



City of Scottsdale
Council Subcommittee on Economic Development
Regular Meeting

APPROVED SUMMARIZED MINUTES

Thursday, June 22, 2023

4:00 p.m.

Kiva Conference Room – City Hall

3939 N. Drinkwater Blvd., Scottsdale, AZ 85251

Subcommittee Members:

Councilwoman Betty Janik, Chair
Councilwoman Solange Whitehead
Councilman Tom Durham

Staff: Rob Millar, Economic Development Director
Josh Utterback, Business Retention Program Manager

Guests: Jim Keeley, Founding Partner, Colliers International
Jason Lowry, Director of Sustainability Initiatives, Local First Arizona

Call to Order

Councilwoman Betty Janik called the Council Subcommittee on Economic Development to order at 4:01 p.m.

Present: Councilwoman Solange Whitehead
Councilwoman Betty Janik
Councilman Tom Durham – Arrived at 4:06 p.m.

One or more members of the public body may be attending the meeting by telephone, video, or internet conferencing, pursuant to A.R.S. §38-431(4).

1. **Approval of March 6, 2023 Summarized Minutes of Regular Meeting**

**Motion to Approve as Presented: Councilwoman Solange Whitehead; Seconded: Councilwoman Betty Janik.
Motion carried 2-0**

2. **Scottsdale Airpark Commercial Real Estate**

Jim Keeley, Founding Partner, Colliers Scottsdale, and potentially other Colliers staff, will provide an update on Scottsdale Airpark's growth and impact from the annual Greater Scottsdale Airpark Report.

Presenter: Jim Keeley, Founding Partner, Colliers International

Staff Contact: Scott Cooper – Business Attraction Program Manager
480-312-7601

Action: Presentation and Discussion

Mr. Keeley presented an overview of the Greater Scottsdale Airpark which included a general history and review of an annual published report on the airpark.

The airpark is a large employment core with over 100 different industries and continues to evolve. Mr. Keeley reviewed some of the bidding history of the state land parcels that are located in the area. State Land along the 101 is what has fueled the growth in the airpark. A location next to the freeway is a big plus for any organization.

Mr. Keeley reviewed some of the commercial office real estate in the airpark area including the changes and issues with Cavasson and Axis Raintree developments, along with the rental costs for new builds versus existing/older properties.

The Cracker Jax and Scottsdale Quarter properties are about the same size. When the Cracker Jax site is developed it will be mixed use with a two-acre park in the middle. Currently Scottsdale Quarter is also a mixed use property and includes a large green/open space but the one at the redeveloped Cracker Jax site will be much larger.

Mr. Keeley commented that since Scottsdale Airpark now has apartments, the airpark is one big mixed use development.

Across the industry there is currently a slowdown on building new product because capex has gone down. There are also discrepancies between what an owner believes his property is worth, versus what a buyer is willing to pay. The airpark is currently going through this slowdown.

Councilwoman Whitehead asked about apartment rentals in the airpark. Mr. Keeley responded that there is still strong occupancy. Apartment absorption has been good, but there are no new apartments in the near future for the airpark because capital lending has almost stopped. However, the Cracker Jax site is unique due to any site development being self-funded.

Aviation and automotive density in the airpark is very strong. There are a lot of new hangars and the private sector is buying land. Automotive in the airpark is a

unique situation. There are probably 40 private collectors that have collections stored in the airpark. If there is a building that becomes available, many of the prospects are car guys.

Mr. Keeley discussed the transportation issues in the airpark and commented that once both roundabouts are completed the transportation in the area will be greatly improved and the artwork that was installed in the area is fantastic.

Today there is about 47 million square feet of buildings in the airpark. Mr. Keeley stated he would send a copy of the Airpark Report to the council. Councilwoman Janik asked what was most in demand and Mr. Keeley responded that it is industrial space.

Councilman Durham asked that if there was a new hotel, would it be for the airpark businesses. Mr. Keeley stated that the hotels that SRPMIC has at Indian Bend service that area as well, but the airpark has been adding hotels on a regular basis and they do service the businesses in the area.

3. Local First Arizona Green Business Certification Program

Jason Lowry, Director of Sustainability at Local First Arizona and potentially other Local First Arizona staff, will give an overview of the Green Business Certification, a marketing and promotional tool that provides technical assistance to businesses looking to enhance their sustainability practices.

Presenter: Jason Lowry, Director of Sustainability Initiatives, Local First Arizona

Staff Contact: Rob Millar, Economic Development Director – 480-312-2533

Action: Presentation and Discussion

Jason Lowry presented an overview of Local First Arizona Green Business Certification program.

Local First is the nation's largest coalition of locally owned businesses and its membership is just shy of 3,000. The mission is to support small businesses with the understanding that small businesses provide a town the unique feel and vision of a community. A sense of localism fosters a unique connection to place and helps build a sense of self-reliance within the community and across the state.

Within Arizona, Local First distributed \$52m of grants during the pandemic.

The green business certification is a promotional marketing tool for businesses, but also the program provides technical assistance on how a business can become a greener, more sustainable organization that also improves the bottom line.

The program targets very concrete strategies to reduce energy usage, waste, transportation and implement use of sustainable products. After certification, Local First helps that business promote themselves as being certified. Mr. Lowry reviewed some of the benefits of being certified and gave examples of some of the areas that might need improvement in a small business.

This Local First program is not just a check the box certification. This program provides hands-on assistance to achieve certification. The Local First team visits with each business and certification is recognized within Arizona and across the U.S.

Councilwoman Whitehead asked if Local First had a formal relationship with other cities in the valley. Mr. Lowry responded that Mesa and Tempe have invested in the program by providing about \$2,000 per business to cover fees associated with this program. This also provided the opportunity for the participating small businesses to other available Local First programs. Councilwoman Whitehead asked if the business can pick specific targets to reduce. Mr. Lowry stated that the program is not in different tiers, but has specific core measures that need to be met, unless it doesn't pertain to the business (i.e. they do not own the building and cannot control outside landscaping/water usage). Councilwoman Janik asked how businesses know that these services are available. Mr. Lowry responded that just in terms of general presence such as engaging in mixers and previous customers. Councilwoman Janik asked how many businesses in Scottsdale are members of Local First. Mr. Lowry stated that probably 100's were active in Local First, but he does not have a hard number. Councilman Durham asked how much of a burden it was for a business to enter this program and do the things necessary to become certified. Mr. Lowry responded that for businesses that are not where the program is being sponsored (Mesa or Tempe), the fees start at \$100 for the certification, \$80 if they are a Local First member, but can go up to \$500 depending on the size of the business. Councilman Durham commented that that was the initial fee cost, but what was the cost of a business to undertake all of the measures to qualify. Mr. Lowry stated that a lot of this is about upkeep (such as the HVAC system), if replacing toilets are they low flow, if replacing faucets are they replacing with aerators on the faucets, do they have blinds and are they closed during high temperatures, if there is xeriscape landscaping, is environmental waste stored and disposed of properly, etc.

Local First does publish ads in social media and it purchases digital ads. However, the strongest draw to this program has been through already established relationships.

Councilwoman Whitehead asked what is the basic membership fee to join Local First. Mr. Lowry stated that for a small business of 1-4 employees it is \$100 per year but increases with the amount of employees.

Councilwoman Whitehead asked if there was a certain type of business that was most impacted by this type of program. Mr. Lowry responded that a lot of

businesses that are interested in completing the program are sustainability-oriented businesses. He was just in Tucson working with a frozen yogurt shop - a very entrepreneurial couple that chose to impact their water and energy use. Councilwoman Whitehead asked what most cities were spending to support this program and was it about \$20,000. Mr. Lowry stated that yes, it comes out to about \$2,000 per business to go through the program and both Tempe and Mesa have spent \$20,000. The funds pay for staff technical time to support the certification process. Businesses do not have to be Local First members to participate.

Councilman Durham asked what other services Local First provides. Mr. Lowry responded that besides his sustainability team (certification and bootcamp program), Local First also has a food team that works with restaurants and food entrepreneurs, technical assistance entrepreneurial support team with experts as consultants (marketing, payroll, HR, etc.), membership team which works on mixers and events to build a better ecosystem, farmland preservation, retail and the economic recovery center that supports rural communities, tribes and nonprofits.

4. Economic Development Update

Economic Development Director, Rob Millar and potentially other city staff will review future Subcommittee meeting dates and upcoming departmental activities.

Presenter: Rob Millar, Economic Development Director – 480-312-2533

Staff Contact: Rob Millar, Economic Development Director – 480-312-2533

Action: Presentation and Discussion

Rob Millar reviewed fiscal year to date department metrics and provided an overview of the fourth quarter activities.

Mr. Millar commented that some of the numbers presented were tentative numbers due to the need to post meeting material on a timely basis versus actual year end results, which would not be available until next week.

The annual average wage for jobs created in the last fiscal year was \$97,415, which Mr. Millar stated was a very positive number even though the number of jobs and companies attracted was not as high as post-pandemic. Basically, we are seeing companies coming in with smaller floorplates, smaller job numbers but higher wages.

The department's updated website is scheduled to launch soon, the department is in second position behind the city's website.

Josh Utterback, Business Retention and Expansion Manager has visited over 100 businesses in the last year. Mr. Millar commented that this isn't just to meet with businesses, but to also find out what are some of the issues locals businesses are dealing with.

Mr. Millar stated that as we finish out this fiscal year we are seeing slow improvements, this will not be a one year and back to normal.

Staff was in Chicago last month with GPEC visiting with site selectors, brokers and other contacts. To coincide with this visit, the department did some media buys using the "All Day Every Day" campaign. Mr. Millar showed a quick clip of the digital banner that was in the 500 West train station. He also displayed locations of various signage along freeways that went in to Midway and O'Hare. Experience Scottsdale has done such a good job marketing Scottsdale, that anyone in Chicago is aware of Scottsdale as a tourist destination. What the department is trying to do is spin that awareness to communicate that Scottsdale is also a business location.

Mr. Millar stated that the department has launched a post-pandemic remote worker campaign focused on higher wage earners.

The department has launched the "Good News" campaign, which is a newsletter that targets site selectors and companies that are interested in relocation.

The next meeting is tentatively scheduled for September 2023.

5. Open Call to the Public (A.R.S. §38-431.02)

None received.

6. Future Agenda Items

None requested.

7. Adjournment

4:55 p.m.