have not communicated with the Councilmember, the Mayor or staff. Other networks are being used to encourage the Grace Company to step up and communicate their plans. That is one of the highest profile pieces of property in the city from a blight standpoint.

Ms. Terry Benelli commented that there were some issues out at Falcon Field regarding the noise complaints from the neighborhood. She wondered if that is something the EDAB Board should look at from an Economic Development perspective.

Mr. Jabjiniak responded that most of the complaints were made by the residential community and not necessarily from the business community. The City has met with Sabena, which is the flight school at Falcon Field and also are the biggest repeat user. It was a good conversation. They have quite an economic impact on the City.

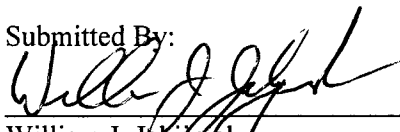
8. Adjournment

Chair LeCheminant reminded the EDAB members of the next scheduled meeting on August 4, 2009.

9. Adjournment

Chair LeCheminant adjourned the meeting at 8:42 a.m.

Submitted By:



William J. Jabjiniak
Economic Development Department Director