



▶ Mesa Awarded Section 108 Loan Fund 3



▶ Mesa Grand Plans at Phoenix-Mesa Gateway ..4



▶ Submit Images to Promote Your City. 4



Economic Reporter

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A Proactive, Responsive Regulatory Environment results in 250 New Jobs in Mesa.

There is a misconception that successful economic development requires hefty incentive packages in which public dollars are transferred to private users. In the case of Special Devices, Inc. (SDI) and many other companies around the world, a simple business-friendly regulatory environment was the deciding site selection factor.

SDI manufactures explosive devices used in aircraft ejection seats, car airbags and mining equipment. In the fourth quarter of 2008, declining auto sales and a global recession forced SDI to make some tough business decisions. In response to a changing global economy, SDI filed for Chapter 11 bankruptcy in December 2008. The company’s intent was to restructure debt and consolidate operations in order to be more efficient and improve the company’s competitiveness. With the company’s future in flux, SDI leaders needed to consolidate operations in the most cost effective manner. Mesa was one of several options for the future home of SDI’s automotive division.

In response, Mesa’s Development and Sustainability Department took a proactive approach to the permitting and regulatory hurdles associated with SDI’s consolidation in Mesa. Quite simply, Mesa’s Development and Sustainability Department did their job; city officials addressed the needs of the company while understanding the particular circumstances of the situation. SDI received excellent customer service and was treated in a professional manner. As a result SDI consolidated their automotive division in Mesa and will add about 250 new jobs to their Mesa facility.

While economic development can be extremely competitive and often pit communities and states against each other in a bidding war, it is important to remember that the “little things” do matter. Mesa will not always be in a position to provide financial incentives comparable to that of other communities or states, however, Mesa can control the way in which the regulatory environment interacts with the private sector. A proactive, business-friendly approach just won Mesa 250 new jobs.



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The Economic Development Advisory Board meets the first Tuesday of every month at 7:30 am in the Lower Level Council Chambers (57 East First Street). All meetings are open to the public.



The Quick Jab *with Bill Jabjiniak*

Recruiting Companies

Efforts to recruit companies have always been the most glamorous and exciting (and costly) part of economic development. The occasional and increasingly rare announcement of a \$2 billion Motorola Plant in Richmond, Virginia or a BMW plant for Greenville, South Carolina, can create the same sort of thinking people get playing slot machines. “Well, they got a big one; maybe we can too.” So most state and local economic development organizations continue to play long odds and often spend an inordinate percentage of their available resources shooting buckshot at a fast moving, elusive target.

Apart from that, there is a tremendous thrill and sense of satisfaction that comes when a company announces plans to locate a multi-million dollar facility in your community as the direct result of a target industry analysis and marketing program.

These days, in-depth market feasibility analyses offer the only reasonably certain techniques to avoid wasting time and money on targets you can’t possibly hit; and to enable you to focus your energies and funds on the relatively few specific companies most communities hope to attract.

The challenge to recruit big name companies from distant places is tougher today for several reasons. Our global economy is a factor. Competition clearly is keener. It is easier now to move goods, services and people long distances. Communications have never been so easy or quick and continue to get quicker.

There is also the greater sophistication and demands of today’s companies. Most companies retain consultants to do a detailed analysis, which means it is more difficult to make a sale than ever before. Skill needs have changed. Environmental requirements are a lot tougher. Local politics and special interest groups can create obstacles.

Although fewer new plants are being built, some hard working communities are succeeding in attracting facilities. Three things especially important to companies are;

- **Availability of skilled or trainable workers;**
- **The government’s ability to match local resources with an industry’s or company’s bottom-line requirements;**
- **Local business climate.**

It is not hard to identify growth industries. However, it usually is hard to determine which companies to target within those industries. There is the need to get as specific as possible. Simply, zero in on the target and follow what the in-depth market feasibility analyses indicate!

Section 108 Loan Fund: Another Tool to Create Jobs in Mesa

In July 2009, the City of Mesa was awarded a Section 108 Loan Guarantee from the U.S. Department of Housing and Urban Development for an Economic Development Loan Fund. The guaranteed Loan Fund/s will be used for projects that will have positive economic and community development benefits within specific areas in Mesa. The City will give funding priority to projects located in the Community Development Block Grant (CDBG) Target Area, City of Mesa Enterprise Zone Area, and the Economic Activity Areas; however the Loan Fund can be utilized on a citywide basis.



The Section 108 Loan Fund provides communities with a source of financing for economic development, public facilities, and large-scale physical development projects, making it one of the most potent and important public investment tools that HUD offers to local governments. Section 108 financing is at work in hundreds of communities across the U.S. Over 1,200 projects have been funded since the program's inception in 1978.

The following are eligible activities for the Section 108 Loan Fund: Real property acquisition; Rehabilitation of publicly owned real property; Relocation; Clearance/demolition; Site preparation; Economic development; Public facilities/improvements; Issuance costs; Capitalized interest; and Reserves.

The proposed activity must meet one of the following three national objectives: 1) benefit low- and moderate-income families; 2) aid in the prevention or elimination of slums or blight; and 3) meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community where other financial resources are not available.

The Section 108 Loan Fund will not impact Mesa's General Fund. Rather it is an economic development tool that leverages, but does not take away from existing Community Development Block Grant funding. The goals of the Section 108 Loan Fund are to create jobs and to assist in the revitalization of specific areas and/or meet urgent needs of the community. The following are some of the advantages of the Loan Fund: ability to finance high impact projects; spread capital costs over time; long-term funds at reasonable fixed rates; flexibility in repayment; and leverage of limited public dollars.

The purpose of this Section 108 Loan Fund application is to assist with economic and community development activities in the City of Mesa. The guaranteed Loan Funds will be used

to create a loan pool targeted to projects that will have positive economic and community development benefits within targeted neighborhoods. More specifically, the City will utilize the Section 108 Loan Fund to make loans available to eligible firms and organizations who undertake real estate and business expansion projects.



Staff Profile: Elizabeth (Betsy) Adams



Elizabeth (Betsy) Adams is an Administrative Support Assistant II for the Economic Development Department. She is involved in the day-to-day economic development administrative activities. She helps keep the office running smoothly. Betsy answers the phones, greets clients and walk-ins and is also the department's representative for Training, secondary ITD representative, MCC volunteer coordinator (community partner) for our department and the Clean Air Coordinator. She is also one of two Notaries' in the Economic Development Department.

Due to her work ethic and expertise, in the nearly 10 years that Betsy has been with the City she has gone through the ranks from our Receptionist to an Administrative Support Assistant II.

Betsy was born and raised in Pittsburgh, PA, and moved to Arizona from California over 14 years ago. She spent 22 years as an Air Force wife and lived and explored England for three years, along with Wales, and Scotland. She has visited a total (so far) of 15 different countries and lived in 10 different states. Betsy is married, and has two adult children, two grandchildren, and currently no pets. She and her husband Dave are currently active in helping to raise their two grandchildren ages 6 and 7 years old. When not at work, Betsy enjoys family, traveling, reading, music and the outdoors.

**Betsy can be reached at 480-644-3534 or
Elizabeth.adams@mesaaz.gov**

Grand Plans for Phx-Mesa Gateway and New Destinations for Allegiant



Life is grand for Phoenix-Mesa Gateway Airport and Allegiant Airlines. Over the last three months, Allegiant Airlines announced five new cities as destinations for Valley residents starting this Fall. Grand seems to be the key word in Allegiant's expansion by naming Grand Island, Nebraska, Grand Forks, North Dakota and Grand Rapids, Michigan as new destinations as well as Pasco, Washington and Wichita, Kansas. These five new destinations bring the total to 20 cities served by Allegiant from Gateway Airport. With airplane load factors in the high eighties and low nineties, Gateway has experienced an increase from less than 20,000 to more than 450,000 passengers in just two short years since Allegiant started operation in Mesa.



The growth is expected to continue with these five new destinations and others hopefully in the future. Growth projections expect Gateway to top 600,000 passengers in 2009. Allegiant's strong showing in passenger growth and Gateway's ease of use is making a strong impression on Valley residents and more importantly the airline industry. Phoenix-Mesa Gateway is aware of the increasing interest and is taking steps to prepare for the continued growth.

Just last year, in a unique partnership with Allegiant Airlines, Gateway opened a new 10,000 square foot terminal annex housing four passenger gates. However, the airport still needs more terminal space to handle the continued growth. To prepare for the 2010 winter season of vacationers, spring training fans, business travelers, the airport has been preparing for the expansion of the Charles L. Williams Terminal. That preparation paid off with the successful announcement of nearly \$9,000,000 dollars in federal grants to help fund a 25,000 square foot terminal expansion. FAA Western Pacific Regional Manager Mark McClardly, who believes in Gateway's bright future, commented at a September 28 press conference, "This airport is really a great investment...because its potential is unlimited."

Anticipated to be completed in time for the 2010 holiday season, the expansion will increase the square footage of the terminal from 35,000 square feet to nearly 60,000 square feet and increase the number of gates from four to six. Additionally, the swell in flights and passengers is also making it necessary to establish an additional 1,600 parking spaces and relocate the airport's fire station. Just as the airport's logo states, all the airport's hard work is paying off when listening to happy passengers say Gateway is, *Just Plane Easy*.

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DID YOU KNOW...

You can sign up to receive instant text message updates from Mesa's Office of Economic Development? Visit www.twitter.com/MesaEconDev to sign up for instant updates...

Since January 2009, Phoenix-Mesa Gateway Airport has serviced 386,535 passengers.

EVENTS



Night of Appreciation Event November 5, 2009

A Night of Appreciation Event is a means for the City of Mesa to show their appreciation to the local Mesa automotive dealers. The event will take place on Thursday, November 5, 2009 from 5-7 p.m. at the Mesa Arts Center (by invitation only).

Mesa Arts Center
One East Main Street

For more information, call 480-644-3534 or email elizabeth.adams@mesaaz.gov or call 480-644-6949 or email suzanne.cason@mesaaz.gov.

Submit Images to Promote Your City

The City of Mesa's Office of Economic Development is requesting updated images for future marketing and communications efforts including printed collateral material, website enhancements, tradeshow displays, electronic communications and more.

Economic Development is building an updated Photo Library to include multiple images from all regions of the city featuring:

- high tech industries
- corporations – building interiors and exteriors
- academic institutions
- skilled/high tech workforce
- dining establishments
- hospitality/tourism attractions and amenities
- retail/commercial centers, districts
- cultural venues
- recreational activities
- transportation corridors
- residential, neighborhoods, and more.

PLEASE SEND HIGH RESOLUTION IMAGES (300 DPI) ON A CD(S) OR USB TO:

Jaye O'Donnell,
Marketing and Business Development Manager

CITY OF MESA
20 E. Main St. | Suite 200 | PO Box 1466
Mesa, Arizona 85211-1466

Make sure to include the date/year of the image and who to give credit for the photo. If you have questions, please contact

jaye.o'donnell@mesaaz.gov.

Thank you in advance for your contribution and helping to promote the City of Mesa.

