



MINUTES

Economic Development Commission

Virtual Meeting

November 18, 2020

7:30 a.m.

1. Call to Order and Roll Call

Chair Shane Randall called the meeting to order at 7:32 a.m.

Commission Members present (electronically):

Shane Randall, Chair; Grant Tayrien, Vice Chair; Carson Brown; Marc Valenzuela; Jason Barney; Perry Berry; Chris Clark; Mark Schnepf; Perry Rea; Brent White; Derek Neighbors; Brian McKean; Nancy Hormann; Council Member Oliphant; Council Member Brown

Absent Members: Steve Sossaman; Warde Nichols; Jenna Kahl; Gordon Mortensen

Staff present (electronically): Doreen Cott, Economic Development Director; Jennifer Lindley, Downtown Development Manager; Marissa Garnett, Economic Development Coordinator; Rob Sachs, Real Estate Coordinator; Bruce Gardner, Assistant Town Manager; Eric Swanson, Interim Planning Administrator; Kristen Stone, Revenue Analyst; Dan Olsen, Deputy Finance Director; Joy Maglione, Deputy Town Clerk

2. **Public Comment:** There will be no public comment at this meeting, but the public can listen to the meeting electronically by audio or on the computer.

3. Items for Discussion and Possible Action

A. Consideration and possible approval of the September 23, 2020 minutes

Motion to approve the September 23, 2020 minutes as presented.

1st: Chris Clark

2nd: Grant Tayrien

Vote: Approved unanimously

B. Presentation COVID revenue update

Revenue Analyst Kristen Stone presented a COVID update on received revenues over the last eight months. She said the market results were better than expected and the federal stimulus helped considerably. Some sectors were impacted differently and Ms. Stone reported that online sales were up and hospitality and tourism sectors decreased.

Ms. Stone discussed job loss and employment statistics at the state, local and federal level and said Arizona is faring better than the US as a whole. Arizona also ranks third in economic development and our population growth is doing well.

She presented an in-depth report of our revenue results with a focus on housing starts and sales tax. The Queen Creek revenue assumptions were compared with actual results and our revenues were much better than expected. She said our high median household income; strong population growth in our area; people shopping closer to home; and continued new business openings could be a factor.

Ms. Stone said Town staff is in the process of updating our 5-Year Operating Budget projections and staff will continue to analyze monthly activity and keep a conservative approach.

Commissioner Perry Berry asked what may be attributing to our strong numbers in new housing starts. Ms. Stone speculated that it may be attributed to low mortgage rates; new and different consumer needs; affordable product in Queen Creek; desirable location and available inventory.

Chair Randall asked what the age demographics were in regards to housing in Queen Creek. Ms. Stone said we have seen a slight median age increase but we still have a young average age group. She said the Census results will provide us with more information.

C. Presentation and overview on the Retail Market Analysis & Land Use Balance and Queen Creek Employment Analysis

Director Doreen Cott and Planning Administrator Erik Swanson provided an overview of the Retail Market Analysis & Land Use Balance report prepared by Elliott D. Pollack & Company. The study was performed due to the high number of rezoning requests and General Plan amendments received.

Ms. Cott said the primary findings in the retail market showed that E-commerce will continue to be strong. As a result, retailers will be more selective with a down size of brick and mortar outlets being seen. Expanding categories in retail include entertainment, restaurants, fitness and healthcare. Supercenters and warehouse clubs are dominant in the general merchandise and grocery category.

Ms. Cott said the report addressed household spending trends. The Queen Creek retail and restaurant market is dominant in far Southeast Valley with a good portion of sales coming from non-residents at this time. She said that until other areas expand this will help Queen Creek and the State Route 24 will provide opportunity and address gaps.

Ms. Cott said that findings in the report recommended the following:

- Expanding diversity (auto sales, furniture stores, electronic stores)

- Promote more entertainment
- Promote the Town Center locations and regional restaurants
- Protect town borders by encouraging large retail on the edges for sale tax dollars
- Use the Town's utility services as a catalyst for retail expansion.

Mr. Swanson summarized the Queen Creek Employment Analysis Report which provided research related to long term employment growth. The report looked at the recently annexed state land, the North Specific Area Plan and the Arizona State Land Department (ASLD) Specific Plan.

Mr. Swanson presented a map of the recently annexed state land. He said that Queen Creek will benefit from the future State Route 24 and there is potential in those areas due to the Town's utility and road improvements. Queen Creek is in a good position going forward long term. The Town is poised for future employment especially in the freeway activity zones.

Mr. Swanson reviewed study results in regards to the different types of residential housing products. He said we are getting a lot of requests to rezone Commercial sites to Multi Density Residential (MDR). The study examined household income, housing density, and the potential balance of multifamily housing relative to the overall housing market. It showed that higher density housing (apartments) actually breakdown to generate more revenue overall. That study cautioned the Town not to reject high density based on income misperceptions and said that rental rates, qualifying income and clientele are quite high for many of these developments. The study recommended locating higher density housing projects in appropriate locations in town with proximity to downtown areas or freeway access.

Mr. Swanson said that a lot of the recent applications have some form of multifamily component and it is also important to note that spending in high income households are not always captured by the Town for a number of reasons (travel, second homes, and luxury items).

Ms. Cott concluded with a review on the economic impacts of the pandemic from the Covid Cover Report provided in the study. She said Arizona and Queen Creek are likely to have short term effects and recover reasonably quickly. Retail sales in Queen Creek were somewhat protected because we do not have a lot of high end luxury retail. Retailers in Queen Creek who fared well during the pandemic were industries such as Home Depot, Target, Walmart and fast food. The true impact will be based on length of the pandemic and we will continue to review results as we get more data.

Commissioner Nancy Hormann asked if the slide on analysis of restaurant spending vs household income was based on our current demographics or what we will get in future. Ms. Cott said she will check the study results and report back.

Chair Shane Randall reported on recent banking industry trends in relation to State land sales and said there have been some aggressive numbers on unimproved land and it will be interesting to watch future trends.

Commissioner Perry Berry discussed challenges from an educational standpoint regarding keeping up with the growth and said the information provided regarding demographics is invaluable.

Commissioner Chris Clark commented on the mix between multifamily and high-end homes and how it could affect the type of retail that will be attracted to Queen Creek.

Ms. Cott advised the Commission to send her additional feedback from the study at any time.

D. State Land Update

Updated provided as part of the previous agenda item.

E. Report on the Downtown Arts & Placemaking Sub Advisory Committee

Subcommittee Chair Brian McKean said the committee had their second meeting and they are working on the Shop QC shopping bag project. The committee discussed three themes for the bag style to represent spring, summer and fall.

The Queen Creek Mural project was approved for the location north of Gangplank. A subcommittee is being formed to formalize the public art process for murals. The Roosevelt Well project is reopening and moving forward and the Hampton Inn project has no updates at this time.

F. Summary of current events - Reports from Chair, Commission Members and Economic Development staff.

Commission Chair Shane Randall recognized the Economic Development team for the Association for Economic Development's 2020 Medium Organization of the Year Award. Director Cott attributed their success to the hard work of her team. The team (Doreen Cott, Jennifer Lindley and Marissa Garnett) also recently earned their MBAs through Benedictine University, the first cohort offered at the Queen Creek Community.

Ms. Cott provided the following updates:

- The Hampton Inn will open on December 14, 2020. The Commission is invited to attend the ribbon cutting.
- The Small Business Grant Program received 91 applications to date totaling approximately \$350,000. The total grant is \$500,000 and funding is still available.

- There will be no December meeting, but there will be a full agenda on January 27th with a presentation from Boyette Strategic Advisors on the updated Program of Work for the Economic Development Strategic Plan.

Commissioner Perry Berry provided an update on school construction. The district is working on funding for more land to serve future needs. He reported that the winter sports season for high schools in Maricopa County was put on hold by the Arizona Interscholastic Association due to the rising number of COVID-19 cases. He said the teams are practicing through camps and will be ready to start when allowed.

Commissioner Mark Schnepf said they are making modifications to their events at Schnepf Farms due to Covid protocols. They will be ready to open for their Christmas events using the protocols that are in place.

Commissioner Brian McKean said the Arizona Craft Brewers Beer Festival may move to Queen Creek from Phoenix. It is their largest festival with approximately 50 brewers. Ellsworth Brewing Company is also canning a beer for the Arizona Farm Bureau for their 100th Anniversary.

4 Announcements

None.

5. Adjournment

The meeting adjourned at 9:01 a.m.

Shane Randall, Chair
Economic Development Commission

ATTEST:

Joy Maglione
Deputy Town Clerk

I, Joy Maglione, do hereby certify that to the best of my knowledge and belief, the foregoing Minutes are a true and correct copy of the Minutes of the November 18, 2020 Economic Development Commission. I further certify that the meeting was duly called and that a quorum was present.

Passed and approved on: January 27, 2021