



City Council Work Session

Monday, January 23, 2023
4:30 p.m.

Council Chambers Conference Room
88 E. Chicago St., Chandler, AZ



Work Session



Pursuant to Resolution No. 4464 of the City of Chandler and to A.R.S. 38-431.02, notice is hereby given to the members of the Chandler City Council and to the general public that the Chandler City Council will hold a WORK SESSION open to the public on Monday, January 23, 2023, at 4:30 p.m., in the Chandler City Council Chambers Conference Room, 88 E. Chicago Street, Chandler, Arizona. One or more members of the Chandler City Council may attend this meeting by telephone.

Persons with disabilities may request a reasonable modification or communication aids and services by contacting the City Clerk's office at 480-782-2181 (711 via AZRS). Please make requests in advance as it affords the City time to accommodate the request.

Agendas are available in the Office of the City Clerk, 175 S. Arizona Avenue.

Agenda

Call to Order

Discussion

1. **Presentation and Discussion from the Economic Development Division and the Greater Phoenix Economic Council regarding Local and Regional Economic Development Activities**

Adjourn



City Council Memorandum Economic Development Memo No. N/A

Date: January 23, 2023
To: Mayor and Council
From: Micah Miranda, Economic Development Director
Subject: Presentation from Economic Development Division and GPEC regarding local and regional economic development activities.

Attachments

Economic Development Update
GPEC Presentation

Economic Development Update

City Council Work Session | Jan. 23, 2023 |



City Council Strategic Framework

In its 2021-23 Strategic Framework, City Council provided a roadmap of priorities to guide decisions in the near-term and beyond.

The vision illustrated in the document emphasizes providing:

- A high quality of life
- Diverse job opportunities
- Safe neighborhoods



Economic Development's Role

- Economic Development plays a critical role in achieving City Council's vision for Chandler. Simply put, it is a set of programs and policies to:



Create and
retain jobs



Develop a
stable tax base



Wealth
generation

Economic Development Strategic Plan

- Programs to help achieve City Council's desired outcomes for Chandler. Key components of the City's Economic Development strategy include:
 - Business Attraction
 - Business Climate Enhancement
 - Technology Entrepreneurship
 - Small Business Assistance
 - Infill & Redevelopment
 - Market Threat Assessments
 - Competitive Positioning
 - Tourism
 - Education & Talent



Competition is Fierce

195

Countries



19,495

Cities/towns in the U.S.



91

Cities/towns in AZ



- Competition for active projects is strong and we also constantly play defense against communities trying to recruit our companies away.

Business Attraction

- Recruitment strategy focused on businesses in targeted industries.
- Look for fit with local industry clusters, growth potential, high wage jobs.



Automotive
Technology



Aviation &
Aerospace



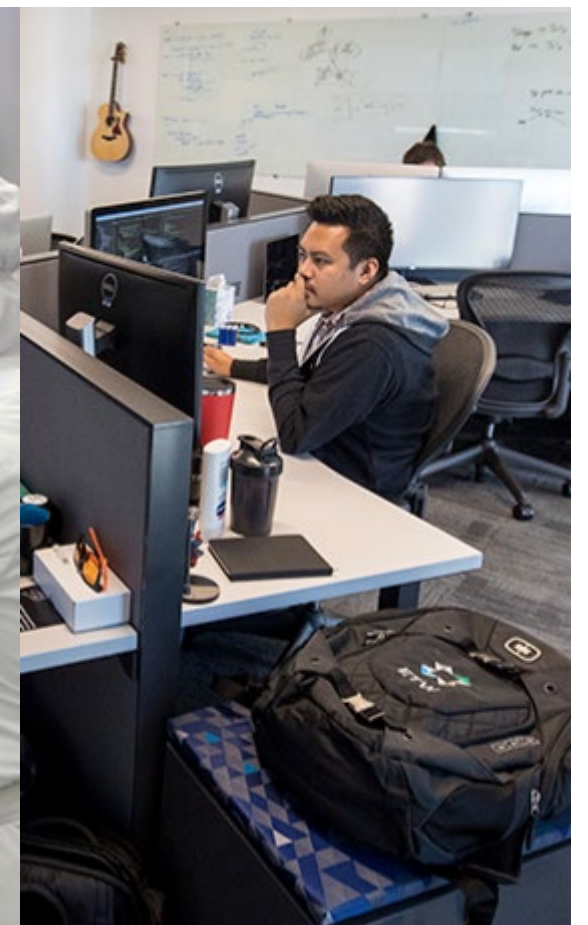
Advanced
Business Svcs.



Healthcare



High-Tech
Manufacturing



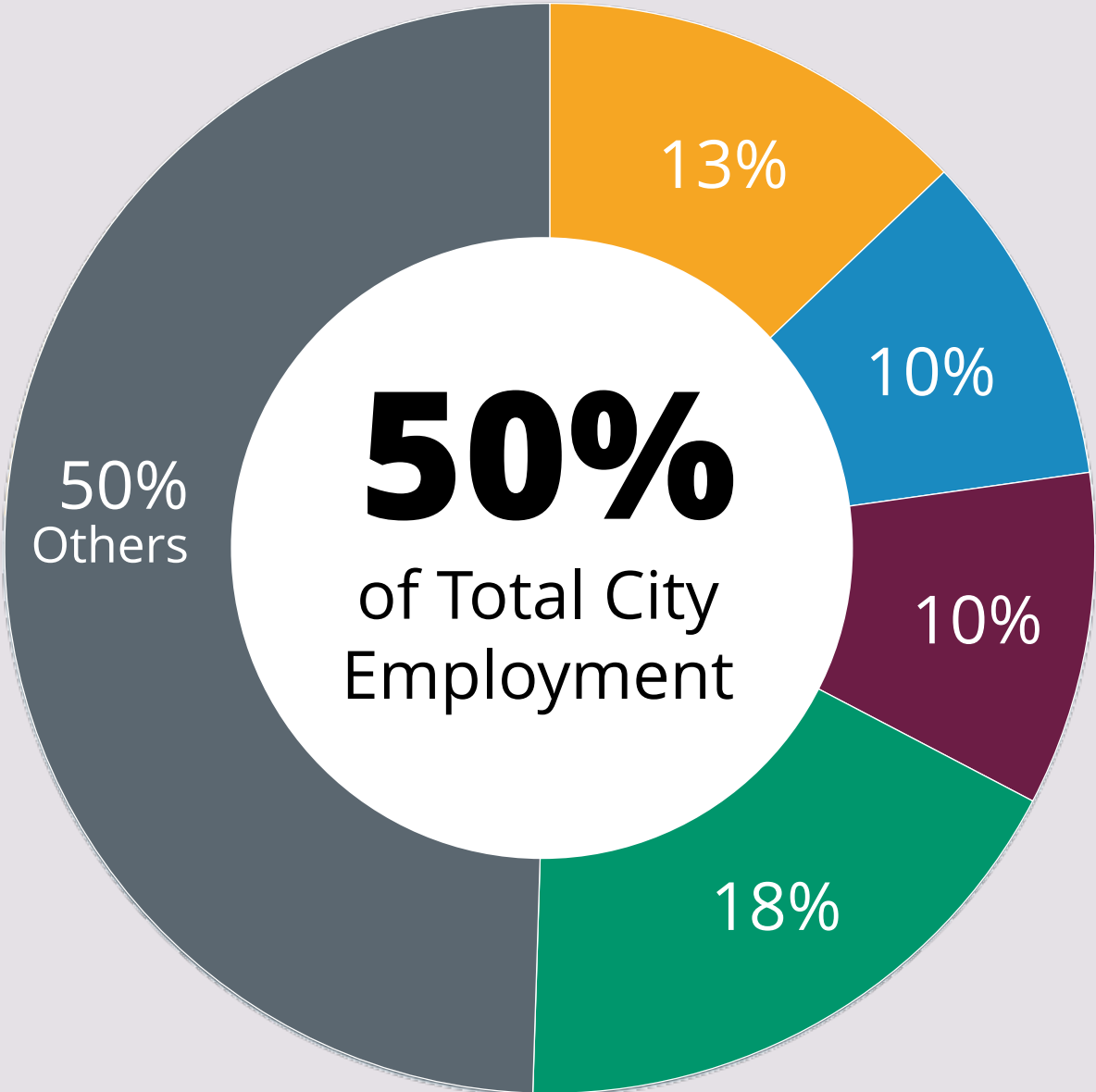
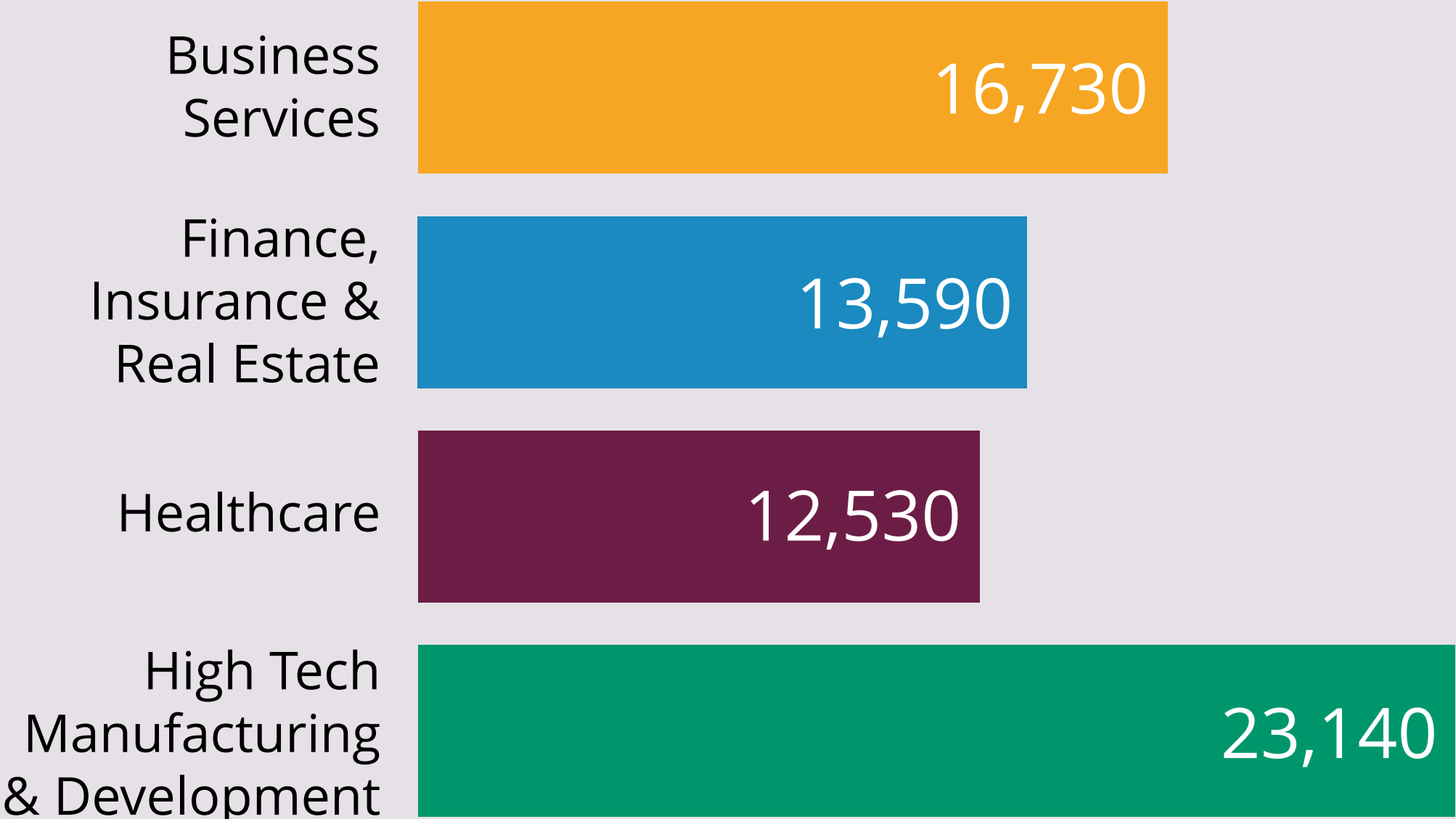
IT & Software

Business Attraction

- Pursue leads that fit the City's target industries/technologies.
- Target companies outside the region experiencing growth.
- Outreach to decision makers, site selectors and brokers.
- Demonstrate the operational advantages of Chandler.

Employment Base

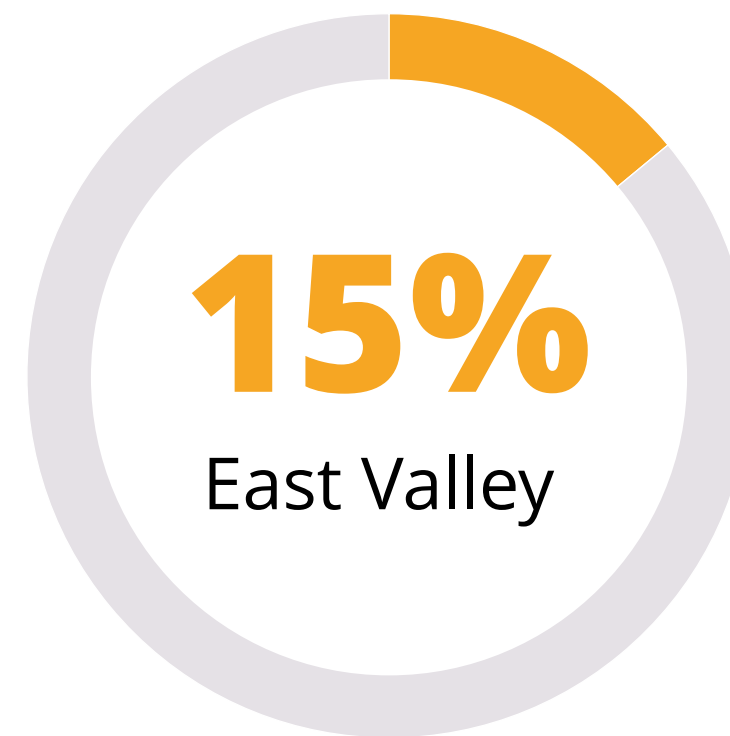
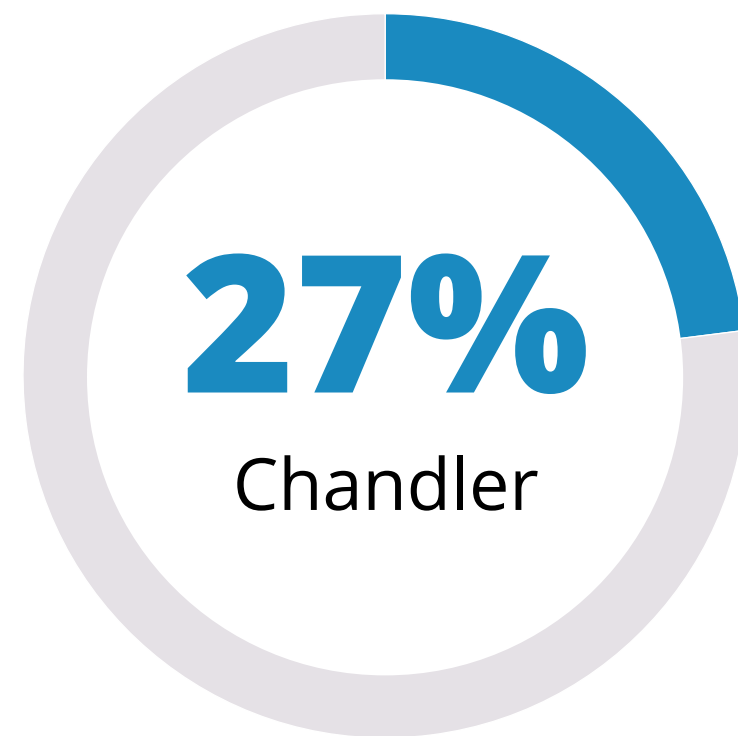
Target Industry Clusters by Employment



Data Source: MAG Employer Database (2021)

Employment Base

Innovation Economy: % of Workers in High-Tech Industries



- Chandler has an innovation mindset and this is reflected in the companies located in our community. Ability to adapt to a changing global economy helps ensure long-term economic sustainability.

Data Sources: MAG Employer Database and Bureau of Labor Statistics. Analysis based on "high-tech industries" per the Bureau of Labor Statistics.
"East Valley" includes Chandler, Gilbert, Mesa and Tempe.

Employment Base

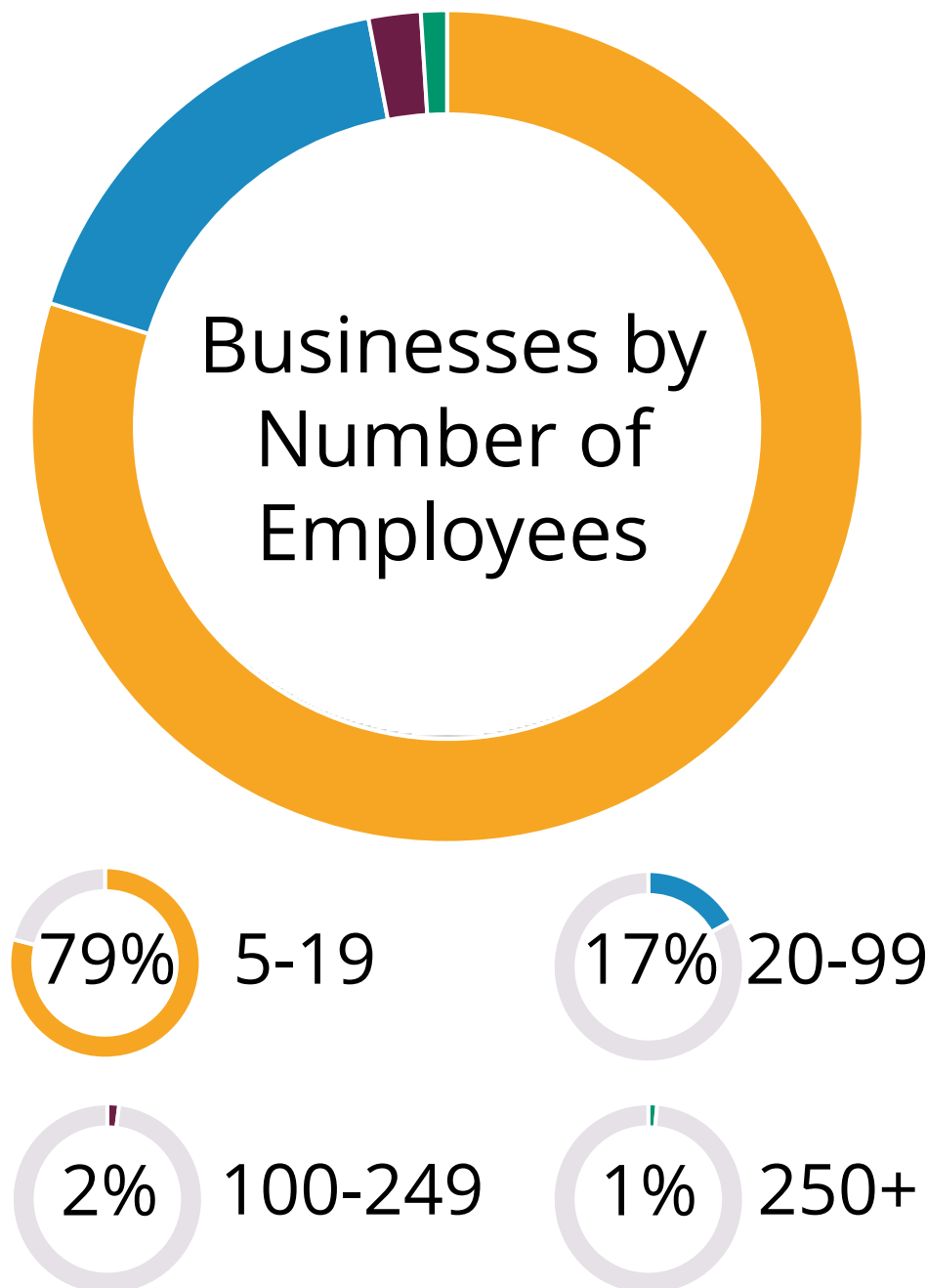
Top Industry Clusters by Employment: Chandler vs. MAG Region

Industry	#Employees in Chandler	%Employees in Chandler	%Employees in MAG Region	Location Quotient
High Tech Manufacturing	23,140	17.7%	4.2%	4.18
Business Services	16,730	12.8%	12.6%	1.01
Consumer Services	13,810	10.5%	11.2%	0.94
Retail	13,650	10.4%	11.7%	0.89
Finance, Insurance, & Real Estate	13,590	10.4%	8.6%	1.19
Healthcare	12,530	9.6%	12.2%	0.79
Education	9,460	7.2%	7.3%	1.00
Construction	6,320	4.8%	7.1%	0.68
Transportation & Dist.	6,280	4.8%	6.3%	0.76

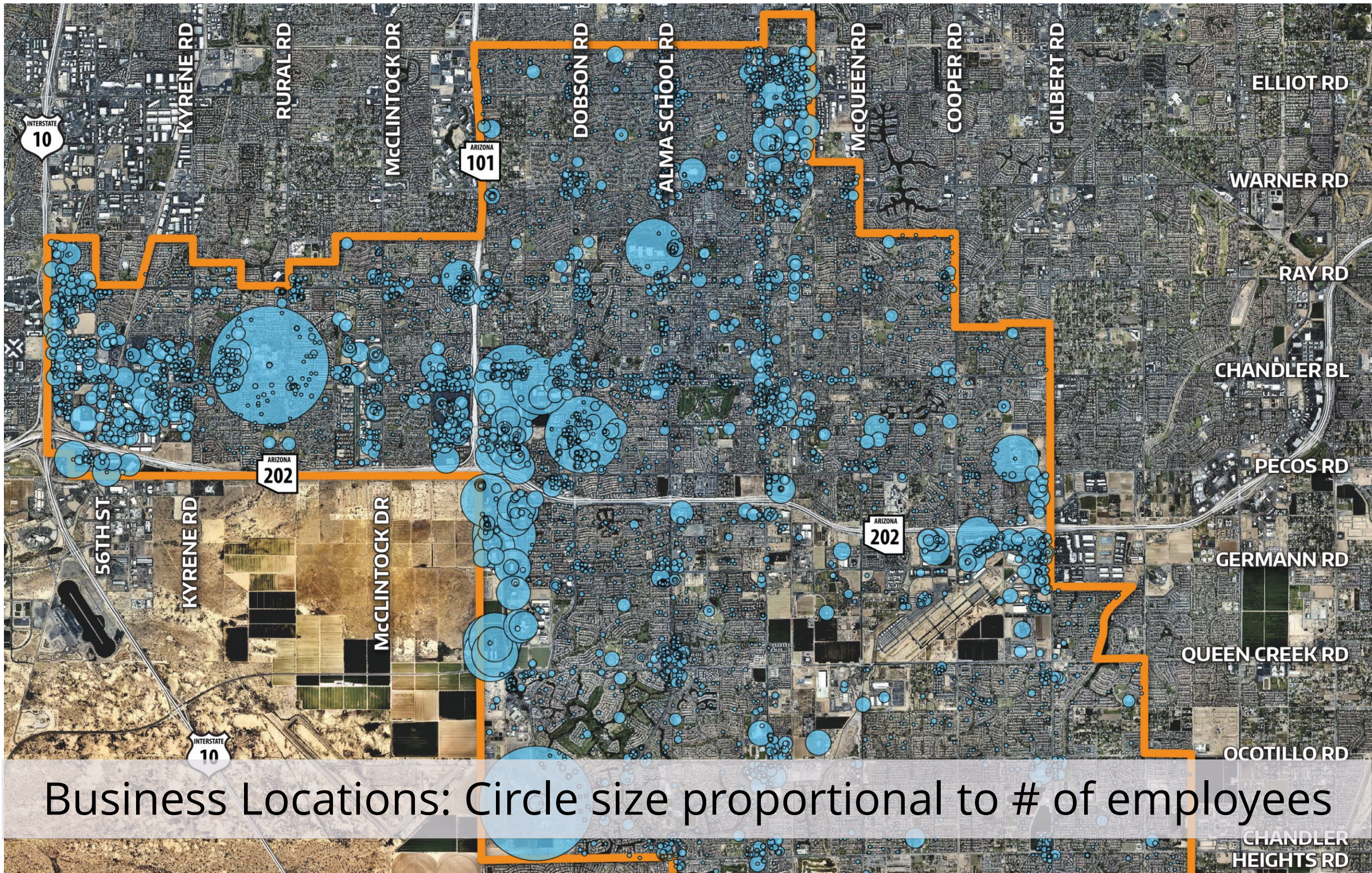
Data Source: MAG Employer Database (2021)

Employment Base

Business Size Mix



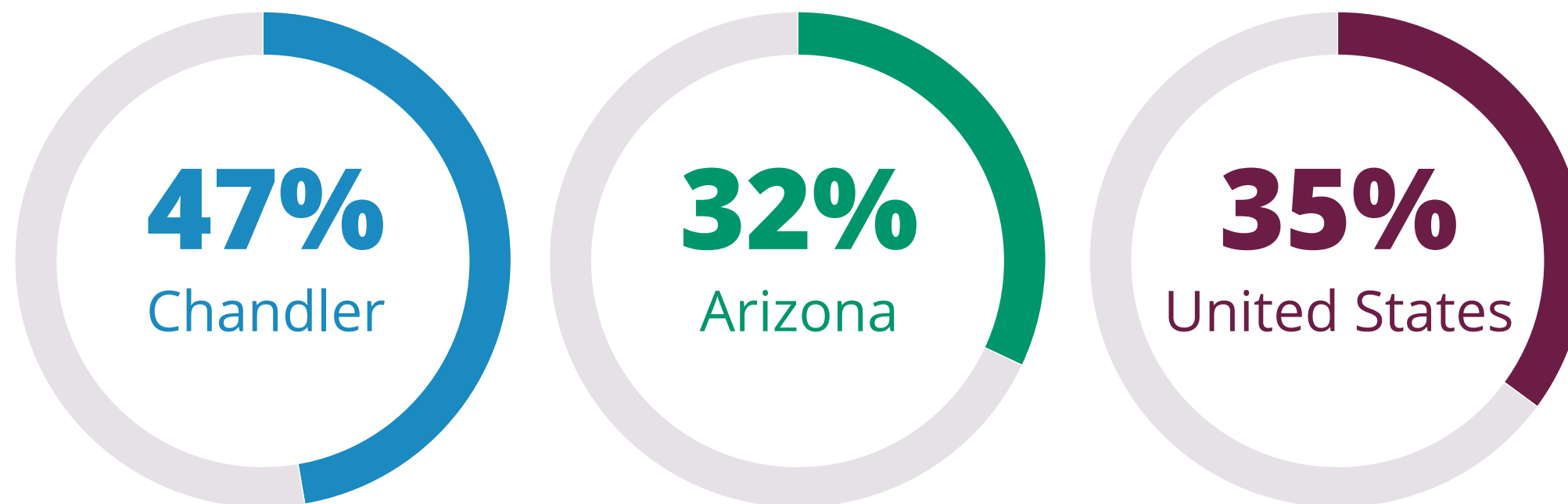
Data Source: MAG Employer Database



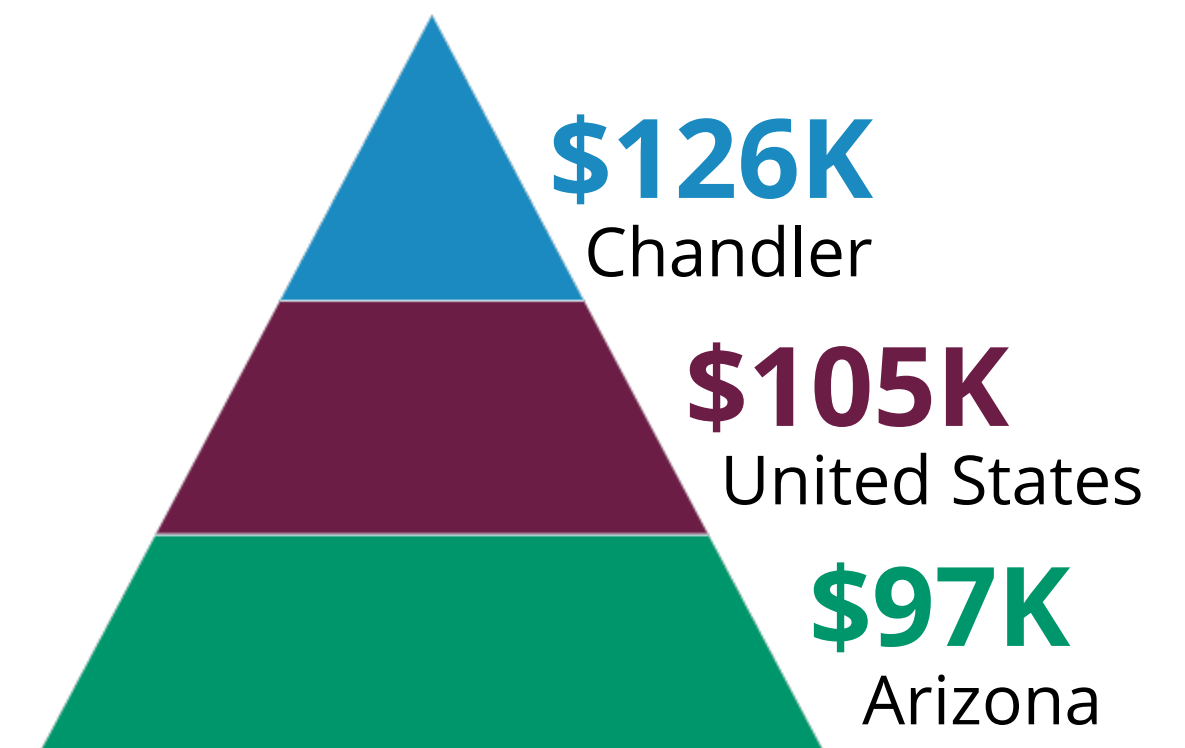
Employment Base



%Bachelor's Degree or Higher



Avg. Household Income



Data Source: ESRI Business Analyst (2022)

Note: %Bachelor's Degree or Higher is for the population ages 25+

Business Climate Enhancement

- Goal: Foster a business climate that supports economic vitality.
- Existing businesses account for about 60% of new jobs nationally.



Build
Relationships



Resolve
Issues



Assist with
Expansions



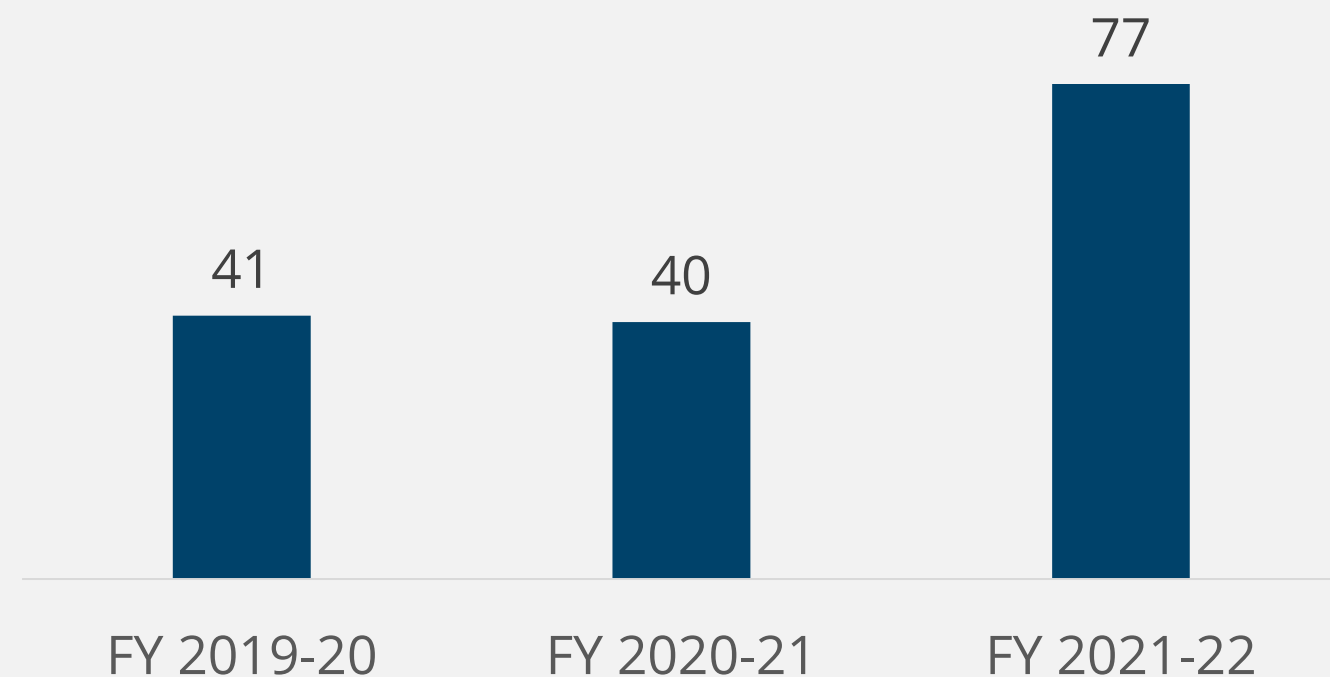
Connect to
Resources

Note: statistic on existing businesses' share of new jobs is from the U.S. Small Business Administration.

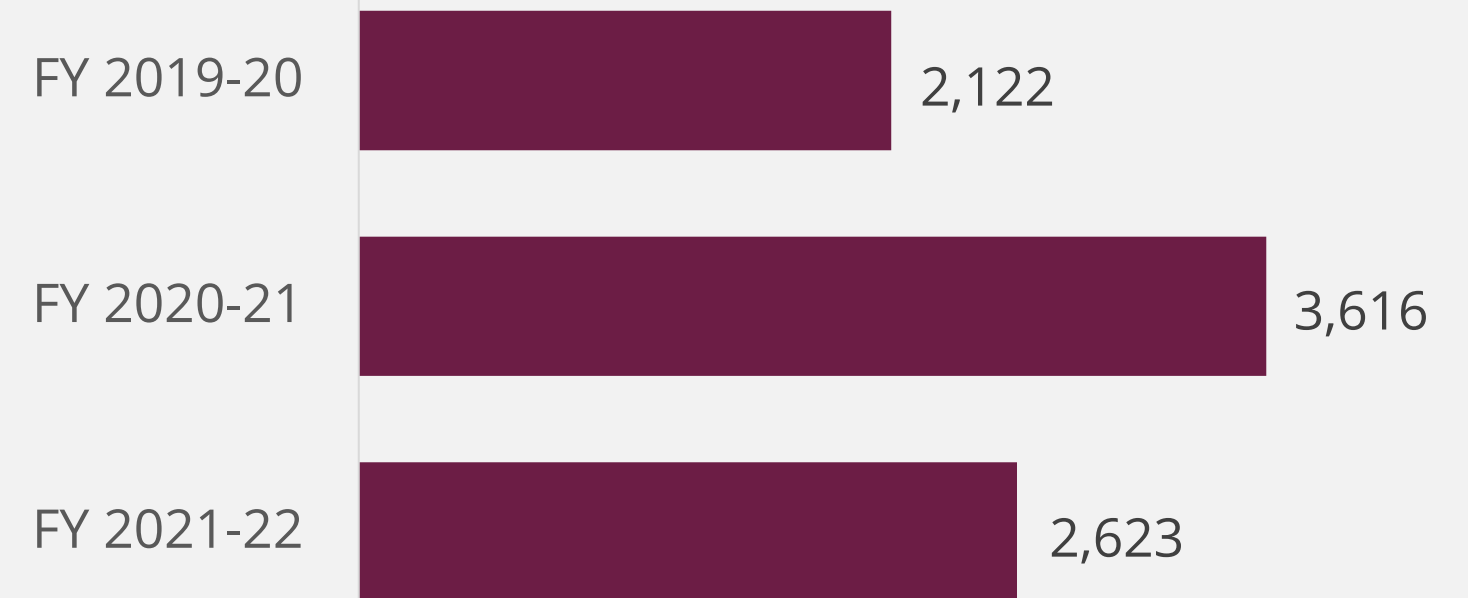
Business Climate Enhancement

- Proactive with key employers and those considered a flight risk.
- Serve as a point of contact for information on doing business in Chandler.

Meetings by Fiscal Year



Ombudsman Calls by Fiscal Year



Data Sources: Economic Development Division

Technology Entrepreneurship

- Goal: Build an entrepreneurial ecosystem that attracts startups, encourages spin-offs, and helps companies scale in Chandler.

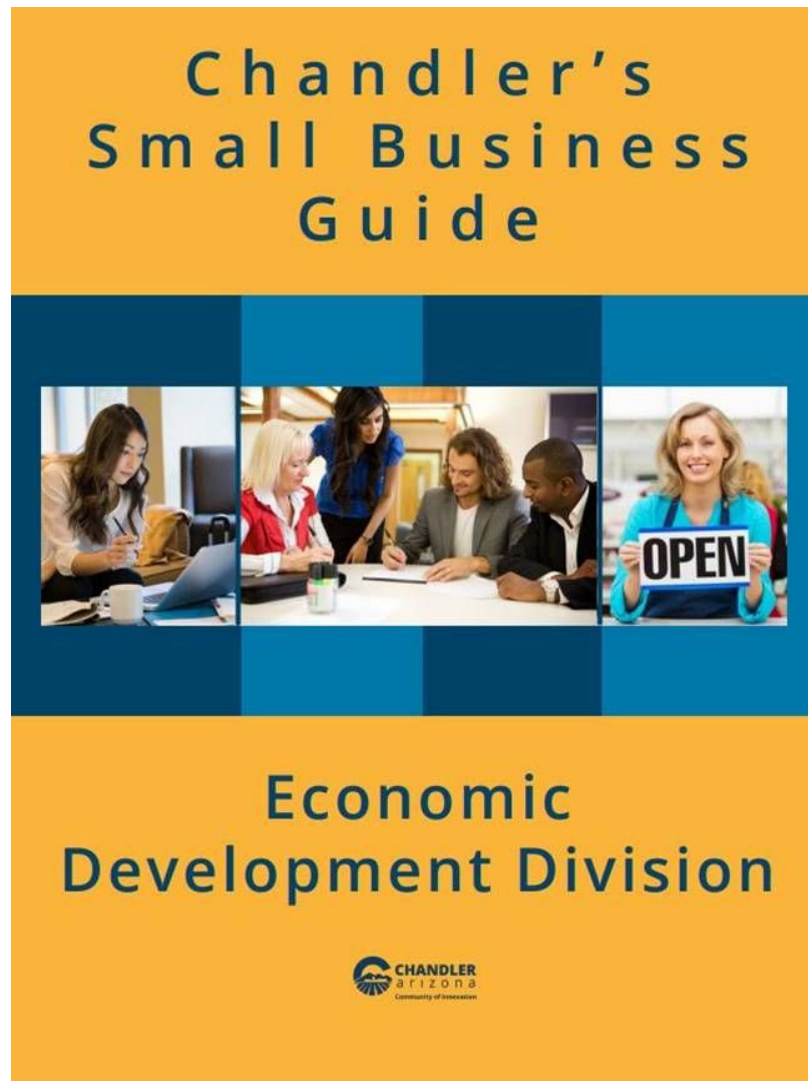


Technology Entrepreneurship ---

- Provide training and mentoring through Chandler Innovations incubator.
- Collaborate with ASU at the Chandler Innovation Center.
- Facilitate and increase access to early-stage funding for startups.
- Serve as a research tool for entrepreneurs evaluating Chandler.
- Position Chandler as the epicenter of tech-based entrepreneurship.

Small Business Assistance

- Goal: Create and manage programs that support local entrepreneurship and small business growth.

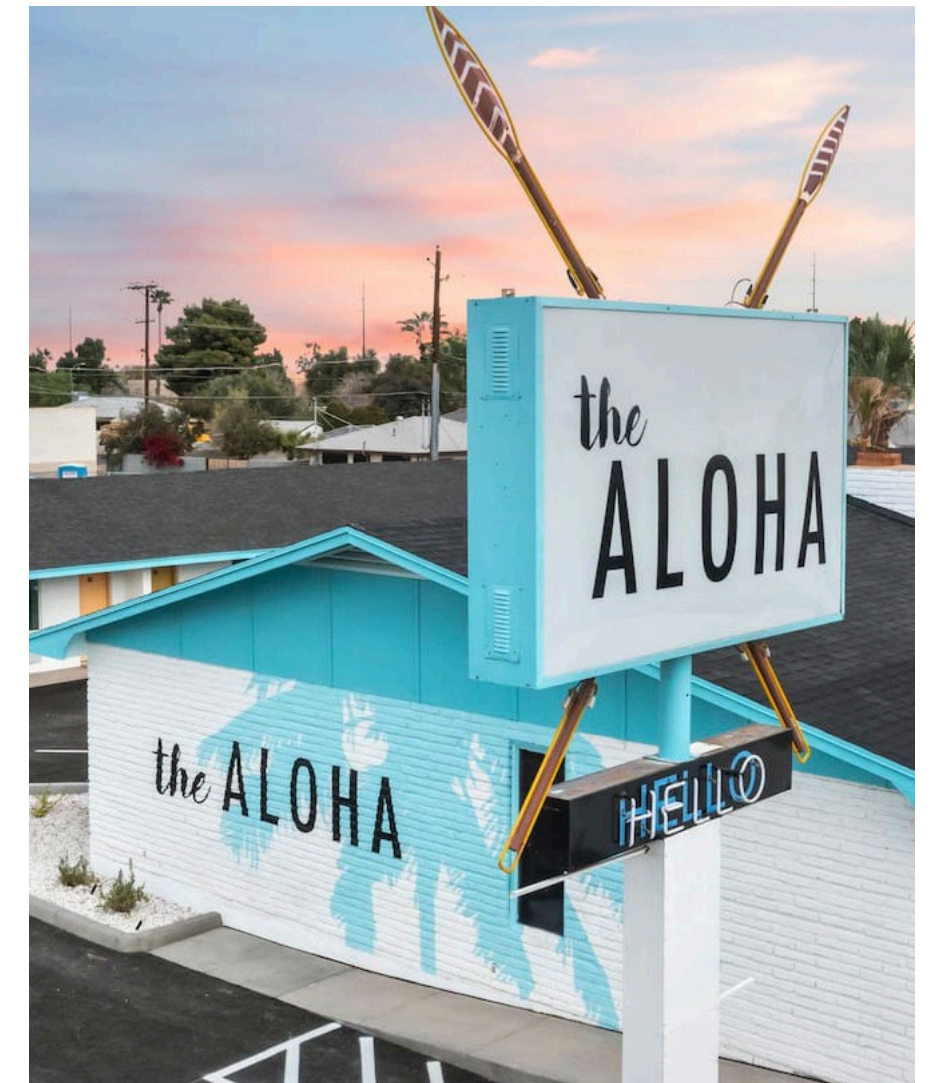


Small Business Assistance

- Publish Small Business Guide in English and Spanish each year.
- Encourage residents to shop local through I Choose Chandler campaign.
- Provide site selection services: customized demographics, identify building options, and coordinate Business Location Team meetings.
- Co-sponsor small business workshops and events.
- Serve as a point of contact for questions regarding City processes.

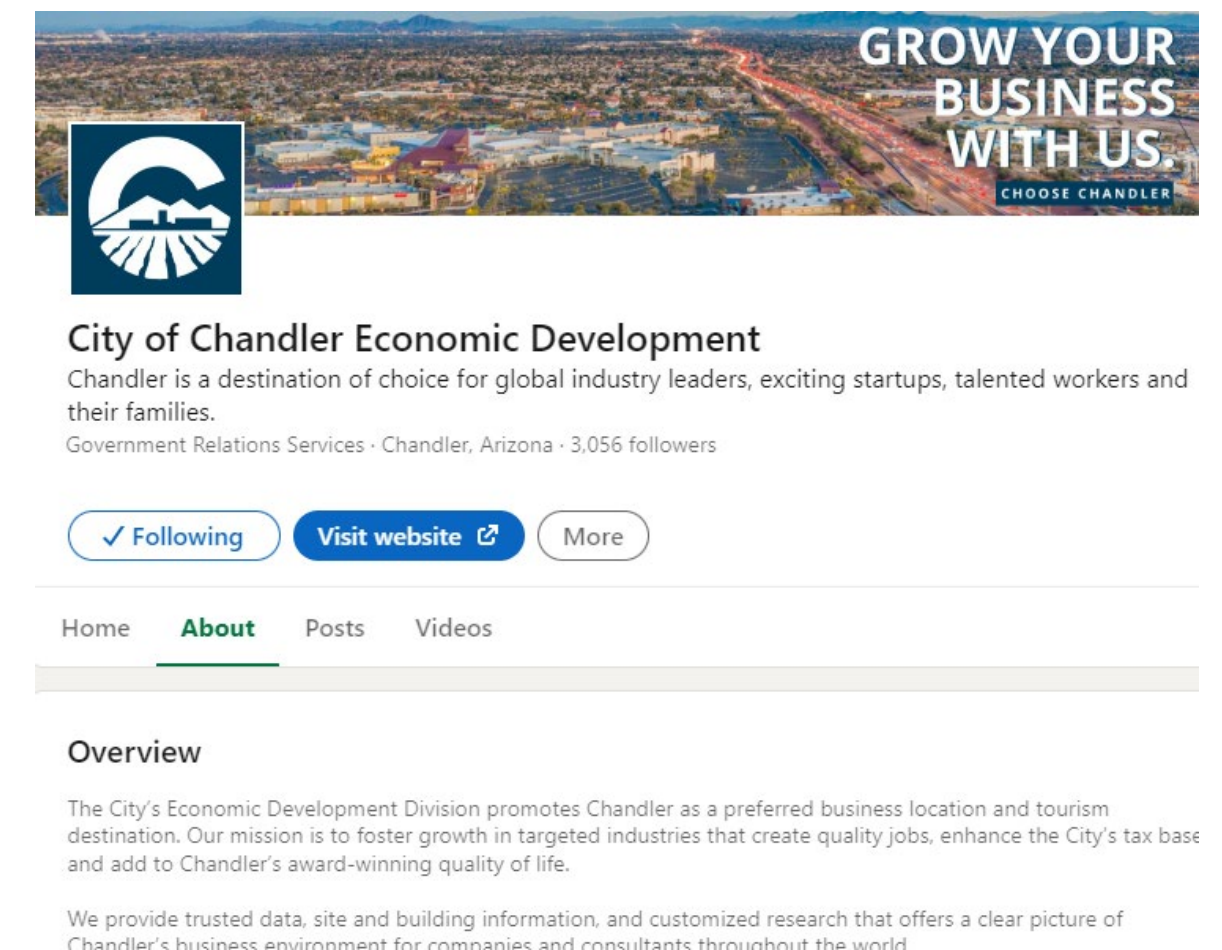
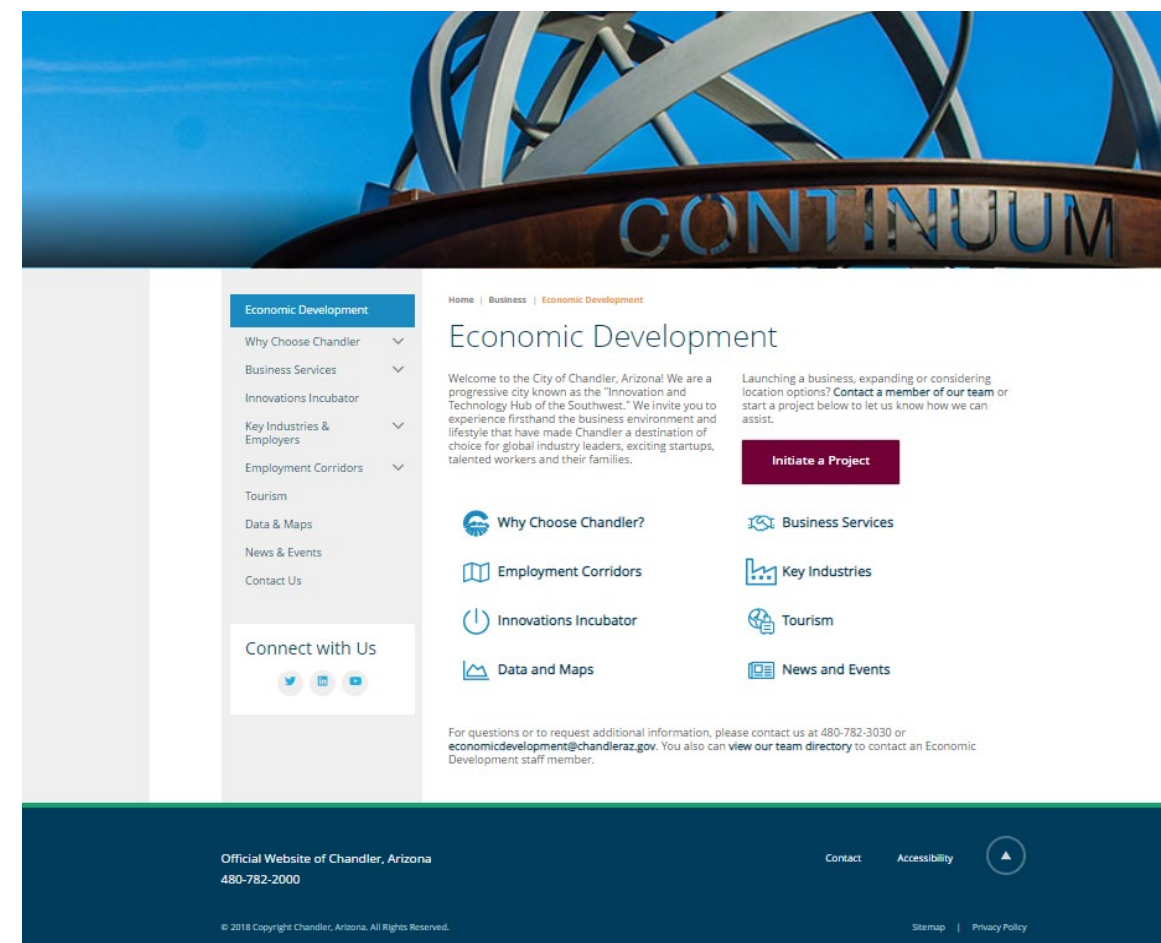
Infill & Redevelopment

- Goal: Revitalization and reuse of underutilized properties to support economic growth and neighborhood vitality.
- Facilitate conversion of underutilized properties.
- Engage capable development partners.
- Promote Adaptive Reuse Overlay District benefits.
- Advocate for state legislation to support redevelopment projects that create new housing.



Competitive Positioning

- Goal: Position Chandler as a top-of-mind location for targeted audiences.



Paid & Owned Media Strategies

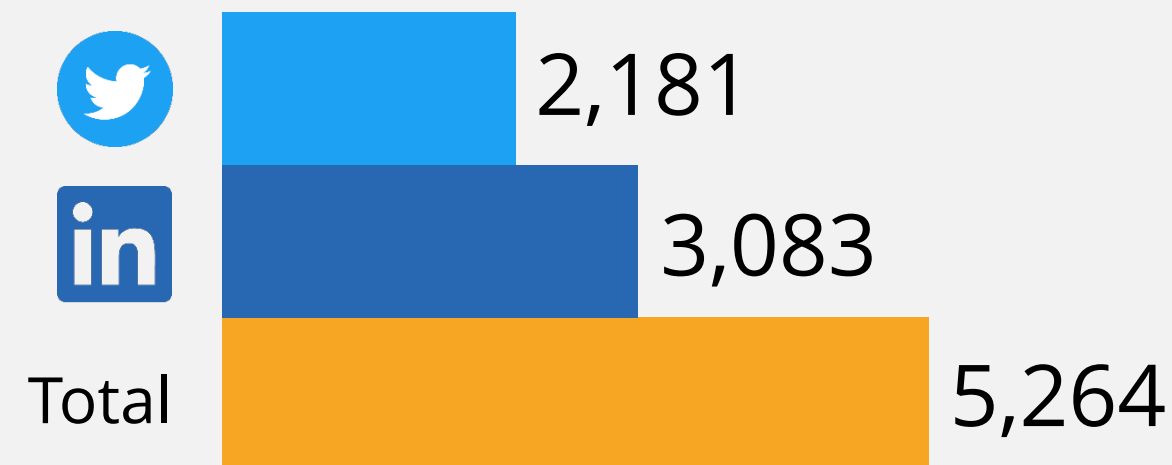
- Develop paid digital campaigns to highlight Chandler's key industries, community assets, and overall business climate.
- Develop a content calendar to provide timely informational on Chandler's advantages for doing business (e.g., manufacturing theme during National Manufacturing Month).
- Scale economic development newsletter with targeted lists and implementation of drip campaigns.
- Optimize and update economic development specific content/webpages on chandleraz.gov.

Paid & Owned Media Strategies

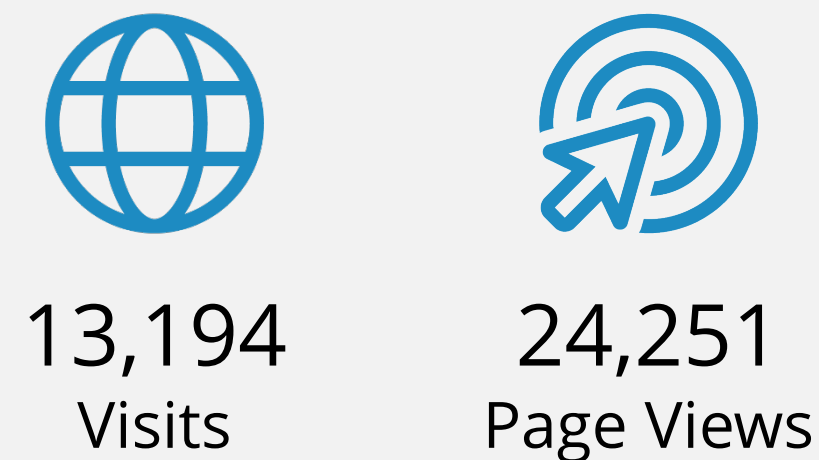
- Economic Development does not broadcast to a general audience.
- Our messaging is designed to reach business decision makers, site selectors, developers, and others who bring projects to Chandler.

Digital Marketing Data (CY 2022)

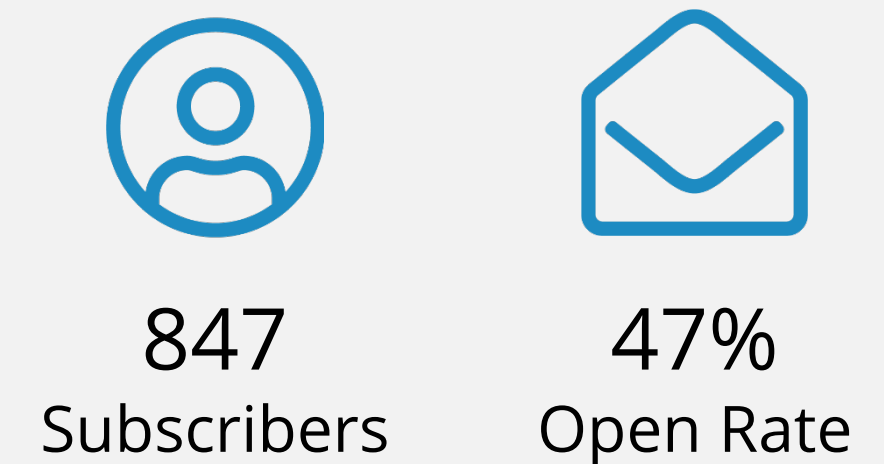
Social Media Audience



Website Traffic



Newsletter



Data Source: LinkedIn, Twitter, Site Improve, and Constant Contact

Tourism

- Goal: Implement the Tourism Strategic Plan to increase visitor spending, recruit new meetings, and enhance Chandler's brand.



Tourism

- COVID had a significant impact on tourism in FY 2019-20 and FY 2020-21.
- Tourism market fully recovered in FY 2021-22, posting record numbers.

Fiscal Year	Total Rooms Sold (Demand)	Total Rooms Available (Supply)	Occupancy Rate	Average Daily Rate	Revenue Per Available Room
FY 2018-19	906,332	1,370,575	66.10%	\$110.17	\$72.85
FY 2019-20	849,911	1,434,722	59.20%	\$106.18	\$62.90
FY 2020-21	846,684	1,478,950	57.20%	\$90.78	\$51.97
FY 2021-22	1,010,745	1,422,480	71.10%	\$123.24	\$87.57

Data Source: STR

Education & Talent

- Goal: Collaborate with educational partners to build the local talent pipeline.
- UA programming in Chandler
- ASU at Chandler Innovation Center
- CGCC job training programs
- P-20 initiatives (e.g., cybersecurity)
- CUSD



The Impacts



Manufacturing
200,000 SF
200 jobs



Manufacturing
75,000 SF
100 jobs



IT Innovation
Center expansion
200 jobs



Manufacturing
55,000 SF
100+ jobs



Corporate HQ
26,000 SF
30 jobs



Corporate HQ
29,500 SF
100+ jobs



HQ/Manufacturing
119,000 SF
230 jobs



Manufacturing
123,000 SF facility
100 jobs

Data Sources: Economic Development Division (Only includes projects publicly announced in calendar year 2022)

The Impacts

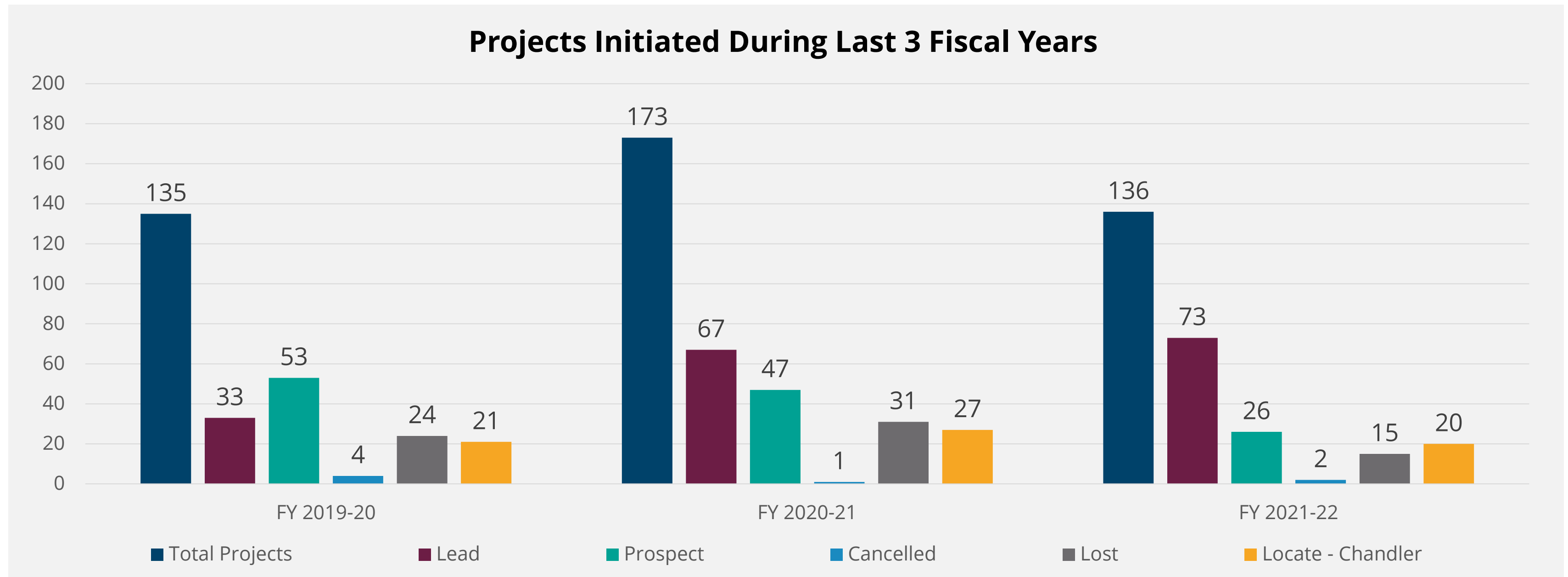
- Business locates over the past three fiscal years and expected impacts:

Fiscal Year	Locates	Job Creation (By Year 3)	Square Feet Absorbed	Capital Investment	Average Wage
FY 2019-20	21	5,836	1,522,900	\$172,825,000	\$72,764
FY 2020-21	23	3,001	1,424,600	\$435,757,609	\$72,280
FY 2021-22	27	4,219	1,850,700	\$337,905,000	\$71,232
TOTAL	71	13,056	4,798,200	\$946,487,609	\$72,089

Data Sources: Economic Development Division (Based on numbers reported by companies)

The Impacts

- Winning projects is a numbers game:



Data Sources: Economic Development Division

Note: Projects initiated in one fiscal year may become a locate in a later fiscal year.

The Impacts

- There are hundreds of potential projects in the pipeline.
 - Lead = evaluating many locations with no specific interest in Chandler.
 - Prospect = shortlisted Chandler among a group of location options.

Current Project Status	Projects in Pipeline	Combined Potential Impacts		
		Jobs	Square Feet	Capital Investment
Leads	218	23,381	14.5 million	\$6.4 billion
Prospects	149	12,779	7.2 million	\$10.2 billion
PIPELINE TOTALS	367	36,160	21.7 million	16.7 billion

Data Sources: Economic Development Division (Based on company-supplied data for projects initiated from FY 2019-20 through FY 2022-23 YTD)

Commercial Real Estate

Type	Existing Space	12 Mo. Deliveries (SF)	Under Construction (SF)
Retail	16.8M	40K	13K
Office	11.9M	14K	--
Industrial	27.4M	1.6M	1.4M

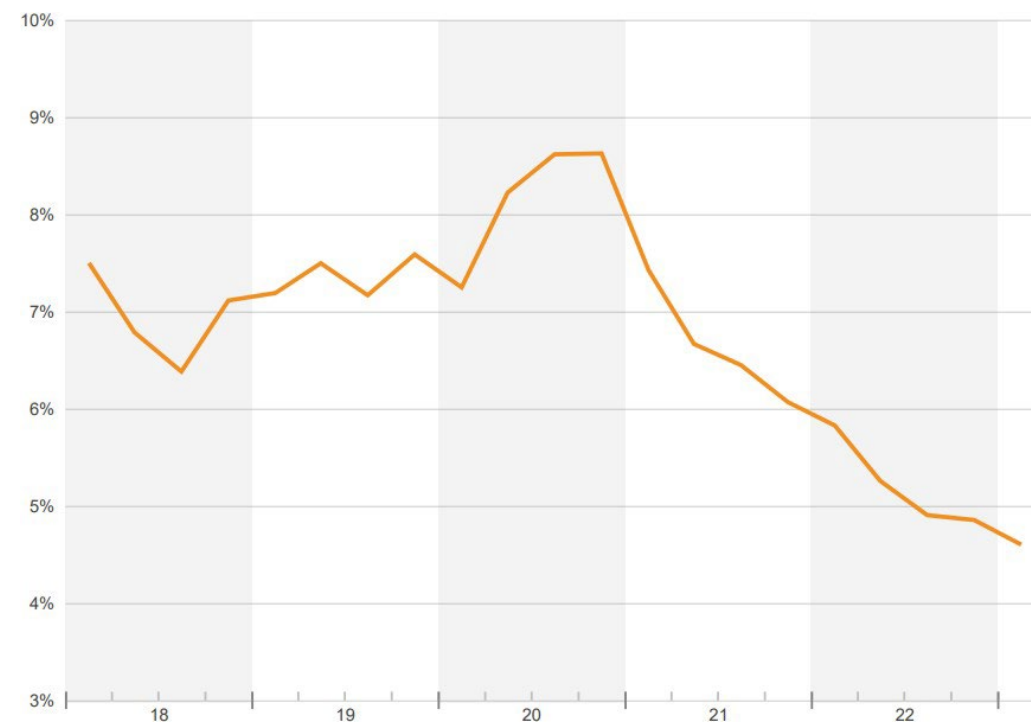


Source: CoStar (1/2/2023)

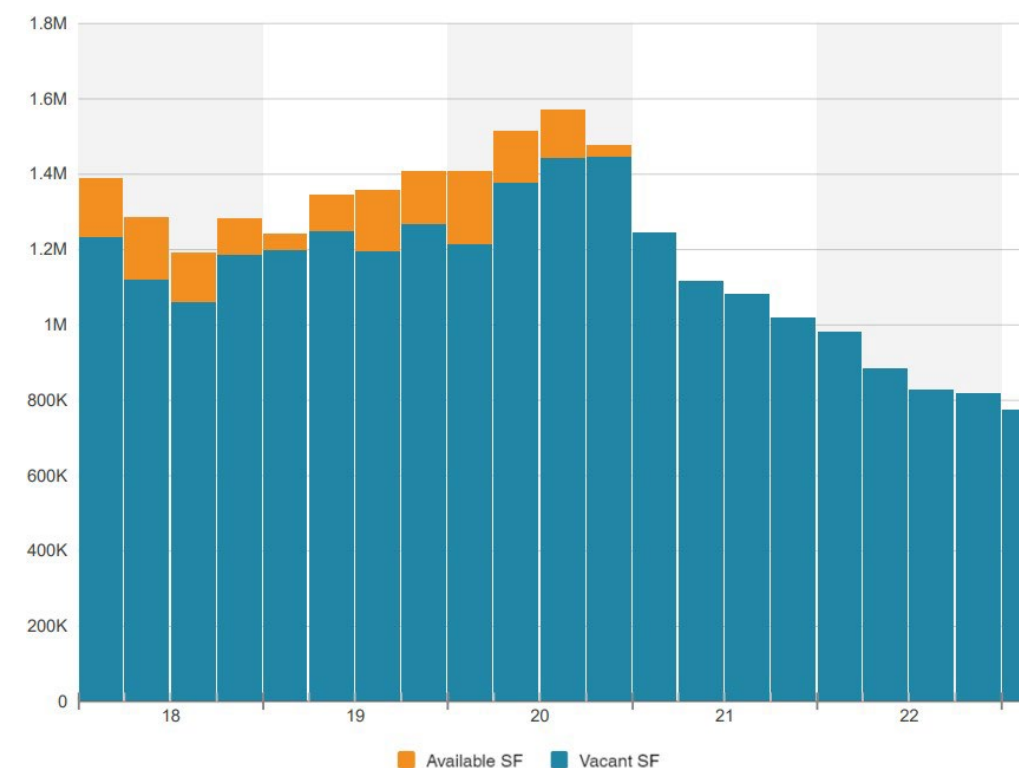
Retail Real Estate Stats

Metric	Current Rate	5-Year Average
Market Rent Per Square Foot	\$24.22	\$21.95
Vacancy Rate	4.8%	6.8%
Sales Price Per Square Foot	\$231	\$205

Vacancy Rate



Vacant & Available SF



Source: CoStar (1/2/2023)

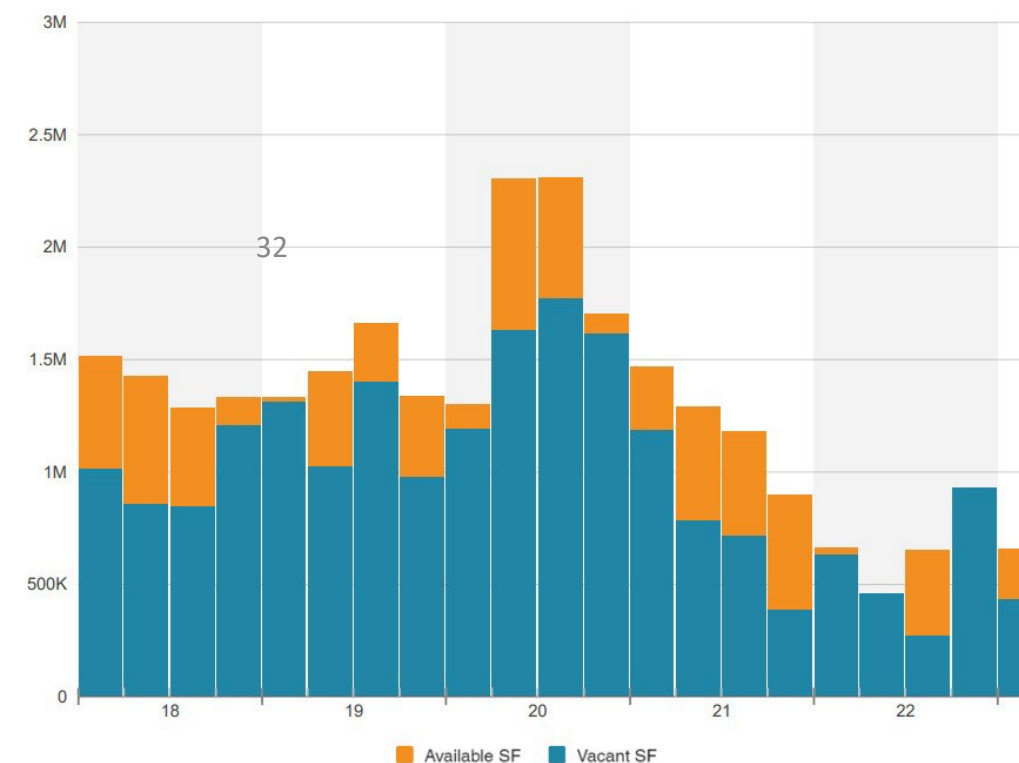
Industrial Real Estate Stats

Metric	Current Rate	5-Year Average
Market Rent Per Square Foot	\$14.00	\$10.90
Vacancy Rate	2.7%	4.1%
Sales Price Per Square Foot	\$220	\$162

Vacancy Rate



Vacant & Available SF



Source: CoStar (1/2/2023)

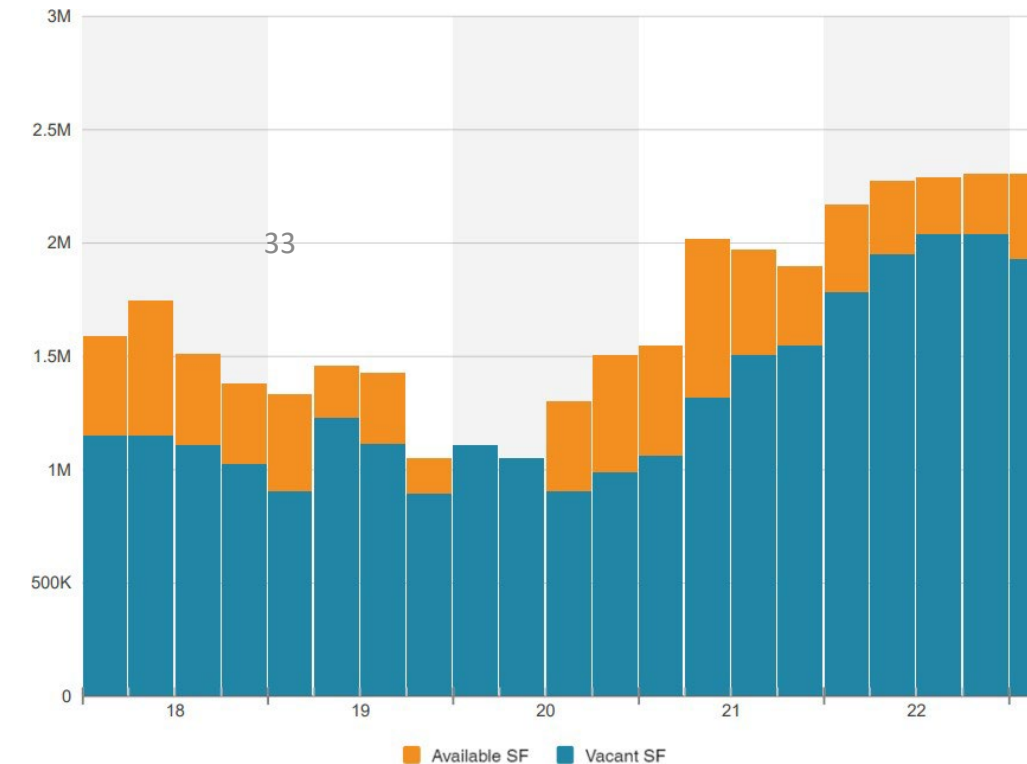
Office Real Estate Stats

Metric	Current Rate	5-Year Average
Market Rent Per Square Foot	\$28.19	\$26.61
Vacancy Rate	17.0%	11.7%
Sales Price Per Square Foot	\$245	\$227

Vacancy Rate



Vacant & Available SF



Source: CoStar (1/2/2023)

The Impacts

- Product wins projects



- Chandler Connection
- Industrial
- 201,221 SF
- Germann Rd,
East of Cooper Rd



- Chandler Airpark 202
- Industrial
- 397,177 SF (4 Buildings)
- Germann Rd
& Northrop Bl



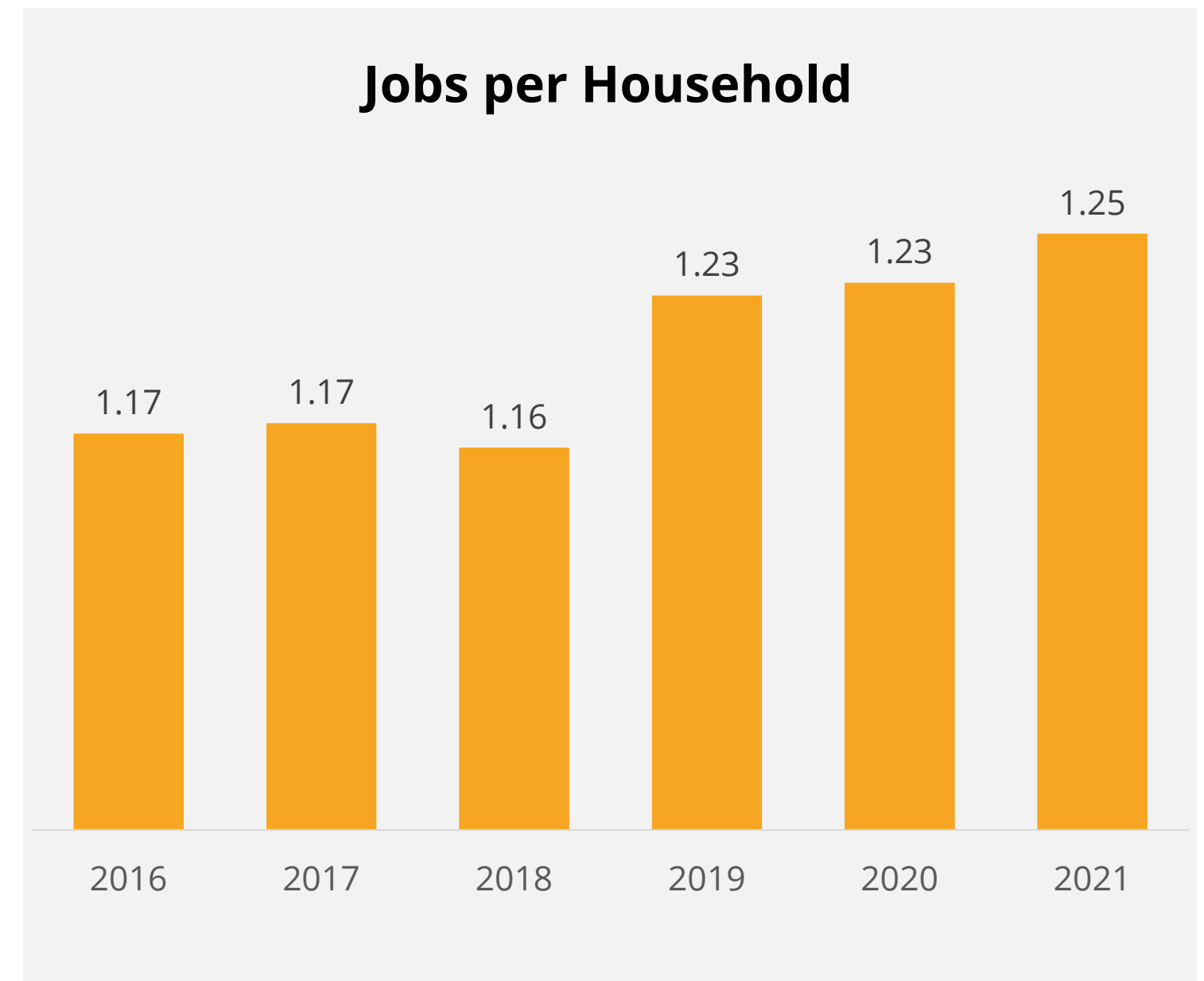
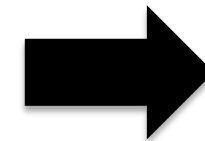
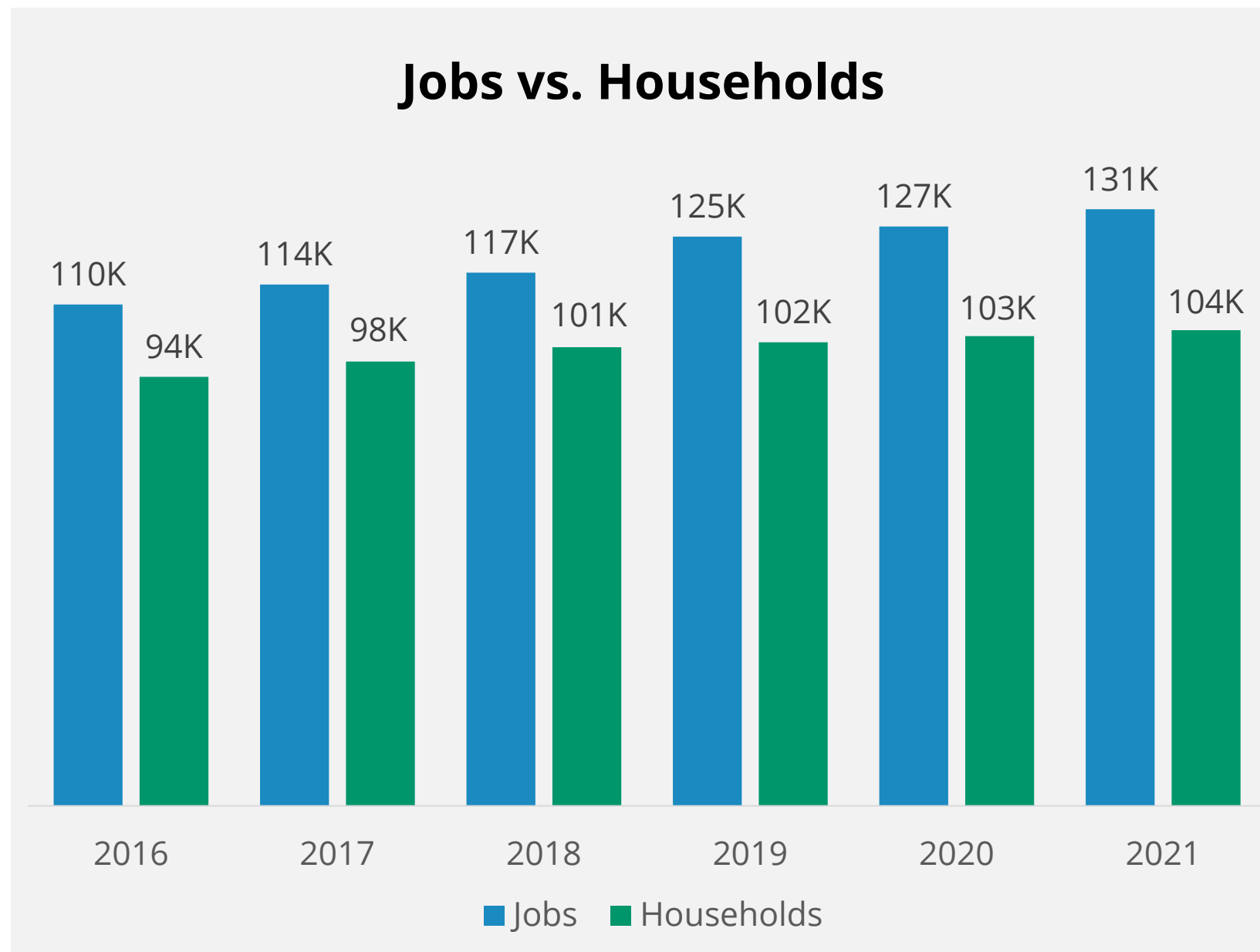
- Midway Commerce Center
- Industrial
- 301,994 SF (3 Buildings)
- Germann Rd
& Hamilton St



- Chandler Airpark Technology Center
- Industrial
- 219,440 SF (2 Buildings)
- Gilbert Rd &
Insight Way

The Impacts

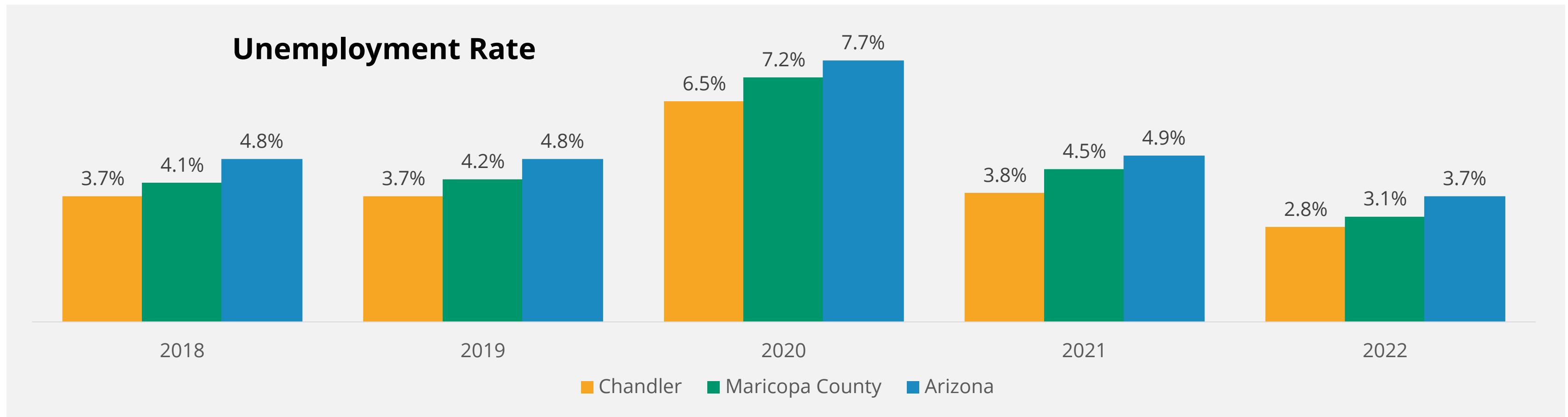
- Balance: Chandler continues to add jobs as its population grows.



Data Sources: MAG Employer Database (2021), ESRI Business Analyst (2021)

The Impacts

- Chandler has maintained a very low unemployment rate.



- Unemployment rate stayed lower than county and state averages during COVID and rebounded to lowest rate in more than 10 years.

Data Source: Arizona Office of Economic Opportunity (Average Annual Unemployment Rate, Not Seasonally Adjusted)

The Impacts

- Recognition: Chandler ranks among the top cities in the U.S.

1st

**Best Place to
Become Wealthy**

-SmartAsset (2019)

2nd

**Most Prosperous
Large City**

-EIG (2020)

4th

**Best City
for Families**

-Opendoor (2022)

5th

**Best City for
Women in Tech**

-SmartAsset (2022)

5th

**Best City to Start
a Side Hustle**

-LLC.org (2023)

6th

**Best City for
Income Equality**

-City Monitor (2022)

6th

**Most
Livable City**

-SmartAsset (2020)

8th

**Best Untapped
City for Startups**

-Fundera (2020)

15th

**Best for Women
Entrepreneurs**

-Fundera (2020)

16th

**Best Place
to Find a Job**

-WalletHub (2022)

Stay Informed & Engaged

- For Chandler business news and announcements, be sure to...



Read our monthly e-Newsletter



Follow us on LinkedIn/Twitter **@chandlerecondev**



Follow News & Events page, Economic Development blog and Council Memo Reports

Strategic Direction



Workforce Development Partnerships



Enhanced Marketing & Web Optimization



Office Lead Generation and Occupancy



Capital formation for early-stage technology companies



Redevelopment

City Council's Role



Advocacy



**Political
Stability**



**Fiscal
Policy**



**Pro-Business
Attitude**



**Strategic
Direction**



Questions?

Chandler City Council

MONDAY, JANUARY 23RD, 2023

Our Mission

To attract and grow quality businesses, and advocate for Greater Phoenix's competitiveness.



Our Values

The GPEC Way

- ➔ We are an inclusive, diverse family
- ➔ We are change agents
- ➔ We lead from the front
- ➔ We promote intellectual curiosity
- ➔ We remain on the edge
- ➔ We are tenacious
- ➔ We are agile and adapt to change
- ➔ We are committed to selfless service



Business Development Update

FY23 Quick Overview

Prospect Stats

95%
of Goal

23%
International

75%
of Last Year



22 Companies
Located in FY23



\$23.7 Billion
In Capital Investment



4,812 Jobs
Created in the Region



\$85,625
Avg. High Wage Salary

YTD FY23 Current Prospect Activity

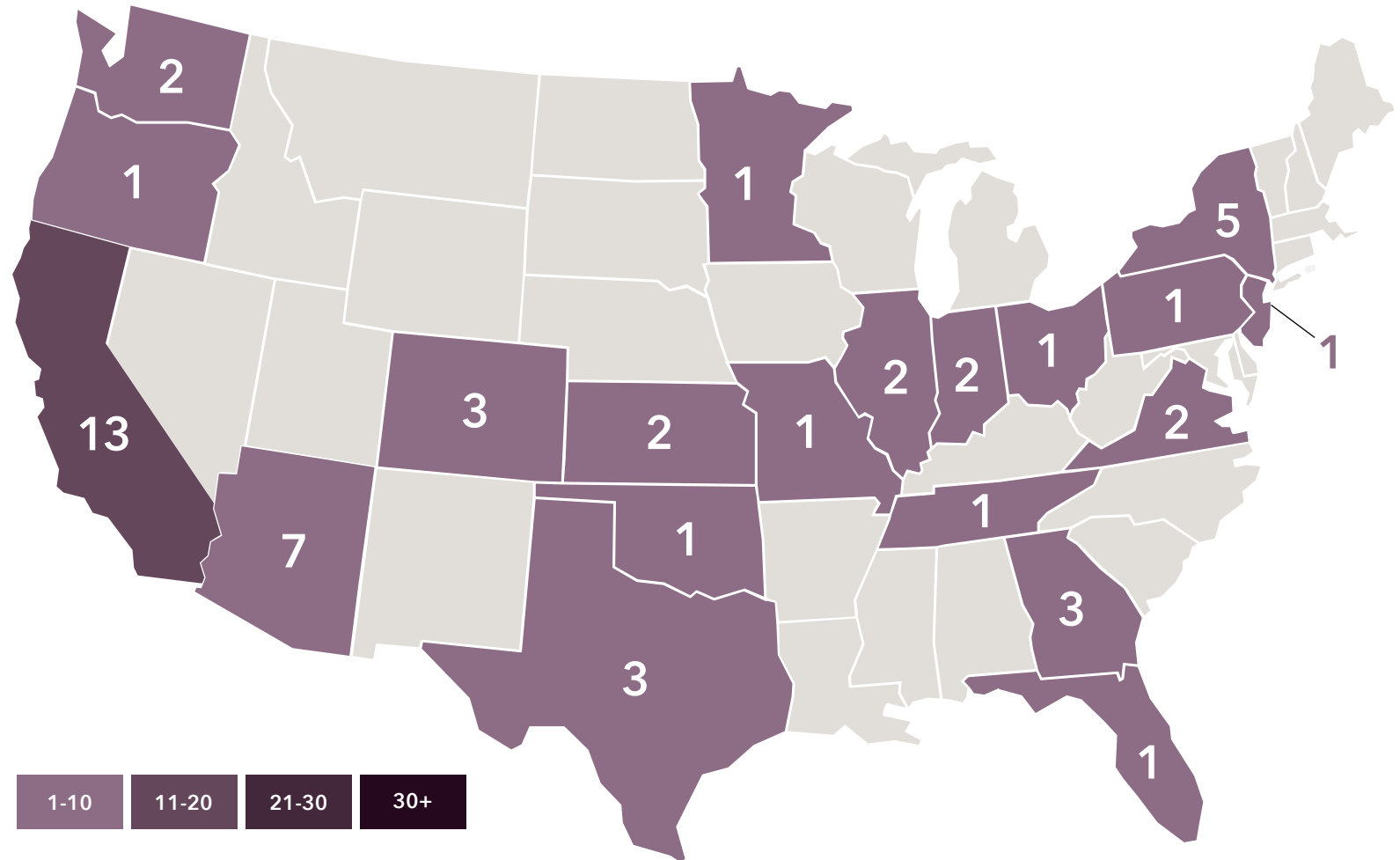
Active Prospects	229
FY23 Prospects	113
Capital Investment Potential*	\$120.5 Billion
Jobs Potential*	32,649
Square Footage Potential*	38.5 Million

**Prospect Potential. Numbers as of Dec. 31st*

FY23 YTD Prospects by HQ Location

- 12% prospects from California
- 23% international prospects including from:
 - Taiwan
 - United Kingdom
 - Austria
 - Japan
 - Czech Republic
 - Spain
 - France
 - Singapore

International	26
Unknown	34
Grand Total	113



FY22 & FY23 Chandler Locates

ADVANTEST

170 Phase 1 Jobs
86,065 SF
\$117.5M CapEx



50 Phase 1 Jobs
1,200 SF
\$0.5M CapEx



172 Phase 1 Jobs
201,221 SF
\$37.3M CapEx



75 Phase 1 Jobs
68,841 SF
\$28M CapEx



317 Phase 1 Jobs
104,000 SF
\$22.4M CapEx

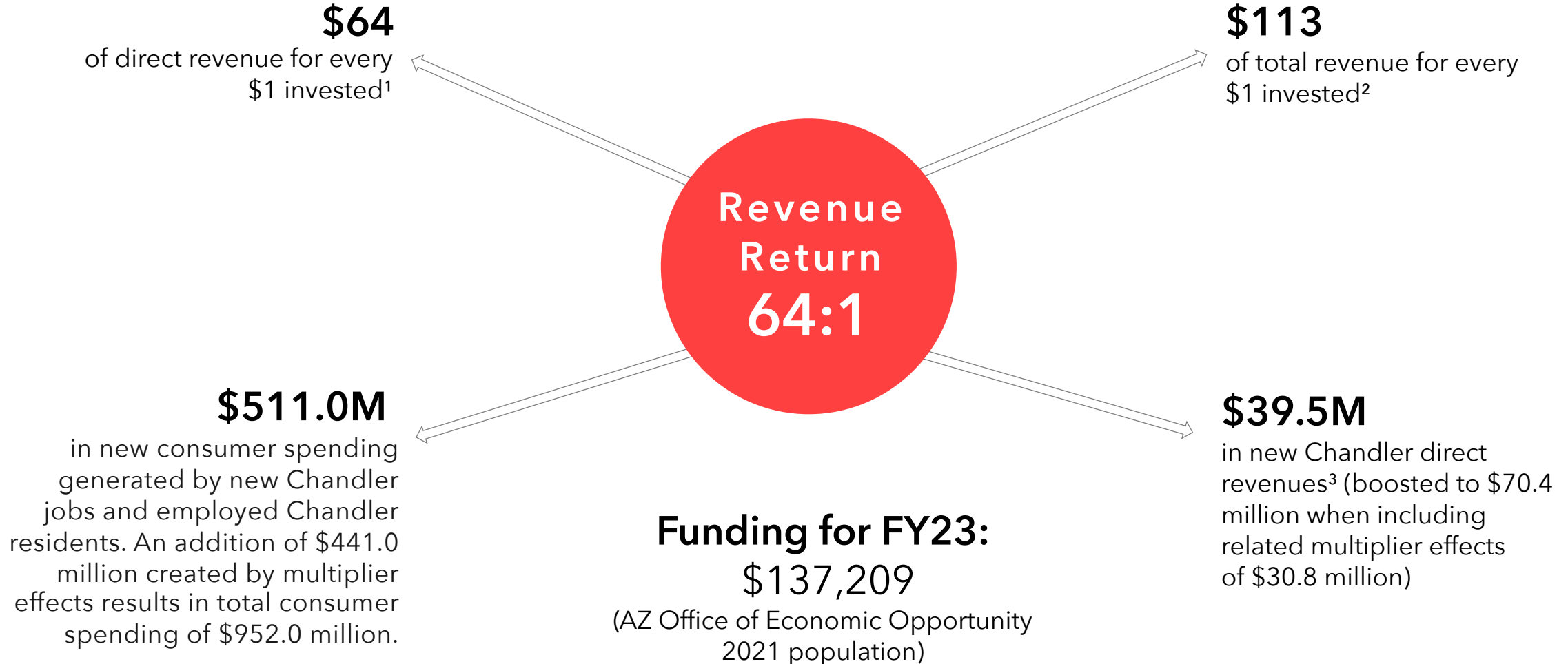


50 Phase 1 Jobs
123,000 SF
\$20.0M CapEx



GPEC & City of Chandler

Chandler 5-Year Trend on Revenue Return



¹ Includes property, sales and utility taxes, as well as state-shared and other local revenues.

² Includes direct revenues plus those generated by related supplier and consumer jobs.

³ Revenue estimates are from the Greater Phoenix Consensus Impact Model. In 1999, GPEC and our members developed the region's first-ever consensus-based revenue and economic impact model. Based on nationally accepted multiplier data provided by IMPLAN, the model is customized to calculate economic and revenue benefits for GPEC's members and the State of Arizona.

Regional Results

Regional Results Summary

	FY22*	FY21	5-Year Total
Payroll Generated (in millions of dollars)	\$635.00	\$594.90	\$2,875.6
Jobs	10,859	9,928	47,960
High-Wage Jobs	4,748	5,470	26,704
Average Salary	\$58,477	\$59,921	\$59,958
Qualified Prospects	272	277	1,345
Assisted Locates	55	45	234
Capital Investment (in millions of dollars)	\$3,211.7	\$13,020.1	\$22,862.4

Results Through Regional Success

The City of Chandler benefits from site location projects and GPEC activities that occur across the region. Economic development projects create value by generating public and private revenues.

When a company selects a Greater Phoenix location, all communities benefit with increased tax revenues.

Commute patterns and retail studies show that employees of "locates" live and spend their incomes in all Greater Phoenix communities.

GPEC-assisted locates have created **8,673** jobs region-wide for Chandler residents over the past five years.



Regional Competitiveness



Considerations for Arizona's Next Economy

Strengthen Arizona-Mexico border economy by capitalizing on reshoring/nearshoring trends and ongoing trade partnerships.

Advance career technical education, STEM, engineering pathways and industry led applied research.

Strengthen small and medium sized businesses (SMBs) that are drivers to Arizona's local economy as well as constitute regional supply chains.

Transportation infrastructure enables residents and businesses to participate in and contribute to growth of the economy.

Support startups grow in Arizona by enhancing the ecosystem.

Continue the strong history of water planning and conservation.

Capitalize on environmental resilience practices.

Economic development incentives can drive creation of quality jobs and advance toward achieving equitable and inclusive growth.

Local Community Competitiveness



Highest and best land use/water planning



Workforce pipeline



Innovation and entrepreneurship



Capital improvement planning

Greater Phoenix Greater Together