



Minutes City Council's Technology, Economic & Community Development Committee April 10, 2009

Minutes of the meeting of the City Council's Technology, Economic & Community Development Committee held on Friday, April 10, 2009, at 10:00 a.m., in the 3rd Floor Conference Room, Tempe City Hall, 31 E. 5th Street, Tempe, Arizona.

Committee Members Present:

Councilmember Onnie Shekerjian, Chair
Councilmember Corey Woods

City Staff Present:

Kris Baxter, Com Dev
Martha Garner, Com Relations
Shelley Hearn, Community Relations Mgr
Dave Heck, Deputy IT Mgr
Dave Kelley, Webmaster
Chris Messer, Prin. Planner
Jenae Naumann, Asst. City Atty
Sheri Partridge, Comm Rel
Mark Richwine, Parks & Recreation Mgr
Chris Salomone, Comm Dev Mgr
Alex W. Smith, Technology Dev Spec
Sheri Wakefield-Saenz, Econ Dev Administrator

Guests Present:

Scarlett Spring, GPEC
Chris Turner, Insight

Councilmember Shekerjian called the meeting to order at 10:02 a.m.

Agenda Item 1 - Introductions

Everyone introduced themselves.

Agenda Item 2 – Approval of Minutes from March 13, 2009

Motion by Councilmember Shekerjian to approve the minutes from March 13, 2009. Second by Councilmember Woods. Motion passed unanimously.

Agenda Item 3 – Public Appearances

None.

Agenda Item 4 – Social Media Update

Jenae Naumann summarized that staff will go forward with updating Section 612. As a reminder, if the website will be taken from a closed website to a limited public forum, a government entity is treated differently.

- Must adopt content neutral regulations.
- Must have a written policy.
- Cannot edit comments or deny posting of allowable comments.
- Allowed postings include offensive or controversial comments. Religious viewpoints are allowed, as well as defamatory comments. The person who posts would be liable. The City can respond that the comment is false and would have immunity unless the comments are posted by City officers or employees.
- Denied postings include obscene or profane comments, comments by City staff if they are made as part of their official duties, and comments by City staff as private citizens if the matter is a public concern and the speech will significantly disrupt City operations. "Public concerns" are defined as political, social or other concerns.
- Cannot post opinion that is false.

Shelley Hearn asked if it is acceptable to "trash" someone.

Ms. Naumann responded that "trashing" would be considered offensive and depending upon how it was said, it could also be defamatory. If a blog is established, for example for public comments on the Town Lake Bridge and lighting system and we specify that comments will be left up for five days, if someone posts comments, instead, about Shelley Hearn, we can decide not to post that because it is not about the bridge. If we ask for comments on how the City is doing, then we've opened it up to comments about Shelley Hearn.

Councilmember Shekerjian was more concerned about how it affects staff. She clarified that these will not be anonymous subscribers.

Ms. Naumann clarified that in implementing social media, we can make people subscribe. There is a sense that it can be a deterrent to providing false information.

Councilmember Shekerjian asked whether someone's comments could be pulled down if we discover they did not give accurate information.

Ms. Naumann clarified that under free speech they are allowed to post. That is something to think about in terms of social media.

Councilmember Shekerjian stated that if part of the subscription process requires a phone number, someone could call them to verify that the subscription information is correct, and she couldn't believe that someone's comment couldn't be taken down if they provided false information. She asked if violating the terms of the subscription would prevent someone from posting comments in the future.

Ms. Naumann stated that she will investigate that further. Her first thought was that if you took the comment down, you would be impinging on their free speech right. The question for future use is that if someone lies about who they are, does that mean that they give up their free speech rights?

Ms. Hearn added that one of the purposes of the Social Media Committee is that by having them subscribe, the committee can help them do their social media in such a way that we can pull down things if they are not related, etc. We are a good test case and will be able to advise people. So far, we have had the budget process and the technology forum where we have allowed comments to come in and it has been pretty good. If a controversial question is asked, her recommendation is that we don't post everyone's comments, but just take the comments. She felt that we will see that social media is good for some things and doesn't necessarily fit with everything we do. Some of the pages we are doing are a good way to interact, but they limit the amount of interaction.

Martha Garner added that there is the option of not taking comments, just pushing the information out.

Councilmember Shekerjian added that she was not as concerned about the political aspects as an employee being trashed because someone in the public has an issue with that individual employee. An employee then decides to leave the City and goes somewhere else, and for the next interview, someone does a Google search and this information pops up and they question hiring that person.

Ms. Naumann added that one way to eliminate that risk is to take the comments but not post them.

Councilmember Woods added that one of the nice things about an application like Facebook is that it has an email concept and a “wall” where random things can be posted, but there are privacy settings and account settings where the wall can be disabled so random comments can’t be left. They can send a message but it never becomes public.

Ms. Hearn said that the policy will go to Council in May with a presentation. Staff will also look at other cities doing the same thing.

Kris Baxter added that the Community Development blog has not had any comments on it yet, but it is linked to some other blogs and is gaining a good following. Everything is going smoothly.

Councilmember Shekerjian added that as social media is developed, a type of etiquette needs to be developed at the same time.

Ms. Baxter added that blogs have a tendency to be a little more restrained in comments. When staff was doing their internal research through Community Development, she had sent out inquiries to other cities who were blogging and every comment returned was that they hardly ever get a nasty comment. There were a lot of success stories.

Agenda Item 5 – Customer Relations Management Update

Shelley Hearn summarized that staff is still in the research phase and has pulled together individuals from the interdepartmental work group to help mold this project.

- Will meet with one software company next week.
- Has talked to IT on a number of levels, including equipment, so is moving ahead with what is needed.
- Has met with 911 call center to discuss their challenges (they take 300K non-emergency calls per year).
- Will provide customer service which will help provide better service, the ability to track it and see where the problem areas are.
- Looking at putting it on the first floor of City Hall so a walk-in element can be provided.
- Will be linked to Police non-emergency so will be sending calls to each other.
- Working on timeline, purpose and plan.
- Will be reporting to the Quality of Life Committee as things progress.

Agenda Item 6 – Discovery Triangle

Chris Salomone summarized that this is an enterprise concept that has been in existence for about a year. A board has been elected and their current president is Bill Post.

- The three cities of Scottsdale, Phoenix and Tempe comprise the triangle.
- They are in the process of gathering information and a lot of data is being developed.
- The idea is to model this single kind of concentrated employment job generation triangle efforts in the same way that the cities went after bio-med, high tech, or specific high paying jobs in a collaborative way.

- They are trying to characterize, define and inventory the area with the idea that in the future, there will not only be the collaborative efforts of the three cities, but perhaps legislative action that will create a new paradigm.
- There is a high degree of cooperation between the three cities.

Mr. Salomone showed the concentrations of employment, with Tempe being at the center with ASU. A surprising amount of employment is shown. The group is now moving into the area of visioning.

Dr. Alex Smith added that the census block groups are well defined with the enterprise zones based off of that, and the legislature understands those things.

Mr. Salomone showed a map of the top 50 employers in the area, as well as a list of the top 25 business categories. Ultimately, this will be in a database and will be able to do job attraction and retention with a very focused ability. He showed the number of educational entities, manufacturing businesses, professional, scientific and technical services in the triangle, as well.

Dr. Smith added that a lot of the area in the triangle is ready for redevelopment. Looking at the number of businesses in a specific category, some realities are reflected. For example, full-service restaurants, lawyers, bars, doctors, hotels, engineering services, real estate, electrical contractors, schools, and plumbing reflect the reality of the situation and the potential to change the environment. In the long range, things that really have a potential to come forward will do so, and this has been evident down south along the western canal. The canal right-of-ways are opening and there is interest in some sort of connectivity through the region with a green belt/canal. The transportation corridor is up Rural Road and along the rail. These businesses were there pretty much before the rail, so they knew what they were doing.

Mr. Salomone added that staff is continuing asset inventory and moving into the visioning phase. Consultants are working and a lot of information is being generated. The question is the next step.

Councilmember Shekerjian noted that one question comes up repeatedly. There have been a lot of studies over the years regarding this area. Is there any place where we've taken all of the studies and combined them to see where we are?

Dr. Smith stated that he wasn't aware of any studies done for that entire area. There are probably some that could be combined within that area, however, and that would be useful.

Councilmember Shekerjian asked if this group meets on a regular basis.

Mr. Salomone responded that Sarah Dial brings ASU and staff from each of the cities, as well as some private sector people, together. Phoenix is paying her and the funding at this point is coming from Phoenix. In the beginning, the idea was that Phoenix saw the problems on their transportation corridor. Tempe's transportation corridor on Apache Boulevard has blossomed because of the land use patterns and ASU, but the Phoenix transportation corridor from downtown Phoenix to Tempe is a combination of non-conforming uses, and a lack of ability to relocate the businesses. Phil Gordon saw the "opportunity corridor" as this triangle and a way to push that along. We also see it as a benefit. With Scottsdale joining, it could prove out to be a positive for them.

Councilmember Shekerjian asked if GPEC is part of this.

Scarlett Spring responded that they are not involved "hands-on" at this point. They support it and know that it is an area that needs to be regenerated if this bio/healthcare/high tech sector that we all want is realized.

Councilmember Shekerjian asked staff to provide an update at every meeting and investigate the studies to see where they might fit in. She also asked staff to encourage that group to recognize that it's not just Skysong, but it's the McDowell corridor that needs to be developed. Scottsdale would benefit a great deal by being involved in this for that corridor.

Agenda Item 7 – Neighborhood Commercial Centers

Sheri Walkefield-Saenz stated the first quarter numbers are just coming out and they are not included in the presentation today.

- How does Tempe compare to the rest of the Valley in general retail? The most important number is the category of "year to date net absorption" which shows Tempe had a negative absorption of 12,037 sq. ft. in retail in its central core, or a vacancy rate of 7.9%. That is not a huge number relative to the total of 1.1M sq. ft. of retail. South Tempe/Ahwatukee, with a base of 2.3M, shows a negative absorption of 59,401 sq. ft., and a vacancy rate of 4.6%.
- Tempe is about one point and a half above the Valley rate. In the central core of Tempe, the vacancy is a bit higher than the rest of the market which is evidenced by the retail centers in the north. South Tempe is still at 4.6% vacancy. South Tempe is still holding its own, and north Tempe is not doing as well.
- The shopping center submarket drills down to the issue of neighborhood shopping centers. General Tempe, which tends to be more north, has about 3.5M sq. ft. and is at 11% vacancy with a negative absorption of 126,000 sq. ft. That is on target with the Valley. South Tempe shows 9.4% which is below the Valley average.

She summarized that in this committee's initial meeting, as well as at the Quality of Life Committee, there was discussion about neighborhood shopping centers. Given that the City has had a retail program for about twelve years, staff has begun a survey of all of the neighborhood shopping centers to note condition, vacancy rates and the retail co-tenancy.

- The desire had been to put together a team (internal and external). Architekton has offered to serve on the team. They have been successful in other cities to help identify elements of the code that are over-restricting the retail market. Lisa Collins has also agreed to serve.
- Once the inventory is complete, the team will be ready to move forward.
- There are two centers that could immediately be rehab.
- At the Committee's direction, staff would like to do a demonstration project where the team could develop potential solutions and determine whether the developer would be willing to invest in the center and move forward.

Councilmember Shekerjian added that redevelopment would be treated in the same manner as new development in terms of a development agreement to encourage refurbish retail centers. She asked if staff could also provide outreach to synergistic businesses to fill the vacancies.

Ms. Wakefield-Saenz agreed that is a critical piece. Through the DDA tool, all of these things could be done in one bundle with a long term strategy of changing elements of the code to allow it to be more flexible. The third piece would be this outreach which is the ICSC (International Council of Shopping Centers) Conference in May. With DTC and ASU this year, staff would go and identify in advance those valued tenants and developers and target those at the conference and along the way, identify what needs to be done to entice that particular tenant.

Staff will also be reporting to the Quality of Life Committee.

Councilmember Shekerjian added that one particular strip center stands out. It is at Guadalupe and McClintock. Finding ways to create that synergy in other centers is important.

Ms. Wakefield-Saenz added that the fourth piece is using the model of a regular office or condo. There are tools that are sometimes needed to make a project work better, and staff will bring those back to a future meeting, as well.

Agenda Item 8 – Economic Forum and Technology Forum

Sheri Wakefield-Saenz summarized that the Economic Forum is scheduled for May 27th at the Don Cassano Room. The invitation list is compiled and consists of internal/external, residents, businesses, education, etc. The invitations will go out next week.

Councilmember Shekerjian clarified that this will be a brain-storming session, and not every idea will be implemented.

Shelley Hearn summarized that the Technology Forum will be held on April 15th from 5:30 p.m. to 6:30 p.m. at the Don Cassano Room. Twenty RSVP's have been received and 15 comments have come in. Categories will be posted and the comments received in advance will be posted. Everyone will have three chances to pick their priorities.

Councilmember Shekerjian asked Ms. Wakefield-Saenz to make some calls to some of the business contacts.

Agenda Item 9 – GPEC Update

Sheri Wakefield-Saenz summarized that staff receives the "GPEC Progress Toward Goals" every month. She presented the graph for March and noted that typically the numbers point in a positive direction.

- The positive numbers are the "qualified prospects" (133 prospects) is up to date. Small tech does well during these times, and they have seen a lot of international tech prospects and small tech projects come in.
- The numbers are trending up in terms of the prospect activity. To date, the specific numbers for Tempe are that 62 of those 133 prospects were "e-tracked" or sent to the communities to respond with real estate opportunities. The other half of the prospects typically already had real estate attached to them or had specifically identified a community they were interested in and were not interested in a general canvas of the metro area. Of those 62, staff responded to about 18. Of those 62, 40 were looking for less than 5 acres or less than 150K sq. ft. That number has actually gotten better during this year. In the last three years, the vast majority of prospects that GPEC had were looking for over 150K or 200K sq. ft. so staff could respond to less in the previous recent years, but now staff could respond to more.
- There have already been 9 prospect visits to date, so that is a high number. They have been mostly tech, but the first day of the year, they had a corporate headquarter project and three more in January.

Councilmember Shekerjian asked for the big selling point for corporate headquarters.

Ms. Wakefield-Saenz responded that the first natural issue is real estate. Secondly, corporate headquarters are usually sophisticated in their selection process, so they typically take their roster of employees and geo-plot them. Most of the employees live within a certain radius of where their corporate headquarters is or the real estate they are looking at. They will typically go closer to where the majority of the people on their employment roster live.

Councilmember Shekerjian clarified that they might already have a facility here.

Ms. Wakefield-Saenz agreed or they will look at where the industry sectors are. Staff can pull up by industry sector of employment the highest concentration of workers in Tempe or the Valley for that industry. If it is data center, or financial services, or software development, etc., staff can drill down as low as necessary to show the hot spots of employment. Employment and availability of visible real estate are the two big ones. The third one is where the CEO lives. If they have a residence in the valley, this will often drive many of the decisions.

Councilmember Shekerjian asked about California.

Ms. Wakefield-Saenz responded that California is typically the largest concentration of prospects in any given year.

Scarlett Spring added that Arizona's tax structure actually drives the fact that Arizona is a great place to locate regarding overall costs of doing business. Arizona has high capital intensive costs which makes it tough to compete in manufacturing, but we have very good workmen's compensation and health insurance, so we can attract industries that are employee-intensive, but with low capital costs, and could get into a market that is young, educated, growing and now don't have to be in California. Complement that with very little earthquakes or tornadoes and that makes a stable and secure environment for data.

Ms. Wakefield-Saenz added that headquarters will typically start on the coasts and then find out it is a very expensive place to do business. Tempe has that location advantage. It is in the physical center, adjacent to the airport and surrounded by freeways.

Ms. Spring added there has been a lot of outbound calling and in the first quarter, GPEC had 140% improvement in site visits than all of the prior six months.

Councilmember Shekerjian asked about reaching out to out-of-country businesses.

Ms. Spring responded that Canada is particularly strong so they have put special effort there. They had 16 site visits alone in the market launch. There are a lot of people looking. Two years ago they couldn't have afforded to come to the Valley.

Ms. Wakefield-Saenz added that a concern for their economic development group is that they have actually had internal clients approach them about moving external to the market because of the value proposition in other larger markets. The GPEC team, at this month's education meeting for corporate executives, showed how the Phoenix market was holding value relative to other markets. The developer that had built the \$250 per sq. ft. corporate office space is still looking to get his \$24 to \$28 per sq. ft. out of his lease, where in Denver or Dallas, they might be dropping it to \$21 or \$20, and it is a concern that some of the existing corporations are looking at cheaper sites in other places in the country and elsewhere.

Councilmember Shekerjian asked if they had data regarding the overall cost of doing business here.

Ms. Wakefield-Saenz will provide that data to her.

Ms. Spring added that because money is tight with capital investments hard to come by, the fact that they are able to link individuals with existing businesses has been powerful. They actually have a German company that might do a joint venture with one of the high tech solar manufacturers here. Those kinds of things go a long way when you can't put money on the table. The fact that they can line them up with someone with a like business helps them get on the ground very quickly. They are looking at various creative ways.

Dr. Smith added that Ms. Spring is working with someone from California who is bringing these people to staff every three weeks. Another contact on the international side is a very data-intensive, research-oriented person and he helps. Those two are responsible for most of what we are seeing.

Ms. Wakefield-Saenz added that from the City team's perspective, this is when economic development gets fun. You have to really dig and show your competitive advantage more than in the regular market.

Councilmember Shekerjian explained that in the faith community, many churches have missions to help connect people with jobs and how to update resumes and get ready in this downturn to find positions. The City has been developing a webpage that is about connecting employment with employees. There had been feedback that it was hard to find on the website. She felt it should be featured on the opening page.

Dave Kelley stated that it is at www.tempe.gov/jobs. He showed the information the site provides. In 1998, the City had a link where Tempe employers could post available jobs. It was never popular because it was never promoted. It ran until 2007 when it was disabled because now there are other options available, for example, with Monster.com. There are still 2,000 subscribers, however, so the link was turned back on. Many different places point to it. Unless it is promoted, there won't be many listings.

Councilmember Shekerjian stated that the concept is to provide a webpage where this kind of information would be combined with the businesses in the City looking for new jobs.

Mr. Kelley stated that in going to Monster.com and specifying that you want something in Tempe, you will have 2500 postings.

Councilmember Shekerjian clarified that when she says to a community group that the City has a webpage where all of this is combined for what is going on in Tempe, she wants it to be easy to find. She wants the City to provide a service that is easy for citizens in Tempe to link up with what is out there. There's an area on the front page that says "How do I ..." and there are listings, but there is nothing about finding a job. She wants to make it simple for people so they know we are concerned. She suggested taking what we have and putting it in one place on the front page of the City's website that would be easy to connect to find available jobs, to help post resumes, etc.

Ms. Hearn summarized that it should be under "How Do I..." and also under "Hot Topics" for awhile.

Agenda Item 11 – Future Agenda Items

- Updates on
 - Social Media
 - Customer Relations
 - Neighborhood Centers
 - Technology Forum
 - Economics Forum
 - GPEC
- Computer Recycling Program – Tempe High
- Move Historic Preservation to June meeting

Meeting adjourned at 11:38 a.m.

Prepared by: Connie Krosschell
Reviewed by: Chris Messer

Jan Hort
City Clerk