

City of Mesa

Mesa Gateway

Strategic Development Plan

Economic Development Opportunities Memorandum

Prepared for: City of Mesa

Prepared by: Infrastructure Management Group and HDR Engineering,
Inc.

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Preface

This memorandum incorporates and expands upon the draft Economic Development Opportunities Memorandum that was submitted on August 27, 2007. This version incorporates input from the stakeholder interviews, advice of the Steering Committee, and additional ideas that have been generated from the interaction of study team members (including the contribution of Dr. John Kasarda).

Summary of Key Recommendations

A. LOCAL ASSETS FOR ECONOMIC DEVELOPMENT

1. The study area and host municipality are populated by numerous assets that represent critical success factors for sustainable economic growth:
 - a. A culture of good governance in the public sector, respected community institutions and civic pride;
 - b. Pragmatic business leadership and an entrenched culture of entrepreneurship;
 - c. Proactive educational institutions that seek to be on the leading edge in their sponsorship of next-generation skills and applied technological innovation; and
 - d. Regional transportation infrastructure including three freeways and a major airport property that is positioned for explosive growth.
2. Major property owners in the study area, representing both public and private interests, have expressed a desire to work together to achieve a shared vision in the development of sustainable linkages and a durable urban form that will define the study area, inclusive of:
 - a. A common desire to aggressively promote the development of a unique physical asset;
 - b. A willingness to take both incremental and bold steps to build a foundation for sustainable economic growth within the study area;
 - c. An understanding that innovative techniques of financing and development are required as conditions for providing critical infrastructure; and
 - d. A recognition that established institutional land uses (i.e., Phoenix-Mesa Airport, the Polytechnic Campus of Arizona State University and Chandler-Gilbert Community College) will individually and collectively serve as a resource for future employment and economic growth in the study area.
3. The planning process for the study area has momentum:
 - a. Major landowners and key stakeholders have pledged significant financial resources to both quick win and long term projects;
 - b. Major landowners and key stakeholders are each seeking innovative approaches to address the significant challenges of developing and marketing an area as large as the study area; and
 - c. Major landowners and key stakeholders are conducting simultaneous and complementary visioning and planning studies that will jointly thrust the

study area into national view and serve as a method for marketing and promotion of the study area at a national scale.

B. APPROACHES TO DEFINE ECONOMIC DEVELOPMENT OPPORTUNITIES

Within the framework of public officials and private landowners exploring approaches to introduce a range of land uses within the study area, it is apparent that employment uses will be an important part of that mix. Some of these uses will expand upon the existing educational and aviation activities that dominate the study area. Other employment uses will reflect the creation of new business opportunities that can be achieved with the vacant land that is presented by large portions of the study area.

To outline the direction in which expanded current sources of employment can combine with new uses, a series of complementary employment strategies are defined

1. The Gateway Educational Alliance

The first component of the economic development strategy is intended to build on proven concepts and established business practices in the study area. The objective is to ensure that long-term and sustainable economic development opportunities are tied, in part, to mainstream employment activity that has put down roots in the area. This approach fosters “quick wins” and demonstrates the practical requirements that must be met in land use planning visions for the study area.

- a. In a brief period of time the study area has acquired a unique inventory of educational institutions that are focused on growing and emerging economic sectors.
 - i. The polytechnic campus of Arizona State University (ASU) and the Chandler-Gilbert Community College (CGCC) have each established educational curriculum and internship programs that are unique in Arizona and the southwest United States.
 - ii. ASU in particular has adopted an aggressive approach to business development and the commercialization of emerging technologies at its polytechnic campus adjacent to the airport.
 - iii. CGCC has created a nationally recognized aeronautical maintenance, repair and overhaul curriculum that offers practical training and internships at the airport.
- b. As physical and intellectual means for economic development in the study area, both institutions should be encouraged to continue to invest in new infrastructure and intensify their linkages to Phoenix-Mesa Airport.
- c. A “Gateway Educational Alliance” should be established as the key element in the first phase of economic development initiatives that will expand throughout the study area.
 - i. The Gateway Educational Alliance offers proof that viable linkages exist between the commercial and educational sectors in the study area.
 - ii. All tenants at the airport should be encouraged to contribute to this relationship, while the future screening of tenants should strengthen this association.
 - iii. In support of this goal, the educational institutions should be granted a first right of refusal on public-owned redevelopment sites contiguous to their properties (owned and leased) that could be acquired at below

- market rates and/or favorable purchase terms for aeronautical program and facilities expansion.
- iv. The concept of the Gateway Educational Alliance should not be applied only to property that is contiguous to the airport. This strategy should be applied to public land throughout the study area to encourage the development of non-contiguous properties for allied purposes including campus housing and commercial spin-off development.
 - d. The concept of the Gateway Educational Alliance that extends beyond the campus and airport boundaries to embrace all of the study area is intended to blur the physical and functional distinctions between education, enterprise and social development (housing and recreation). A key element in achieving this goal is the protection of flight paths through a planning strategy that creates a hierarchy of development zones that reflect land use compatible with aircraft noise. The hierarchy will recognize that many types of land use, and in particular institutional and employment uses, are not adversely affected by exposure to frequent and high levels of noise. Accordingly, planning for airport compatible development within strategic corridors throughout the study area will be essential to achieving a viable long-term economic development strategy.

2. The Gateway Transportation Nexus

The second component of the economic development strategy looks beyond the present role of the airport and its relationship to adjacent land uses. The economic linkages between Phoenix-Mesa Airport and major regional employers including ASU, CGCC and Boeing, must be replicated among a broader base of businesses. A key to creating linkages to existing businesses throughout the East Valley and fostering the development of new businesses within the study area is to position the airport in a complementary relationship to Phoenix Sky Harbor Airport. In this regard, a major means for long-term economic development within the study area will be comprehensive transportation linkages between the study area and the East Valley.

- a. Phoenix-Mesa Airport occupies a unique location on the urban fringe of the metropolitan area.
- b. The unconstrained airspace and long runways present opportunities for aeronautical and non-aviation development of employment uses that require the movement of time-sensitive shipments.
- c. Major road connections strategically intersect with or are located adjacent to the airport to facilitate the development of a major trans-shipment hub.
- d. Population and employment densities and rates of growth throughout the East Valley are sufficient to support a major trans-shipment hub that does not reside within Phoenix but is located close enough to serve as a channel for goods and people flowing into and out of the region.
- e. The concept of a Gateway Transportation Nexus reflects the fact that transportation facilities are a major source of employment that is firmly established in the study area. As a means to promote transportation as both a form and facilitator of economic development that will rival or surpass facilities that exist elsewhere in the region, the concept of employment and economic mobility must be infused in all aspects of study area design and development. Accordingly, Phoenix-Mesa Airport should be viewed as the

first of many transportation assets that will occupy the study area. Each of these assets must be promoted with zones of influence that reflect their operating characteristics. This principle should extend beyond airport lands to include other key transportation interchanges, hubs and corridors that will support nodes of transportation-oriented development and transportation as development.

- f. The Gateway Transportation Nexus will serve as a focus for medium to long-term economic development opportunities:
 - i. As a planning template, the Nexus concept will impart a vision that transportation-oriented development is not strictly site-specific, but impacts urban design and land use planning decisions throughout the study area. The design of an airport/highway interchange for example must extend beyond the physical footprint of that property to ensure unrestricted access from all directions throughout the study area and protection of the operating envelope for facilities that will operate 24 hours a day/7 days a week.
 - ii. As an economic strategy, the Nexus concept will guide the planned and actual movement of people and goods into and out of the study area. According to this view, the study area should become a location in which value is added to every commodity and service that is transported into the area. Accordingly, the airport and other transportation infrastructure are resources to the businesses that will occupy the study area over time, ranging from commercial and industrial development to tourism and recreational facilities.

3. The Gateway Infrastructure Strategy

The infrastructure that will be required to support existing and potential means to economic development in the Mesa Gateway Study Area are extensive. Based on the issues and opportunities outlined above, the principles of integration between infrastructure and economic development should be expanded to include the following ideas.

- a. The physical attributes of the study area combine a complex natural environment with an expanding economic and social environment.
- b. There is an opportunity to capture international attention for the study area as a unique place to do business by integrating the infrastructure requirements of businesses into the planning and development processes.
- c. This concept requires that the physical and operational needs of target industries (e.g., semi-conductor, pharmaceuticals, aerospace) are planned and delivered within designated infrastructure corridors that fall within the noise footprint that extends beyond the airport boundary.
- d. Core utilities and services within these designated areas would be planned to support the development of large floor plate single user office and manufacturing facilities that may be built without committed tenants. In other words, the infrastructure corridors would be primed for development with infrastructure that is designed to accommodate a specific range of uses and users.
- e. The cost incurred to develop the required infrastructure in the target corridors would be deferred until each designated corridor has achieved at least 50% occupancy. At that time a benefit-district financing concept would be

- implemented in the form of a municipal levy applied to the utility charges of all corridor occupants until such time as the debt has been retired.
- f. The Gateway Infrastructure Strategy would be an innovative tool to promote private investment in plant and equipment in the most suitable locations for that type of development. The strategy should encourage property developers to offer an attractive development to prospective tenants, which is a critical factor in site selection models used in the target sectors. Moreover, this approach to defer the cost of bringing municipal services to a designated employment area until after a minimum number of businesses are established should offer a strong incentive to attract nationally prominent businesses to establish in a “forerunning location”.

C. GUIDELINES FOR DEVELOPMENT

To implement the concepts and techniques outlined above, an economic development strategy for the study area must have elements that are both bold and subtle.

- a. Existing and planned transportation and educational resources should play a pivotal role for economic growth in the study area. This will be accomplished by defining “enterprise precincts” around the core assets to promote development at urban densities and by offering certain land use designations that cannot be replicated by competing properties elsewhere in the study area.
- b. Major transportation corridors that will be planned throughout the study area should be designated to facilitate the integration of the enterprise precincts with the proposed infrastructure corridors, Key to the success of this integration is ensuring that adjacent of land use do not impair the free flow of vehicles and turning movements at key intersections.
- c. The population and employment potential of the study area on its own should offer a critical mass of consumers that is sufficient to support an autonomous utilities district. The “Gateway Region Energy and Environment Network” (“GREEN”) should be created to serve as the exclusive purchaser and supplier of utilities and related services that will supply all business, residential and institutional occupants of the study area.
- d. A single service provider with a mandate to capture the economic development potential in the provision and delivery of electricity, water, wastewater, garbage collection, recycling as well as other public utilities (e.g., street lighting and road maintenance) could serve as a national prototype.
- e. By taking a leadership role in the pursuit of its mandate, GREEN should seek corporate sponsorships and innovative contracting arrangements as part of its portfolio of techniques to finance infrastructure development costs. To the greatest extent possible, up-front infrastructure capital development costs should be absorbed by service providers under contract to GREEN rather than in the form of impact fees or development charges on land.
- f. Lands that will be reserved for energy production, waste reduction, recycling and related industries and utilities should be designated in locations that are exposed to the highest level of airport noise. Aside from location, the businesses that will operate within these zones should be granted exclusive

franchises to produce and sell their utilities and services throughout the study area subject to guidelines for market pricing and performance.