



COUNCIL SUBCOMMITTEE ON ECONOMIC DEVELOPMENT

DRAFT SUMMARIZED MINUTES

Thursday, September 10, 2015

3:00 p.m.

Kiva Conference Room

3939 N. Drinkwater Blvd, Scottsdale, AZ 85251

- PRESENT:** Mayor W.J. "Jim" Lane
Councilmember David Smith
- ABSENT:** Councilmember Linda Milhaven
- STAFF:** Danielle Casey, Economic Development Director
Rachel Smetana, Mayor's Chief of Staff, Mayor and Council Support
Erin Perrault, PNT Manager, Advanced Planning
Mary Murphy-Bessler, Economic Development Specialist, Downtown
Rob Millar, Economic Development Manager, Business Development
Steve Geiogamah, Assistant Director, Tourism Development
Dan Worth, Executive Director Public Works
- GUESTS:** Todd Hardy, Vice President – Assets, ASU Foundation for a New American University and Senior Economic Development Advisor for the Office of Knowledge Enterprise Development at ASU
Janice Kleinwort, Executive Director Economic Affairs, Office of Knowledge Enterprise Development at ASU
John Holdsworth, Chairman Tourism Advisory Taskforce
Eric Larson, Interim President & CEO, Scottsdale Area Chamber of Commerce
Rachel Pearson, Vice President of Community Affairs, Scottsdale Convention and Visitors Bureau

Call to Order/Roll Call

Mayor Lane called the regular meeting of the Council Subcommittee on Economic Development to order at 3:05 p.m. A formal roll call confirmed members present as stated above, noting the presence of a quorum.

1. Approval of May 21, 2015 Minutes

COUNCIL MEMBER SMITH MOVED TO APPROVE THE MINUTES OF THE MAY 21, 2015 MEETING OF THE COUNCIL SUBCOMMITTEE ON ECONOMIC DEVELOPMENT AS PRESENTED. MAYOR LANE SECONDED. THE MOTION CARRIED BY A VOTE OF TWO (2) TO ZERO (0). COUNCILMEMBER MILHAVEN WAS ABSENT.

2. SkySong Business Development Update

Todd Hardy, Vice President – Assets, ASU Foundation for a New American University and Senior Economic Development Advisor for the Office of Knowledge Enterprise Development at ASU, provided a business development update. More than 500 meetings are held at SkySong

every month. The new Building 3 further expands the array of meeting rooms, and includes a state of the art conference center that can accommodate 400 people at a time. Over 1,500 people now work at SkySong, and the first three buildings are 95% occupied. The apartments that were built behind Building 2 are nearly full, and the residents there help to create the type of mixed-use community and vibrant urban center that was initially envisioned when the project started. Many exciting new companies are moving into Buildings 1 and 2 to replace other companies that grew large enough to move out on their own. Construction on Building 4 will begin soon and is due to be completed in 12 months. When finished, this addition will comprise one half of the 1.2 million square feet of space that SkySong was committed to build.

Mr. Hardy said as the project grows larger, better transportation links become more important. RubyRide will provide a link to the Tempe campus, while another is being arranged to downtown Scottsdale. Construction of several on campus restaurants has been commissioned. An on-site herb garden will provide fresh ingredients. SkySong is working to connect to residents in a more programmatic way, hosting more events on campus that will benefit the community. Suggestions or ideas for programs are welcomed.

3. Five Year Tourism Marketing Strategic Plan: Task Force Downtown Working Group Presentation

John Holdsworth, Tourism Advisory Task Force (TATF) Chairman, said economic development and tourism development are closely related. A working group has been formed and an economic feasibility study has been commissioned to explore the possibilities related to downtown.

Steve Geiogamah, Assistant Director Tourism Development, introduced Mary Murphy-Bessler as Scottsdale's new Downtown Specialist. He said the Tourism Marketing Strategic Plan was created in close partnership with other city departments, and took into account various other city downtown plans that have been developed in recent years. The goals of the plan are to enhance the economic stability of downtown and to maintain it as a desirable destination. There are six keys areas in the scope of work:

- Analysis of current studies, data, and stakeholder perceptions
- Develop three to five growth scenarios
- Gather feedback from the public
- Study the economic feasibility of the best scenarios
- Identify the city structure that will best move this effort forward
- Create an implementation plan.

Mr. Geiogamah said the TATF has a budget to implement the plan. Mayor Lane noted that the city has been working for years to find ways to energize the area around the Museum of the West in a way that will complement the existing amenities in the area. Mr. Holdsworth said the task force believes in the importance of protecting what Scottsdale already has, while enhancing it with new amenities that increase visitation. The plan has 133 tasks, and some of them specifically address western heritage. The task force is learning from the many different individual initiatives have been prepared throughout the city.

Danielle Casey, Economic Development Director, said that staff has identified some short-term programs that can have an immediate impact, while the longer term programs are being developed. Short-term programs are low cost best practices that could feasibly be funded and launched very quickly. They will have incremental benefits. Examples include window wrap programs to replace vacant spaces with city-approved designs while they are in transition. Ms.

Murphy-Bessler said a gift card program could be offered that would be good at any of the businesses downtown. This will drive customers to the area and help market the downtown as a whole. There are examples of programs like this in other downtowns nationally.

Ms. Casey explained that support training can be offered to help downtown businesses better market their offerings. The city could partner with businesses to encourage the enhancement of their facades. Staff is also talking to downtown employers to understand the demographics of their employees and then help them modify their approaches to better capitalize on the people who are already coming to downtown every day. The small business support programs offered through the Eureka Loft and the library can be tailored for downtown businesses.

Councilmember Smith inquired whether the city could use the public infrastructure to better define the different areas of downtown, such as the arts district and the entertainment district. Dan Worth, Executive Director Public Works, said there are certainly opportunities to do that. A downtown pedestrian improvement project is listed in the CIP. A project like that could be leveraged to establish the character of different areas at the same time that connections between them are being improved. Mr. Holdsworth said the proposed Arizona Central will be a gathering point and could also serve as a starting point to direct people to different areas in and around downtown.

Ms. Casey said staff would like to understand the types of services and enhancements downtown stakeholders would like to see, and then figure out how to fund and implement them. If property owners and business owners are not interested in some of the solutions, no more effort will be made on those specific ideas. Mayor Lane said a downtown improvement district would have to be carefully managed to ensure that businesses spend the investment money wisely.

Councilmember Smith questioned whether downtown businesses really needed the city's help. Mr. Casey explained that the idea emerged when staff was told by the Scottsdale Convention and Visitors Bureau (SCVB) just how many businesses did not have an online presence. Councilmember Smith advised letting businesses decide what help they need from the city, instead of telling them what the city wants to do for them. Ms. Casey confirmed the plan makes it a priority.

Mr. Holdsworth stated that many of the task force initiatives are long-term. He cautioned that despite the multitude of good ideas, the bed tax is finite and must be used wisely, as tourism is a cyclical industry. There are more than 40 art galleries in downtown Scottsdale, but only 13 of them are members of the SCVB. There is an expectation that the SCVB will provide funds for galleries, but most are not prepared to participate as members.

Councilmember Smith contended that the mandate of the SCVB is to spend the voters' money to market and promote tourism, not to promote the activities of its members. Mr. Holdsworth responded by saying that becoming SCVB members, art galleries can better express what is important to them. Rachel Pearson said the SCVB has reached out to both member and non-member galleries to find out what the bureau can do to continue to promote arts in Scottsdale. Arts are a critical component of how the SCVB brands the community.

Mr. Holdsworth said some decisions have to be made in the short term if the task force plan is to be implemented. The feasibility study is important. Transportation will be a key component of whatever transpires downtown. There is not enough money to do everything being proposed, so the discussion on creating a community foundation has to move forward. The Arizona Central can be a key visitor hub for the city, and there is much interest in moving it forward.

In response to an inquiry from Mayor Lane, Mr. Geiogamah said the task force initially asked for and received \$640,000, and has so far expended close to \$150,000 on different programs. The cost of the feasibility study will depend on its scope and the proposals submitted. Ms. Casey noted that the city has already gathered a lot of good information that will be available for use as a basis for the study.

4. Lo Loma Site Development Request for Qualifications

Danielle Casey, Economic Development Director, said the Lo Loma site is a great but underutilized location in downtown. It is unclear how the city intends to use it, however, there is significant developer interest in the property.

Dan Worth explained that Lo Loma is two parcels on both sides of Second Street. The north parcel is about two acres in size, whereas the south parcel is a parking lot of about three acres. There are other city properties in the vicinity, including the Scottsdale Museum of the West. The parking lot is deteriorating and sees very little use, despite its proximity to Scottsdale Stadium. Only the first phase of the Lo Loma Development Agreement of 2002 was completed. The city settled with the developer in 2010, and there are no remaining obligations that burden any of the remaining five acres that were included in the original development agreement. Part of the parcel was developed into the Museum of the West. As the largest remaining undeveloped parcel in downtown, the site has generated much interest from developers, and it is estimated at a value of between \$15 million and \$17 million, depending on use.

Ms. Casey said the city has created a number of different documents describing the priorities it has for downtown, and those plans could be used to guide the discussion on what the city might want to build on this property. Is it imperative that there is connectivity, or consideration for arts and culture? Is it imperative that the city consider relocation for Greasepaint Theater, or is it more important to consider what the top dollar return the city could get from the property from the development community? If the city stipulates certain uses on the property, it could affect the dollar return, but significantly affect the overall community benefit.

Erin Perrault said the site is well situated to serve as an anchor for the western end of Second Street in downtown, so doing something in terms of redevelopment there would fill a void in the urban fabric. In reviewing existing goals and strategies for the area, Ms. Casey commented that Arizona Central and downtown animation are key elements of the Five Year Tourism Strategic Plan that could apply to this property. Mayor Lane suggested that Economic Development present the Tourism Advisory Task Force with a presentation on this property and solicit their recommendations on what to do with it.

Councilmember Smith said that even though the site could be sold for a lot of money, it is important to get the task force's feedback on its potential uses, because it is so well situated. Mayor Lane noted that while selling the land could generate income, it could also potentially fit as the site of the proposed Arizona Central. If that is the case, it would save the city from having to spend an additional outlay in order to accommodate that project. This is where the task force's feedback would be most valuable. He would like to see the space developed in a way that is consistent with the arts and culture character of the area south of Main Street. He felt the theater could be accommodated, so long as it is not detrimental to the overall vision for downtown. Councilmember Smith inquired whether Greasepaint has considered other venues. Mr. Worth responded that they have considered several different options, but none have been suitable for their needs.

Ms. Casey reviewed that there is no significant opposition to soliciting developer interest in the property, subject to the task force coming up with ideas as to how that would be scoped out in an RFP, and then presenting those ideas to the City Council.

Councilmember Smith added that the task force should consider how this parcel should be incorporated into the overall vision for downtown. It could turn out to be a better site for Arizona Central than the proposed canal site.

5. Economic Development Department Report

Danielle Casey, Economic Development Director, stated that the Fiscal Year 2015/16 Annual Report has been published, and is also available online. In general, it was a good year. A Small Business Startup Guide has been created to serve as a general introductory guide to small businesses starting up in the community. Economic development is producing a series of CEO testimonials that will be made available online and promoted through social media. Scottsdale has received media attention regarding its efforts to attract talent, and will be attending the National Hispanic MBA Conference in Chicago to convince young talent about why Scottsdale should be a location of choice for their companies.

Councilmember Smith questioned whether it is the city's responsibility to spend taxpayer money to recruit people to Scottsdale to fill jobs for companies that moved here to create jobs for citizens. Ms. Casey responded that some companies moved here, but others are growing their existing businesses and need the talent to do so. The State of Arizona is spending significant resources in workforce development and attraction. She clarified that the city is not paying people to relocate to Scottsdale; the effort is focused on educating people about Scottsdale as an amazing community to work and live in. There is a huge lack of awareness, especially among younger workers, about Scottsdale. Mayor Lane noted that competing cities are actually paying for jobs or at least providing incentives in other ways. Scottsdale instead facilitates relocation by helping companies connect with applicable resources. Generally speaking the recruited talent has expertise that is not widely available locally.

Ms. Casey reported that on October 8, the Mayor and Council Breakfast will take place at the Signature Flights hangar at Scottsdale Airport. The Third Annual Cure Corridor Event will be at the Fairmont Scottsdale Princess on the first Friday of December.

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

There were no public comments.

7. Future Agenda Items

None.

Adjournment

With no further business before the Subcommittee, the meeting adjourned at 5:02 p.m.

Respectfully submitted,
A/V Tronics, Inc. DBA AVTranz.