

Meeting Minutes

City Council Work Session

January 23, 2023 | 4:30 p.m.
Council Chambers Conference Room
88 E. Chicago St., Chandler, AZ



Call to Order

The meeting was called to order by Mayor Kevin Hartke at 4:30 p.m.

Roll Call

Council Attendance

Mayor Kevin Hartke
Vice Mayor Matt Orlando
Councilmember OD Harris
Councilmember Mark Stewart
Councilmember Christine Ellis
Councilmember Jane Poston, arrived at 4:39 p.m.
Councilmember Angel Encinas

Appointee Attendance

Josh Wright, City Manager
Kelly Schwab, City Attorney
Dana DeLong, City Clerk

Staff in Attendance

Tadd Wille, Assistant City Manager
Matthew Burdick, Communications & Public Affairs Director
Ryan Peters, Strategic Initiatives Director
Micah Miranda, Economic Development Director
Melissa Quillard, Marketing & Communications Manager
Tawn Kao, Assistant City Attorney
Lauren Koll, Digital Content Creator
Chris Camacho, President & CEO of Greater Phoenix Economic Council

Discussion

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

MAYOR HARTKE introduced Chris Camacho, President & CEO of Greater Phoenix Economic Council.

CHRIS CAMACHO said this time of year there are many events happening in Phoenix, and the job of GPEC is to tell the story of the greater Phoenix region. Mr. Camacho explained the goals and direction of GPEC.

MR. CAMACHO presented the following presentation.

- Chandler City Council
- Our Mission Our Values
 - To attract and grow quality businesses, and advocate for Greater Phoenix's competitiveness,
 - 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

VICE MAYOR ORLANDO asked how GPEC works with cities and towns that are facing the dilemma of balancing housing versus maintaining an industrial base.

MR. CAMACHO said he will remark on that later.

MR. CAMACHO continued the following presentation.

- Business Development Update
- FY23 Quick Overview
- YTD FY23 Current Prospect Activity
- FY23 YTD Prospects by HQ Location
- FY22 & FY23 Chandler Locates
- GPEC & City of Chandler
- Chandler 5-Year Trend on Revenue Return
- Regional Results
- 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 business (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

MR. CAMACHO added that there is no easy solution to housing. The current administration will address this through housing tax credits to low-income housing developers. One challenge is where low-income housing developments are placed. Multi-family should be planned for, along with workforce housing. There is a balance in finding a proactive solution to low-income housing.

VICE MAYOR ORLANDO commented that it is important that we have organizations that have successful reputations in having conversations with legislators to get them to consider city's viewpoints.

MR. CAMACHO said they are working on that as we speak.

VICE MAYOR ORLANDO thanked Mr. Camacho. It is good to hear this from third parties.

MICAH MIRANDA, Economic Development Director, said the Chandler team is working on legislative ideas to help multifamily and residential challenges from a redevelopment perspective as it relates to our goals. GPEC is very involved in having these conversations on what Chandler is looking to do.

MR. CAMACHO said they investigated differential retail strip centers across the valley to see massive potential and consequence if this were adopted, policy begins with legislators. This idea could give community local control and more freedom but dealing with the politics is a challenge.

MAYOR HARTKE said that the goal is to keep local control over water, housing, energy, local control, and transportation.

COUNCILMEMBER HARRIS asked about the opinion of legislators on current occupancy and food sales taxes, and how do the Arizona borders affect the economy of Chandler or Phoenix.

MR. CAMACHO said the real estate tax and the food tax will be talked through soon. The impact of the cuts to the communities in midsize to larger cities would be significant. There would be a significant reduction in public safety resources. Mr. Camacho said we do \$18 billion worth of trade with Mexico. The goal is to continue the positive relationship with Mexican markets and the North American market.

COUNCILMEMBER STEWART asked what was to come to maintain the great economy.

MR. CAMACHO said water is a big focus of many upcoming conversations. The use is mainly agricultural, how do we support agricultural use and industry growth. Drought does not just go away, addressing conservation and water use and reuse will be a focus. Another prediction is that there will be a point increase in unemployment. Tech companies that scaled up will scale down to optimize their position. There will probably be two more fed increases in 2023. The one change is that office real estate has been slow post-COVID, with companies' reevaluation of the use of office space. As the unemployment model shifts, you might see more people back in the office, while still providing flexibility. Water, energy, and labor are the focus of what is to come.

COUNCILMEMBER ELLIS thanked Mr. Camacho for the forecast and said that Chandler is in a good position of what is to come.

MR. CAMACHO said GPEC has a monthly meeting with Micah and other Economic Development directors to focus on future direction.

MAYOR HARTKE thanked Mr. Camacho for the presentation.

MR. MIRANDA presented the following presentation.

- Economic Development Update
- City Council Strategic Framework
 - In its 2021-23 Strategic Framework, City Council provided a roadmap of priorities to guide decision 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
- Business Attraction
 - Recruitment strategy focused on businesses in targeted industries.
 - Look for fit with local industry clusters, growth potential, high wage jobs.
- 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

COUNCILMEMBER STEWART asked what category education represents.

MR. MIRANDA said that education careers are in the 50% of other target industry clusters.

COUNCILMEMBER STEWART asked if education careers could be a target industry cluster.

MR. MIRANDA said that the strategic framework seeks higher education partners, which currently do not have much of a presence in Chandler.

VICE MAYOR ORLANDO asked about the presence of automotive technology careers in Chandler.

MR. MIRANDA said Chandler is not competitive in automotive manufacturing, as we do not have the building and land size for these types of projects. We focus on the engineering and research aspect of automotive technology.

MAYOR HARTKE said that the last area for industrial opportunities is south of the airport and asked what the largest area would be that we could condense for this use.

MR. MIRANDA said the largest area is the Birch family land south of the airport, where some infrastructure is being built out. Large undeveloped pieces have existing PDPs for standard tilt-up manufacturing spaces.

VICE MAYOR ORLANDO asked about aerospace and aviation.

MR. MIRANDA said that similarly the focus is in engineering and research.

MR. MIRANDA continued the presentation.

- Employment Base
 - 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.

COUNCILMEMBER HARRIS asked about the east valley in comparison to Silicon Valley.

MR. MIRANDA said we are not outpacing Silicon Valley. There are clusters of innovation in the United States anchored by heavy engineering and science universities. ASU has been fantastic in growing the engineering program.

MR. MIRANDA continued the presentation.

- Employment Base

COUNCILMEMBER ENCINAS asked what industry clusters have changed due to the fluctuating market.

MR. MIRANDA answered that the areas with the most change are finance, insurance, and real estate. Those jobs are more transient. The number would likely not decrease, but there would not be large square foot projects in these areas. Projects related would be smaller in square footage.

MR. MIRANDA continued the presentation.

- Employment Base

COUNCILMEMBER HARRIS asked what is being done in mall development.

MR. MIRANDA said that the mall is still being maintained as the core retail destination. Office is on pause due to COVID, as businesses do not know what they want yet. The business community is not yet sure of the impact Scheels will have on the mall, it will change the dynamic of the mall significantly. The mall is back to pre-pandemic level at sales tax generations and foot count.

Macerich may wait to renew leases to see the effects of Scheels, it will generate lots of foot traffic through the mall.

MAYOR HARTKE asked when the Scheels opening date would be.

MR. MIRANDA said the expected date is September 30, 2023.

MR. MIRANDA continued the presentation.

- Employment Base
- 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
- 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.

VICE MAYOR ORLANDO asked how the meetings are generated.

MR. MIRANDA said that staff will examine threats to businesses.

VICE MAYOR ORLANDO asked about the ombudsman calls.

MR. MIRANDA said there are four Economic Development staff members that will field ombudsman calls, the goal is to solve the businesses' particular issue: signage, parking, hiring needs.

VICE MAYOR ORLANDO asked how we solve the employment side.

MR. MIRANDA answered that through job fairs, networking, connecting with higher education providers. Everything is on a case-by-case basis.

MR. MIRANDA continued the presentation.

- 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.

COUNCILMEMBER ENCINAS asked about the balance of how often businesses approach us versus us approach businesses.

MR. MIRANDA said the City will initiate all of the time. Businesses approach us less.

VICE MAYOR ORLANDO asked how we measure success.

MR. MIRANDA said that the best way to measure is to see success of locates, people calling us and using us as a resource. Chandler is a trusted resource for these providers.

COUNCILMEMBER ELLIS commented that retention could also be a measure of success.

MR. MIRANDA agreed. Growth of small businesses is another measure. It is hard to quantify success in small businesses.

COUNCILMEMBER POSTON asked about tracking engagement.

MR. MIRANDA said that Economic Development tracks the number of calls, the number of BLTs completed, site selection.

MR. MIRANDA continued the presentation.

- 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.
- 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

VICE MAYOR ORLANDO asked if these are all rooms or just tourism rooms.

MR. MIRANDA answered that these numbers are all rooms.

VICE MAYOR ORLANDO asked how business travel is separated from tourism, if associated with an event or not.

MR. MIRANDA said we have our quantifiable rooms booked numbers. We can also track through specific campaigns, through Expedia and otherwise.

VICE MAYOR ORLANDO asked for that more specific report.

MR. MIRANDA continued the presentation.

- 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
- The Impacts
 - Business locates over the past three fiscal years and expected impacts:
- The Impacts
 - Winning projects is a numbers game:
- 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.
- Commercial Real Estate
- Retail Real Estate Stats
- Industrial Real Estate Stats
- Office Real Estate Stats
- The Impacts
 - Product wins projects
- The Impacts
 - Balance: Chandler continues to add jobs as its population grows
- 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.
- The Impacts
 - Recognition: Chandler ranks among the top cities in the U.S.
- 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
- Questions?

COUNCILMEMBER POSTON asked about the sublease market.

MR. MIRANDA said that we are fighting for every project. We are marketing more to companies that we want and have leads on. There is not substantial sublease activity anytime soon, and it is not a unique situation. We are pursuing office leads and following up on any leads. We have several projects in office and engineering to absorb square footage.

Adjourn

The meeting was adjourned at 5:58 p.m.

ATTEST: _____
City Clerk Mayor

Approval Date of Minutes: February 9, 2023

Certification

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Work Session of the City Council of Chandler, Arizona, held on the 23rd day of January 2023. I further certify that the meeting was duly called and held and that a quorum was present.

DATED this _____ day of February, 2023.

City Clerk