

MINUTES OF THE REGULAR MEETING OF THE HONORABLE MAYOR AND CITY COUNCIL OF THE CITY OF CHANDLER, ARIZONA, held in the Council Chambers, 88 E. Chicago Street, on Thursday, July 28, 2011, at 7:11 p.m.

THE MEETING WAS CALLED TO ORDER BY MAYOR JAY TIBSHRAENY.

The following members answered roll call:

Jay Tibshraeny	Mayor
Trinity Donovan	Vice-Mayor*
Kevin Hartke	Councilmember
Rick Heumann	Councilmember
Matt Orlando	Councilmember
Jack Sellers	Councilmember
Jeff Weninger	Councilmember

*Vice-Mayor Donovan participated in the meeting via telephone.

Also in attendance:

Rich Dlugas	City Manager
Pat McDermott	Assistant City Manager
Mary Wade	City Attorney
Marla Paddock	City Clerk

INVOCATION: Pastor Larry Lee –Greater Phoenix Chinese Christian Church

PLEDGE OF ALLEGIANCE: Councilmember Orlando

UNSCHEDULED PUBLIC APPEARANCES:

Police Chief SHERRY KIYLER announced it had been one year since Chandler Police Officer Carlos Ledesma was killed in the line of duty. She thanked the Mayor and Council, City staff and members of the community for their support during the last year.

MAYOR TIBSHRAENY asked for a moment of silence in honor of Officer Ledesma.

SCHEDULED PUBLIC APPEARANCES:

1. Neil Jones – Quantum Helicopters
2. Frank Setzler – Chandler Aviation
3. Steve Smith – Future of the Chandler Airport

*MAYOR TIBSHRAENY announced that comments from Mr. Jones, Mr. Setzler and Mr. Smith would be heard as part of the presentation of Item No. 51 (Chandler Air Service Lease).

CONSENT:

MAYOR TIBSHRAENY announced that Item No. 12 (Zoning, DVR11-0019 Norton's Crossing) would be moved to the action agenda.

MOVED BY COUNCILMEMBER HARTKE, SECONDED BY COUNCILMEMBER ORLANDO, to approve the Consent Agenda as presented with Item No. 12 (Zoning, DVR11-0019 Norton's Crossing) moving to the action agenda.

VICE-MAYOR DONOVAN and COUNCILMEMBER ORLANDO noted they would be voting nay on Item No. 6 (Res. #4525).

MOTION CARRIED UNANIMOUSLY (7-0) WITH THE EXCEPTIONS NOTED.

1. EASEMENTS: SRP

Ord. #4253

INTRODUCED AND TENTATIVELY APPROVED Ordinance No. 4253 authorizing the assignment to Salt River Project (SRP) of certain easements acquired by the City of Chandler through condemnation actions for the McQueen Road (Queen Creek Road to Riggs Road) Improvement project and authorizing the City Manager to sign necessary agreements.

On November 20, 2008, the City Council approved Resolution No. 4238 authorizing condemnation proceedings as needed to acquire real property for the McQueen Road (Queen Creek Road to Riggs Road) Improvement Project. Condemnation proceedings were necessary in order to acquire real property rights needed at the northeast corner of McQueen Road and Queen Creek Road. The road widening improvements at this location will impede SRP's ability to safely access their well site that adjoins the west side of the Consolidated Canal from Queen Creek Road. As a consequence of the road widening improvements, it was necessary to include in the condemnation proceedings, the acquisition of an exclusive well site easement to replace a portion of the existing well site easement that will no longer be accessible due to the road widening improvements; a well site ingress/egress easement that will enable SRP to safely access the well site, via the Consolidated Canal, from the north; and a temporary construction easement to provide SRP access to complete modifications to the well site necessitated by the project.

The easements conveyed to the City through a Final Order of Condemnation and an Amended Final Order of Condemnation, are now ready to be assigned. Upon recording the assignment, the City will have no further obligation, responsibility or liability; and no further rights, pursuant to or because of the easements.

2. INITIAL CITY ZONING: South of the SEC of Cooper & Ocotillo Roads

Ord. #4297

INTRODUCED AND TENTATIVELY APPROVED Ordinance No. 4297, DVR11-0021 South of the SEC of Cooper & Ocotillo Roads, establishing in initial City zoning of AG-1 on approximately 1.6 acres. (Applicant: Lowell Huggins.)

The subject site is located within the Southeast Chandler Area Plan and is designated as Traditional Suburban Character, allowing for residential uses. Single-family residential homes are adjacent to the site's north, east and south. A single-family home that operates as a nursery (agricultural) is adjacent to the site's west side and is within the jurisdiction of the County.

This request, initiated by Staff, serves to establish the site with a zoning designation of AG-1. Consistent with State Statutes, when a property is annexed into a municipality's jurisdiction, the municipality must grant a zoning designation equivalent to the zoning designation in the County; the AG-1 zoning designation meets this requirement. The approval of this zoning action insures that any future development on the site shall occur in conformance with City standards.

This request was noticed according to the provisions of the City of Chandler Zoning Code. Staff has received two phone calls regarding the request; both were in support. Staff has received no correspondence in opposition.

Upon finding consistency with the General Plan and Southeast Chandler Area Plan, the Planning Commission and Staff recommend approval.

3. REZONING: Chandler Center Commons Ord. #4316

INTRODUCED AND TENTATIVELY APPROVED Ordinance No. 4316, DVR11-0014 Chandler Center Commons, rezoning from PAD to PAD Amended zoning with PDP to allow a day care use and to modify site layout within the Chandler Commerce Center at 550-5590 W. Chandler Boulevard. (Applicant: Will Architects, PLC; Owner: Chandler Commerce Center, LLC.)

The application requests amendment of existing Planned Area Development (PAD) zoning to allow day care uses in addition to the currently allowed general office and light industrial uses that were approved with the 2006 zoning. Additionally, the application requests PDP approval to modify the site layout in order to accommodate an outdoor playground.

The site is fully developed with 10 single-story buildings on an approximately 12-acre parcel located between and Intel campus and an office park along the north side of Chandler Boulevard. An industrial park is north of the subject site. The subject site received PAD zoning approval in 2006 for office and light industrial uses. A charter high school, which is allowed by-right in all zoning districts due to state law, occupied two buildings in the site's northwest portion in the fall of 2010.

The request is driven by a day care tenant that will occupy the entirety of a 12,000 square foot building in the southwest portion of the site (Building B). The only change to the site plan is that an outdoor playground would be constructed to accommodate the day care tenant. The playground is proposed to displace parking and a drive aisle west of the building along the shared property line with the office development to the west. The nearest office building to the west is approximately 85' from the proposed playground. An 8'-high wall would surround the playground (where not contiguous with the building) and additional trees would be planted to complement the existing mature trees along the western property line. The Planning Commission and Staff recommend a condition that would require adding a softer surface to the playground area, such as rubber mats or artificial turf that serves to soften the noise impact. Such a surface is reportedly required to meet State day care standards, but the condition will ensure that the City's interests are also met.

In response to neighbor concerns with potential noise generated by the requested day care use, the applicant has commissioned an acoustic study. The main conclusion of the study is that the day care will not cause a negative noise impact to the area.

The site continues to provide sufficient parking for the requested mix of office, industrial and day care uses with 585 spaces. With a day care in Building B and the existing high school in Buildings I & J, the site would require approximately 509 spaces if all other spaces were occupied by office uses, which are the most intense in terms of Zoning Code parking requirements. Even if all buildings became 100% occupied by office uses, only 535 spaces would be required.

The requested playground location does not prevent the efficient circulation of vehicular traffic on the site. The displaced drive aisle is superfluous – traffic can easily re-route through one of several other drive aisles located east of Building B. Pick-up/drop-off circulation associated with the day care can also be efficiently handled by existing driveway alignments and a sizable parking field to the building's east and north.

The requested addition of day care uses is appropriate at this location with office, light industrial, and high school uses. Though light industrial uses can sometimes present a conflict with day care uses due to truck traffic and hazardous materials, those are much lesser concerns in this location with no large truck docks and an existing high school. The development is much more oriented toward office and potentially "flex" manufacturing uses. Separation of hazardous materials from day care uses is also addressed by Building Code. There are no issues with sufficient parking, as is sometimes the case in other similar mixed use developments. Noise generated by traffic on Chandler Boulevard will somewhat mask any noise created by children using the day care playground, thereby minimizing the impact on office neighbors to the west. The 8'-high wall surrounding the playground will combine with mature landscaping and additional trees to minimize any visual impact on neighbors to the west.

This request was noticed in accordance with the requirements of the Chandler Zoning Code with a neighborhood meeting being held on June 1, 2011. There was one neighboring office condo owner to the west (a CPA business) in attendance expressing concerns regarding parking not spilling over into her complex and any new landscaping being properly maintained. The applicant agreed that such spillover parking should not occur and that the landscaping should all be properly maintained.

The developers of the offices to the west, who still control the property owners' association and many of the office condos, are concerned about the potential noise effects from a day care, but are tentatively satisfied with the recommended conditions. Though two neighbors noted above have concerns, Staff is not aware of any opposition to the request.

Upon finding consistency with the General Plan, the Planning Commission and Staff recommend approval subject to the conditions listed in the ordinance.

4. CITY CODE AMENDMENT: Chapter 11 Ord. #4317

INTRODUCED AND TENTATIVELY APPROVED Ordinance No. 4317 amending Chapter 11, Subsection 11-10 of the Chandler City Code revising the language to clarify the intent of the original ordinance pertaining to construction noise.

The Chandler City Council adopted Ordinance No. 4153 on January 14, 2010, which established time limits for construction activity near residential areas. Staff is recommending revisions to the City Code language to clarify the intent of the original ordinance. A strict reading of the existing City Code language would exclude concrete work from the exception that would allow construction work to occur outside the established time limits if located more than 500 feet from any residential property. The language (Ordinance No. 4317) being submitted for approval would clearly define concrete work (including the mixing and pouring of concrete and the idling or backing-up of concrete trucks) as construction work and would allow concrete work to be afforded the same exception as other construction work. In addition, the proposed language would clearly allow for work in the right-of-way or on public property to be conducted after-hours on weekends or holidays under a valid encroachment permit issued by the City Engineer, which was the intent of the original ordinance.

The existing code language addressing construction noise has been in place for over one year and it appears that the 500 foot clearance from residential property provides a reasonable buffer from construction noise.

5. AGREEMENTS: Central Arizona Water Conservation District Res. #4524

ADOPTED Resolution No. 4524 authorizing two separate agreements between the Central Arizona Water Conservation District and the City of Chandler for storage of Central Arizona Project water at the Superstition Mountains and Tonopah Desert Recharge Projects.

The Arizona State Legislature passed the 1980 Groundwater Management Act (GMA) to reverse the trend of declining groundwater levels. The GMA regulates the use of groundwater to maintain a balance between groundwater withdrawal and natural and artificial recharge of the aquifer. This balance is referred to as "Safe Yield". The GMA also requires cities to demonstrate they have an assured water supply (renewable water resource) for any proposed new development. Chandler recharges a portion of its surface water into recharge facilities to maintain its safe yield and designation of assured water supply. The City then uses its wells to recover this water as authorized under the Act. Chandler currently has active agreements to recharge water into the Granite Reef and New Rive Agua Fria Underground Storage Projects.

Entering into agreements to store Colorado River water at CAWCD's Superstition Mountain and Tonopah Desert Recharge Projects will provide alternative sites for water storage when needed. CAWCD customers must obtain a Water Storage Agreement with CAWCD before water can be stored in a permitted recharge facility. Once this Agreement is approved, Chandler can order CAP water for recharge as needed. Chandler will not be charged for the use of these facilities unless recharge takes place. When water is recharged, Chandler must pay the annual cost of the water (\$122 per acre foot in 2011) and the annual operation and maintenance costs associated with the recharge facility (\$8.00 per acre foot in 2011). Chandler budgets for these expenses each year in the annual water operating budget. The amount of CAP water purchased for recharge at CAWCD recharge facilities is at the sole discretion of the City of Chandler.

6. IGA AMENDMENT: Maricopa County Res. #4525

ADOPTED (5-2) Resolution No. 4525, Amendment No. 2 to the Intergovernmental Agreement with Maricopa County relating to the conveyance of 225 acres from Maricopa County to the City of Chandler for the development and operation of a municipal golf facility in order to expand site use to include wireless telecommunication facilities.

The IGA was entered on January 12, 1993, between the City of Chandler and Maricopa County in order to facilitate the development of a golf course facility, now known as Bear Creek Golf Course, on the county-owned site to benefit the residents of southeast Maricopa County, including the City of Chandler. The IGA transferred the site to the City, but restricts use exclusively to golf course related activities. Any non-golf course related activities would violate the agreement, subjecting the site to the possibility of it reverting to the County. This amendment recognizes the location of a wireless telecommunication facility on the site as an additional sanctioned use for the site and sets the parameters for such use and determines the benefits that may be assigned to each party of the IGA.

The amendment calls for the City and County to each derive 50 percent of any revenues resulting from the including of wireless telecommunications facilities on the site.

VICE-MAYOR DONOVAN and COUNCILMEMBER ORLANDO voted nay on this item.

7. No item.

8. MODIFICATIONS: Survivor and Healthcare Benefits Res. # 4529

ADOPTED Resolution No. 4529 authorizing modifications of the City's Survivor and Healthcare Benefits.

Background:

The City Council has previously taken action to allow the spouse and eligible children of public safety employees who are killed in the line of duty to retain their health care benefits through the City at the beneficiary's full cost.

The City Council has expressed interest in allowing a spouse and eligible children of any City employee who is killed in the course and scope of their employment to retain their group medical, dental, vision benefits at the regular employee's cost for the specific benefits elected.

Discussion:

COUNCILMEMBER HEUMANN noted the irony in having the item regarding Survivor and Healthcare benefits on the anniversary of Officer Ledesma's death. He stated that the modification would allow families to stay on the health care plan in the future.

MAYOR TIBSHRAENY thanked the Council for bringing the item forward and noted its importance.

9. PRELIMINARY DEVELOPMENT PLAN: Rudy's Restaurant and Country Store

APPROVED Preliminary Development Plan PDP11-0005 Rudy's Restaurant and Country Store, for a parking lot which would be developed in association with a planned restaurant and store located west of the NWC of 54th Street and Chandler Boulevard. (Applicant: Reaction Development, LLC, Gary Meyers.)

The application requests Preliminary Development (PDP) approval for a surface parking lot providing approximately 52 spaces. The parking lot will serve employees of a new restaurant with an associated store developing immediately to the east. The parking lot will accommodate parking for the new development as well as support parking and access to the existing Denny's restaurant pad. Immediately to the west is Denny's restaurant; two hotels are located to the north as well as a camera service company and to the east is a former Mobil gas station site. East of 54th Street is an unoccupied restaurant pad as part of a larger commercial retail center. South of Chandler Boulevard is a Circle K convenience store and gas station and a Whataburger fast-food restaurant. At the southeast corner of 54th Street and Chandler Boulevard is a Super 8 motel.

The subject site is part of a larger industrial business park, Chandler Technology Center, which was originally zoned in 1984 as a mixed use plan for industrial, research and development, warehousing and distribution, office and commercial use along Chandler Boulevard. The 1984 zoning case was a Conceptual Planned Area Development (PAD) zoning approval with a master plan. An amendment to this conceptual plan was approved in November 1994 allowing for a modification to a hotel site, adding more office/research and development, and replacing office with retail and restaurant uses along Chandler Boulevard. The retail/restaurant component included the subject site and Denny's pad. This zoning case amendment was approved with a condition allowing a single-user without a drive-through and a two-user pad that is clustered together to appear as one pad with approval through a separate PDP. The integration of the two

users would occur around a common open space with seating areas and pedestrian walks and are not separated by vehicular access.

The first user of this pad was Denny's restaurant, which received PDP approval in April 1995. The approval included a condition requiring the adjoining pad to Denny's to be oriented and landscaped in a manner similar and compatible with Denny's site. Key design elements of this two-user pad included a common pedestrian area and pedestrian/vehicular circulation. The Denny's plan established the overall design character for the entire pad. In July 1995, the adjacent second user pad received PDP approval for a Waffle House restaurant. However, this pad never developed and has remained vacant.

Rudy's Restaurant and Country Store is based out of Texas and serves BBQ-style food. The restaurant also has a country retail store which sells a variety of sauces, meet rubs and merchandise. The restaurant and store will develop on the former Mobil gas station pad to the east. The site design and building architecture are being administratively reviewed by Planning Staff since the site is hard-zoned C-2 and not requiring a PDP. The development's parking area is provided both on the C-2 parcel west of the building with the majority of parking spaces provided on the subject site proposed for a parking lot. The entire development and parking areas will have access from 54th Street, Chandler Boulevard and to/from the Denny's site.

The site will include new landscaping along the site's perimeter and interior, removing any existing vegetation. Denny's restaurant's main entrance, the only entrance, is on the building's east side facing the proposed parking lot. In conformance with the original zoning case approvals, Denny's site includes a concrete common pedestrian area with decorative light poles in front of the main entrance and a landscape area. As was intended in the original zoning cases, a continuation of this common pedestrian area will extend onto Rudy's parking lot site. A 7-foot wide concrete pedestrian walkway with raised landscape planters is being added to the existing area. The concrete's color and scoring will closely match what exists. Parking spaces are adjacent to this concrete walkway, which will provide parking for both Denny's and Rudy's sites.

The Planning Commission and Planning Staff find the proposed surface parking lot to be an appropriate use of the vacant pad adjacent to an existing restaurant. The site layout is compatible with the existing development and allows for the redevelopment of a former gas station pad with a commercial restaurant and store to complement the existing industrial business park area. While the intended use of the pad in the mid-90s was another restaurant user, making use of the site for parking in conjunction with a restaurant as part of a site's redevelopment provides an aesthetic improvement to the Chandler Boulevard streetscape, an improved view from the Denny's dining room and offers a new restaurant for west Chandler, nearby hotel/motel guests and area employees.

The request was noticed in accordance with the requirements of the Chandler Zoning Code with a neighborhood meeting being held April 28, 2011. There were no area property owners in attendance. Planning Staff and the applicant corresponded with the adjacent Denny's restaurant owner to get his input on the interface between the Denny's east side and the parking lot. The Denny's owner supports the plan as proposed. Staff has received no correspondence in opposition to this request.

Upon finding consistency with the General Plan and PAD zoning, the Planning Commission and Planning Staff recommend approval subject to the following conditions:

1. Development shall be in substantial conformance with exhibits represented including the Narrative, Site Plan, Landscape Plan and Grading and Drainage Plan kept on file in the City of Chandler Planning Division, in File No. PDP11-0005, except as modified by condition herein.
2. Right-of-way dedications to achieve full half-widths, including turn lanes and deceleration lanes, per the standards of the Chandler Transportation Plan.
3. Undergrounding of all overhead electric (less than 69kv), communication, and television lines and any open irrigation ditches or canals located on the site or within adjacent rights-of-way and/or easements. Any 69kv or larger electric lines that must stay overhead shall be located in accordance with the City's adopted design and engineering standards. The above-ground utility poles, boxes, cabinets, or similar appurtenances shall be located outside of the ultimate right-of-way and within a specific utility easement.
4. Future median openings shall be located and designed in compliance with City adopted design standards (Mechanical Design Manual #4).
5. Completion of the construction of all required off-site street improvements including but not limited to paving, landscaping, curb, gutter and sidewalks, median improvements and street lighting to achieve conformance with City codes, standard details and design manuals.
6. The developer shall be required to install landscaping in the arterial street median(s) adjoining this project. In the event that the landscaping already exists within such median(s), the developer shall be required to upgrade such landscaping to meet current City standards.
7. Landscaping shall be in compliance with current Commercial Design Standards.
8. The landscaping shall be maintained at a level consistent with or better than at the time of planting.
9. The site shall be maintained in a clean and orderly manner.
10. The landscaping in all open-spaces and rights-of-way shall be maintained by the adjacent property owner or property owner's associations.

10. CONTINUED ZONING: Autumn Park

CONTINUED TO AUGUST 18, 2011, Zoning, DVR11-0010/PPT11-0002 Autumn Park, rezoning from PAD to PAD amended with PDP for a 99 lot, single-family residential subdivision located at the SWC of 116th Street and Riggs Road, to allow a request for a zoning time extension for the site to be processed prior to approving a modification to the side design.

11. ZONING TIMING EXTENSION: The Springs Retail Center Phase II

APPROVED a three-year timing extension for DVR11-0012 The Springs Retail Center Phase II, on the existing PAD zoning for commercial uses located west of the SWC of Chandler Boulevard and Cooper Road. (Applicant: Mike Curley, Earl, Curley & Lagarde.)

In 2008, the site was rezoned from PAD for office uses to PAD for commercial retail uses with Preliminary Development Plan approval for the construction of a 104,000 square-foot internalized self-storage facility, a 4,500 square-foot bank and 15,600 square-feet of retail shop space. The PAD zoning was conditioned to start construction above foundation walls within three (3) years of the ordinance effective date. This is the first zoning time extension requested for the property. The current timing condition expired on April 26, 2011. The three-year time extension will be in effect until April 26, 2014, as the time limit is calculated from the previous zoning approval's expiration.

The subject site received initial zoning in 1983 for office uses as part of the 180-acre The Springs Master Plan. North, across Chandler Boulevard, is vacant land zoned PAD for a commercial shopping center (a private school is currently being developed on the western portion of the site). West and south of the site are existing single-family homes. East is an existing commercial center anchored by a Walgreen's; southeast is vacant land slated for additional commercial development.

The General Plan designates the site as low-density residential; however, allows the consideration of commercial development at the intersection of arterial streets. Staff continues to find the site and proposed uses to be consistent with the General Plan.

The request was noticed in accordance with the requirements of the Chandler Zoning Code with a neighborhood meeting being held on June 22, 2011. There were no neighbors in attendance. Staff has received a letter from the homeowner's association expressing opposition to the request citing outstanding civil issues. The issues have since been resolved and there is no longer opposition.

Upon finding consistency with the General Plan, the Planning Commission and Staff recommend approval of extending the timing condition for an additional three (3) years with all of the conditions in the original approval remaining in effect.

12. ZONING TIMING EXTENSION: Norton's Crossing

Moved to action.

13. ZONING TIMING EXTENSION: Galileo Piazza

APPROVED a three-year timing extension for DVR11-0011 Galileo Piazza, on the existing PAD zoning for a single-family residential subdivision located on 34.3 acres at the SWC of Riggs Road and 116th Street. (Applicant: Brennan Ray, Burch & Cracchiolo, PA.)

In early 2008, the site was rezoned from AG-1 to PAD for a 38-lot custom single-family home residential subdivision. The PAD zoning was conditioned to start construction above foundation walls within three (3) years of the ordinance effective date. This is the first zoning time extension requested for the property. The initial timing condition expired on January 12, 2011. The three-year timing extension will be in effect until January 12, 2014, as the time limit is calculated from the previous zoning approval's expiration.

The subject site was annexed, received initial city zoning and was rezoned to PAD for single-family residential in 2007. North, across Riggs Road, is the Bear Creek Municipal Golf Course. The Consolidated Canal abuts the eastern and southern property lines. East of the Consolidated Canal is the Lagos Vistoso single-family residential neighborhood, the Santan Vista single-family residential neighborhood located in the County and an automotive repair shop at the northeast portion of the site, also within the jurisdiction of the County. South of the site and beyond the Consolidated Canal, is the Santan Vista single-family residential neighborhood. West is the Southern Pacific Railroad. Beyond the railroad tracks is PAD zoned property for industrial uses, Planned Industrial (I-1) and Industrial zoned property in the County. Located at the northwest corner of the site is a Salt River Project substation. A redesigned site plan for the residential subdivision is currently being reviewed and will be forthcoming.

This request was noticed in accordance with the requirements of the Chandler Zoning Code. A neighborhood meeting was not held due to a recent neighborhood meeting being held as part of the forthcoming subdivision redesign. No neighbors attended the neighborhood meeting for the new design. Staff has received a letter from the Union Pacific Railroad stating various items of concern. Staff believes that a number of the concerns are remedied by virtue of the site layout and design. Staff is unaware of any other opposition to the request.

Upon finding consistency with the General Plan, the Planning Commission and Staff recommend approval of extending the timing condition for an additional three (3) years with all of the conditions in the original approval remaining in effect.

14. CLAIMS REPORT

APPROVED the Claims Report for the quarter ending June 30, 2011.

15. AUTHORIZE PAYMENT: Valley Metro Rail, Inc.

AUTHORIZED payment of the Fiscal Year 2011/12 annual membership dues for Valley Metro Rail, Inc., (METRO), in the amount of \$50,000.00.

In 2007, the City of Chandler joined Valley Metro Rail enabling the City an opportunity to participate in the planning and design of the regional light rail system and future light rail extensions that could serve Chandler.

Regional high-capacity transportation systems such as light rail, require years of advanced planning and coordination with participating communities, as well as regional, state and federal agencies. In 2003, the City of Chandler completed a High Capacity Transit Major Investment Study which designated the Rural Road, Chandler Boulevard and Arizona Avenue/Union Pacific Railroad Chandler Branch Line as corridors for future development of high capacity transit systems.

Later this year, Metro will work with the City on a new study regarding transit oriented development along Arizona Avenue. The study will analyze future land use in the Arizona Avenue corridor and examine land use policies that could be applied to make this a more successful light rail corridor.

16. AUTHORIZE APPROPRIATION: Physical Examinations

AUTHORIZED the appropriation for firefighter physical examinations in accordance with the current intergovernmental agreement with the City of Phoenix in an amount not to exceed \$160,000.00.

Annual medical exams are required by OSHA for Firefighters who wear breathing apparatus in order to enter hazardous atmospheres to perform their duties. The National Fire Protection Association (NFPA) has set standards for such exams, NFPA Standard 1582.

The City of Chandler entered into an Intergovernmental Agreement (IGA) with the Phoenix Fire Department Health Center in 2001 to perform these exams. This IGA provides Chandler Fire Department personnel with annual medical and physical fitness examinations. These exams are performed by Occupational Physicians whose primary focus is firefighter health and wellness. All exams are done in accordance with the recognized national standard.

17. AUTHORIZE APPROPRIATION: Medical Dispatch Services

AUTHORIZED the appropriation for fire and emergency medical dispatch services in accordance with the current Intergovernmental Agreement (IGA) with the City of Phoenix in an amount not to exceed \$1,086,377.00.

The current IGA with the Phoenix Fire Department has been in effect since 2003. This IGA provides dispatch services, technical services and equipment maintenance. In fiscal year 2008/09, a full cost recovery approach was instituted by the Regional Dispatch Consortium. This full cost recovery is based on recovery of operating budget which includes personnel, equipment and upgrades to current equipment. The full cost recovery system has resulted in no fee increases for dispatch services for FY 2011/12.

The public/private partnership that the Fire Department has with Southwest Ambulance and PMT Ambulance provides for dispatch services for their ambulances through the Fire Department's IGA with Phoenix Fire Department. Their combined portion of this \$1,086,377.00 is \$296,757.00. In accordance with their contract, this money is deposited on a monthly basis into the City's Ambulance Revenue Account.

18. CONTINUED NOTICE OF INTENTION

CONTINUED TO AUGUST 15, 2011, Notice of Intention to adopt State Department of Water Resources Fee and to set the date for the Public Hearing on September 8, 2011.

19. AMENDMENT TO CHANDLER CITY COUNCIL MINUTES

APPROVED the amendment to the Chandler City Council Regular Meeting minutes of June 9, 2011, page 31, Item 43, to correctly reflect the name of the dissenting vote 5-1 as Councilmember Sellers.

20. No item.

21. No item.

22. No item.

23. AGREEMENT AMENDMENT: Plumbing Services

APPROVED Agreement #WW1-914-2899, Amendment No. 1, with Roto Rooter Service and Plumbing Company, Cartright's Drain Service and Reddi Services, Inc., for plumbing services in an amount not to exceed \$400,000.00.

24. AGREEMENT: Wastewater Force Main Design

APPROVED Agreement No. #WW1105-201 to Black and Veatch for design of a wastewater force main in an amount not to exceed \$490,325.00, pursuant to annual contract #EN1003-103, contingent upon written notification from Intel and appropriate funding.

Staff recommends a new lift station and sewer force main to transfer wastewater flows from the Ocotillo Water Reclamation Facility (OWRF) to the Airport Water Reclamation Facility (AWRF) for

treatment. The need for increased pumping capacity is the result of industrial expansion on South Dobson Road. This new force main will add system redundancy to the City's smaller existing pump back and force main system. The force main will be constructed using the Construction Manager @ Risk method and will be contracted separately.

25. AGREEMENT: Plumbing and Irrigation Supplies

APPROVED Agreement No. #WH1-670-3004 with Browns Partsmaster, Inc., Ewing Irrigation, Ryan Herco Flow Solutions and Sprinkler World of Arizona, Inc., for plumbing and irrigation supplies in a combined total amount not to exceed \$100,000.00, for a period of one year with provisions to extend for four additional one-year periods.

26. AGREEMENT: Electrical Supplies

APPROVED Agreement #WH1-914-3005 with Brown Wholesale Electric for electrical supplies in an amount not to exceed \$175,000.00, for a period of one year with provisions to extend for four additional one-year periods.

27. REJECTION OF CONTRACT BIDS: Solar Water Heating Systems

Moved to action.

28. AGREEMENT: Ready Mix Concrete

APPROVED Agreement #ST1-750-3018 with Arizona Materials, LLC, for ready mix concrete for two years with options to renew for two additional one-year periods, in an amount not to exceed \$90,000.00.

29. AGREEMENT AMENDMENT: Streetlight Upgrades and Replacements

APPROVED Agreement #TE9-968-2756, Amendment No. 2, with Brooks Bros. Utility Contractors LLC, for streetlight upgrades and replacements in an amount not to exceed \$120,000.00, for a period of one year with options to renew for up to two (2) additional one-year periods.

30. AGREEMENT: City Park Restroom Facilities Cleaning

APPROVED Agreement #CS1-910-3003 with The Shannon S. Martin Company, Inc. for cleaning of City Park restroom facilities in the amount of \$115,000.00 per year for two years with an option to renew for one additional two-year period.

31. AGREEMENT AMENDMENT: Fire Uniforms

APPROVED Agreement #FA9-340-2643, Amendment No. 3, for fire uniforms with United Fire Equipment Company in an amount not to exceed \$159,000.00. This is the third of four additional one-year periods with no price increase.

32. PURCHASE: Annual Maintenance

Approved the purchase of annual maintenance for existing Automated Fingerprint Identification System/Livescan equipment from MorphoTrak, utilizing the State of Arizona contract, in an amount not to exceed \$71,562.00.

33. PURCHASE: Communication Equipment

APPROVED the purchase of communication equipment from Motorola Solutions, utilizing the City of Phoenix contract, in an amount not to exceed \$346,242.68.

Radio communication is critical to safe and successful emergency incident mitigation. Within Chandler Fire's response area there are two radio network systems, VHF analog and 800 MHz digital. Both systems have their advantages; the VHF system allows for stronger building penetration of radio signals and the 800 MHz system allows for the interoperability of many jurisdictions utilizing the same radio frequencies. Chandler Fire crews operate daily on both radio systems. The VHF system is used for firefighting activities and the 800 MHz system is used for medical response, regional communications and communication with Chandler Police Officers. The 800 MHz system has established the long awaited interoperability between Chandler Firefighters and Chandler Police Officers. Technological advancements in radios have created one single radio that transmits both VHF and 800 MHz frequencies. These radios will provide for seamless communications for both systems with the use of a single radio; currently two separate radios are used. The Fire Department is asking to purchase 32 mobile Motorola APX radios (for emergency response apparatus) and 14 portable radios (for command staff). The Department anticipates a full evolution into dual band radios in the near future.

34. PURCHASE: Asphalt Rubber Crack Sealant Material

APPROVED the purchase of asphalt rubber crack sealant material from Crafcoc, Inc., utilizing the Arizona Department of Transportation (ADOT) contract, in an amount not to exceed \$200,000.00.

35. PURCHASE: Traffic Paint

APPROVED the purchase of various formulations of fast-dry traffic paint from Ennis Paint, Inc., and Sherwin-Williams, utilizing the State of Arizona contract, in a combined total amount not to exceed \$98,595.00.

36. PURCHASE: Painting Services

APPROVED the purchase of painting services from Ghaster Painting & Coatings, Inc., and A&H Painting, Inc., utilizing the Phoenix Union High School District contract, in an amount not to exceed \$150,000.00.

37. PURCHASE: Annual Maintenance

APPROVED the purchase of annual maintenance for the Tax Mantra system from Tata Consultancy Services, Ltd., sole source, in an amount not to exceed \$120,173.00.

The Tax Mantra system is the City's privilege (sales) tax collection and licensing software system providing the administration and processing functionality necessary for collection of almost 50% of the City's General Fund revenues. This maintenance and support provides resolution of technical issues, software fixes and system upgrades necessary to operate and keep this system current. The original five-year maintenance agreement ended July 31, 2010. Because the City's client-based version is approaching obsolescence, in light of the vendor's current web-based platform for this system, the vendor will not enter into long-term maintenance agreements. Therefore, ongoing maintenance agreements will only be renewed on an annual basis.

Estimating a 9% increase, costs for the next two annual renewals would be \$126,181 and \$138,800, respectively.

38. USE PERMIT EXTENSION: Sharnet's Child Care

Approved Use Permit ZUP10-0030 Sharnet's Child Care, extension to allow residential childcare for up to ten children in a single-family home located at 4904 W. Buffalo Street, south of the SEC of Chandler Boulevard and Rural Road within the Twelve Oaks single-family residential neighborhood. (Applicant: Sharnet Parker, Owner/Operator.)

North, adjacent to the site, is a Walgreen's anchored commercial shopping center. Surrounding the site on the east, south and west are single-family homes.

This is the first Use Permit extension request for the subject site. The request is to allow for the continued care of up to ten children in a single-family home. The Zoning Code requires that any residential child care home providing care for five to ten children is required to obtain a Use Permit. The applicant has operated a residential child care home at this location for the past four years, three of those without the need of a Use Permit and has operated as a child care provider for the past fourteen years. Since the approval of the last Use Permit, the applicant has been licensed by the State for the increased number of children. Additionally, the applicant has a number of referrals from child care associations.

The residential single-story home is approximately 1,800 square feet on an approximately 9,000 square foot lot. The hours of operation are Monday thru Friday from 7:30 a.m. to 5:30 p.m. and closed on the weekends. Parking for the drop-off and pick-up of children will be provided on the driveway as well as in front of the home. The layout of the lot is angular providing for approximately 90-feet of street frontage, which can accommodate approximately four cars. In addition to the applicant, an assistant also cares for the children.

The Planning Commission and Staff continue to support the request to provide child care for up to ten children, finding the request meets current Zoning Code requirements, the past experience of the operator, and no neighborhood opposition.

A neighborhood meeting was held on May 26, 2011. There were no neighbors in attendance. Staff has received no correspondence in opposition to the request.

Upon finding consistency with the General Plan, the Planning Commission and Staff recommend approval subject to the following conditions:

1. The residential childcare home shall have no more than ten (10) children at any time.
2. Should the applicant sell the property, this Use Permit to operate a childcare home shall be null and void.
3. The Use Permit shall remain in effect for three (3) years from the effective date of City Council approval. Continuation of the Use Permit beyond the expiration date shall require reapplication to and approval by the City of Chandler.

39. CONTINUED USE PERMIT: Cornerstone Christian Fellowship

CONTINUED TO AUGUST 18, 2011, Use Permit ZUP10-0054 Cornerstone Christian Fellowship, for the continued use of a temporary unpaved parking lot on approximately 8.5 acres located at 1595 S. Alma School Road, east of the SEC of Alma School and Willis roads, to allow the

applicant and church additional time to determine design alternatives to the site and to allow the case to be heard at the July 20, 2011 Planning Commission hearing.

40. LIQUOR LICENSE: Chen Chinese Bistro

APPROVED a Series 12 Restaurant Liquor License (Chandler #133598 L12) for Huixian Zhou, Agent, Chen Chinese Bistro located at 990 E. Riggs Road, Suite 9. A recommendation for approval of State Liquor License #12078754 will be forwarded to the State Department of Liquor Licenses and Control. The Police Department reports no objections to the issuance of this license and no written protests have been received. All licenses, permits and fees have been paid and the applicant is in compliance with the City's Tax Code. Transportation and Development advises a new Use Permit is not required since this will be a continuation of the location's previous use as Big Wa Chinese Café.

41. LIQUOR LICENSE: Grimaldi's Pizzeria

APPROVED a Series 12 Restaurant Liquor License (Chandler #133599 L12) for Eric Jason Greenwald, Agent, Casa Paloma Pizzeria, Inc., dba Grimaldi's Pizzeria located at 7131 W. Ray Road, Suites 23-25. A recommendation for approval of State Liquor License #12078753 will be forwarded to the State Department of Liquor Licenses and Control. The Police Department reports no objections to the issuance of this license and no written protests have been received. All licenses, permits and fees have been paid and the applicant is in compliance with the City's Tax Code. Transportation and Development advises a new Use Permit is not required since this will be a continuation of the locations' previous use as Tomaso's Italian Bistro.

42. CONTINUED LIQUOR LICENSE: Hob Nob Sports Grill

CONTINUED TO SEPTEMBER 8, 2011, Liquor License, Series 12, for Peter Ioannis Spentzos, Agent, Soztneps LLC, dba Hob Nob Sports Grill located at 7200 W. Chandler Boulevard. This application was posted for hearing on May 26, 2011, at which time it was continued to June 9, 2011; then continued to June 23, 2011; continued again to July 28, 2011 and will be continued again to September 8, 2011. The continuance is requested to allow the applicant time to complete the requirements for a new Use Permit through Transportation and Development.

43. CONTINUED LIQUOR LICENSE: Ninja Sushi

CONTINUED TO AUGUST 18, 2011, Liquor License, Series 12, for Hong Sik Moon, Agent, Ninja Sushi, Inc., dba Ninja Sushi located at 2040 S. Alma School Road to allow the applicant time to complete the requirements for a new Use Permit.

44. CONTINUED LIQUOR LICENSE: The Living Room Wine Café and Lounge

CONTINUED TO AUGUST 18, 2011, Liquor License, Series 6, for Living Room Wine Café #1 LLC, dba The Living Room Wine Café and Lounge located at 2475 W. Queen Creek Road, Suite 1 to allow the applicant time to complete the requirements for a new Use Permit.

45. CONTINUED LIQUOR LICENSE: EZ Smokeshop

CONTINUED TO AUGUST 18, 2011, Liquor License, Series 10, for Majeda Jamil Abdallah, Agent, EZ Smokeshop LLC, dba EZ SmokeShop located at 777 N. Arizona Avenue, Suite 8, to allow the applicant time to complete the requirements for a new Use Permit.

46. TEMPORARY EXTENSION LIQUOR LICENSE: McDuffy's Grille

APPROVED a Temporary Extension of Premises for a Series 12 Restaurant Liquor License (Chandler #130729 L12) held by Gamma Brothers LLC, dba McDuffy's Grille, 980 E. Pecos Road, Suite 5 for their 2nd Year Anniversary event to be held July 30, 2011. A recommendation for approval of a Temporary Extension of Premises for State Liquor License #12078438 will be forwarded to the State Department of Liquor Licenses and Control. The Police Department has no objections to this extension and the applicant has applied for a Temporary Sales and Promotional Event Permit through Neighborhood Services.

47. CLASS B BINGO GAME LICENSE: American Legion Post 91

APPROVED a Class B Bingo Game License for Gary A. Pelkey, as Manager, for the American Legion Post 91, 922 N. Alma School Road.

A Class B Bingo Game License is designated to allow qualified organizations to generate funds to help support their lawful activities. The American Legion Post 91 has requested the City's approval of their Class B Bingo License. Bingo game sessions will be conducted every Tuesday and Thursday evening at 6:30 p.m. and Saturdays at 3:00 p.m. For a Class B Bingo Game License, the City does not issue the license; however, State Code requires that the applicants receive City approval as part of the licensing process.

The Police Department, Transportation and Development Department and Fire Department reviewed the application and indicated no objections.

48. WINE FESTIVAL/WINE FAIR LICENSE: Kokopelli Winery

APPROVED a Wine Festival/Wine Fair License for KWB Chandler LLC, dba Kokopelli Winery for their Arizona Wine and Food Gala on August 19 and 20, 2011, at The Castle at Ashley Manor, 1399 S. Price Road. A recommendation for approval will be forwarded to the State Department of Liquor Licenses and Control

With a Wine Festival License, a licensed domestic farm winery, within the confines of the event during the designated event periods, can serve samples of its products, sell such products for consumption on the premises and sell their products in original containers for consumption off the premises.

49. FINAL PLAT: Ocotillo Crossing

APPROVED Final Plat FPT10-0009 Ocotillo Crossing, for a replat in conjunction with a planned retail development on approximately 3.9 acres for the SWC of Arizona Avenue and Chandler Heights Road. (Applicant: Vaughn Land Surveying, Inc.) The plat creates the lots and tracts, establishes the necessary easements, and dedicates the required rights-of-way.

50. FINAL PLAT: ICAN at Folley Park

APPROVED Final Plat FPT11-0002 ICAN at Folley Park, for a replat of a portion of the Bogle Business Park in conjunction with a planned youth facility on approximately 2.36 acres located approximately one-quarter mile north of the NEC of Pecos Road and Hamilton Street. (Applicant:

Eric Sostrom, SIG Survey Innovation Group, Inc.) The plat creates the lots and tracts, establishes the necessary easements and dedicates the required rights-of-way.

ACTION:

12. ZONING TIMING EXTENSION: Norton's Crossing

APPROVED a three-year timing extension for DVR11-0019 Norton's Crossing, on the existing PAD zoning for office, retail and multi-family development on 23.5 acres located at the NWC of Chandler Boulevard and Gilbert Road. (Applicant: Mike Curley, Earl, Curley & Lagarde.)

Background:

The existing plan includes 8.3 acres of commercial development and 15.22 acres of multi-family. The PAD zoning was conditioned to start construction above foundation walls within three (3) years of the ordinance effective date.

This is the first zoning time extension requested for the property. The initial timing condition expired on June 7, 2011. The three-year time extension will be in effect until June 7, 2014, as the time limit is calculated from the previous zoning approval's expiration.

The subject site initially received zoning in 1993 as part of the 230-acre Dobson Place master planned community. At that time, the site was zoned PAD for multi-family and commercial development. In 1995, the site was rezoned to PAD strictly for commercial uses, eliminating the multi-family designation. With the development of the Dobson Place single-family residential neighborhood, the zoning was vested for the site. In 2008, the site was rezoned to allow for the office, retail, and multi-family development.

Directly north and west of the subject site is the Dobson Place single-family residential neighborhood. East, across Gilbert Road at the intersection corner, is a CVS Pharmacy located within the Town of Gilbert. South, across Chandler Boulevard, is a Circle K gas station, vacant land and an automotive shop, all located in a county island. In addition, there is a small trailer park and the Colonia Coronita single-family residential subdivision, both located within the City of Chandler.

The General Plan designates the site as low-density residential; however, allows the consideration of commercial development and high-density residential development at the intersection of arterial streets. Staff continues to find the site and proposed uses to be consistent with the General Plan.

This request was noticed in accordance with the requirements of the Chandler Zoning Code with a neighborhood meeting being held on June 21, 2011. There were two neighbors (husband and wife) in attendance with general questions regarding the request. Staff has heard from one resident opposed to the extension. The resident lives in the adjacent neighborhood, approximately 2,200 feet from the subject site. At the Planning Commission hearing, the two neighbors that attended the neighborhood meeting spoke in opposition to the request citing concerns with potential increases in crime and the devaluing of homes due to the proposed construction of the apartment complex. They were in support of reverting the property back to the previous commercial designation.

Upon finding consistency with the General Plan, the Planning Commission and Staff recommend approval of extending the timing condition for an additional three (3) years with all of the conditions in the original approval remaining in effect.

Discussion:

City Planner ERIK SWANSON explained to the Council that the request before the Council was to take action on the existing PAD zoning to extend the conditional schedule for development, remove or determine compliance with the three-year schedule for development or to cause the property to revert to the form of PAD zoning designation. He told the Council that the site was on 23.5 acres on the northwest corner of Chandler Boulevard and Gilbert Road, with approximately 15.2 acres designated as multi-family and 8.3 acres as commercial.

Mr. Swanson indicated that there were a number of residents that opposed the initial case in 2008, which resulted in a legal protest. Ultimately, the City Council approved the case, with three-year timing in condition for construction. He told the Council that staff had heard from various individuals that opposed the site, including: two neighbors that attend a neighborhood meeting, a resident who lived approximately 2200 feet northwest of the site and approximately five residents that had submitted emails to staff. He added that both Planning Commission and Staff were recommending approval.

COUNCILMEMBER SELLERS stated that multiple letters received by the Council asked for the zoning not to be changed. He stated it was his understanding that the request was to continue what had already been approved.

MR. SWANSON concurred.

In response to a question from COUNCILMEMBER ORLANDO, Mr. Swanson explained that the three-year period allowed staff to go through the development process and to allow the developer to obtain necessary permits. He reiterated that a three-year period was something that was historically done, but noted that there had been instances where one-year or five-year periods had been given.

MR. MIKE CURLEY 3101 N. CENTRAL AVENUE, PHOENIX, gave the Council a historical overview of the case. He told the Council that the property had been zoned prior to the economy collapsed. He noted that multiple changes had been made to the site including reduced units and sizes. He noted that there would be further changes done in conjunction with one of the neighbors in the area (Mrs. Woods). He added that he would be comfortable with an extension less than three-years if the Council chose to do that.

COUNCILMEMBER ORLANDO questioned if this projects timeline could be less than three years.

MR. CURLEY reiterated that he would be fine with a shorter timeline due to the multi-family market being a thriving area in the development business.

COUNCILMEMBER ORLANDO stated that the apartments had been set up as luxury apartments but had been reduced in size.

MR. CURLEY concurred. He stated that some of the neighbors were taken to see other projects that Starpoint had built. He stated that the units would be Class A development.

In response to a question from COUNCILMEMBER ORLANDO, Mr. Curley explained that the site consisted of 7.5 acres of commercial property that wraps the corner. He stated that Fresh and Easy was to be the anchor but noted that they had stopped building. He was not as hopeful about the commercial development as he was about the multi-family development.

COUNCILMEMBER ORLANDO questioned if the commercial portion in the area would be spurred on by the development of the multi-family if it were to be moved up. MR. CURLEY concurred but he stressed that he believed the retail portion would have a bleaker outlook. He believed that the three-years for the application would be needed for the retail portion.

COUNCILMEMBER HEUMANN clarified that if the zoning would be met if the multi-family construction occurred. He stated the commercial could occur years later.

MS. DIANE WOODS, 241 N. NASH WAY voiced her concerns against the case. She told the Council that there were neighbors in the area that did not know what was going on. She hoped that the developers of the project were good people who wanted to build a quality project. She hoped that the developers had strong CC&R's and would build quality homes. She asked the Council to consider the shelf life of apartments, which she believed to be up to 15 years.

MR. CURLEY listed various multi-family projects throughout the City of Chandler including projects built by Mark Taylor. He stated that there were multiple projects that were 15-18 year old projects, which he believed had stood the test of time.

In response to a question from COUNCILMEMBER ORLANDO, MR. CURLEY indicated that the developer continued to maintain and run properties in Scottsdale and Phoenix.

COUNCILMEMBER WENINGER questioned the viability of stipulation 22 of the case regarding the development of retail. MR. CURLEY responded that the stipulation was viable. He stated in order to comply with the stipulation there would need to be one use to comply. He noted that the plans were being tweaked and that the case might return before the Council due to it.

COUNCILMEMBER HEUMANN questioned what the rent rates for the apartments would be. MR. CURLEY responded that the Class A apartments rents would range from \$900-1300.00.

COUNCILMEMBER HEUMANN noted that he did not believe the property would deteriorate due to the investment going into the property. He believed that the project was a quality project and that it would enhance the area.

MAYOR TIBSHRAENY questioned what the density of the multi-family portion of the project. MR. CURLEY replied that the density was 18 or 19 unit per acre range.

MAYOR TIBSHRAENY asked what Condition No. 19 in regards to canvass shade structures referred to.

MR. SWANSON stated that the conditions were in regards to commercial which included the elements of canvass shade structures.

In response to a question from MAYOR TIBSHRAENY, Mr. Curley stated that the amenities of the project included vaulted ceilings, upgraded appliances, granite countertops, security/intercom systems, pools, spa and a movie theatre.

MOVED BY COUNCILMEMBER ORLANDO, SECONDED BY COUNCILMEMBER WENINGER to approve the extension of timeline conditions for DVR11-0019 Norton's Crossing for a three years and for zoning to be in effect until June 7, 2014 and for all conditions in original approval remain in effect.

COUNCILMEMBER WENINGER questioned if Condition No. 22 could be removed. He expressed concern over the fact that it stated that all retail had to be developed.

MR. SWANSON stated that the removal of the condition could not be considered tonight. He stated the case would need to come before the Council at another time to consider the removal of that condition.

CITY ATTORNEY MARY WADE concurred with Mr. Swanson's statement.

WHEN THE VOTE WAS CALLED, THE MOTION CARRIED BY MAJORITY (6-1) WITH MAYOR TIBSHRAENY VOTING NAY.

27. REJECTION OF CONTRACT BIDS: Solar Water Heating Systems

REJECTED all bid submittals received for Project #BF1007-401 for Solar Water Heating Systems.

Discussion:

ASSISTANT CITY MANAGER PAT MCDERMOTT said that based on discussions on Monday night, Staff recommends rejecting all of the bids that were received. He stated that the bid was close to 30% higher than the APS Energy Services Audit estimate. He stated that staff felt comfortable going forward due to details and specifications in the bid being developed. He said despite the outreach to promote the bid, there were concerns over the fact that only one bid was received. Staff would again be proactive and notify vendors of the re-bid hopes to get more interest from vendors.

COUNCILMEMBER WENINGER questioned if there would be a payback and questioned the time frame of that occurring.

ASSISTANT CITY MANAGER MCDERMOTT stated that APS Energy Services had been contracted to conduct audits on facilities where energy consumption could be saved. He stated that the company performed an investment grade audit. He said then the company guarantees certain energy savings and hires contractors and installs energy conservation measures. He stated that the company would make up money if energy measures are not met or exceeded.

Mr. McDermott stated the audit was conducted and the average payback for the entire audit was approximately 22 years. He stated that staff decided to cherry pick items off of the audit and felt that the City could reach certain economies by individually conducting certain improvements. He indicated that the City conducted a project for exterior LED lighting around the Main Library, replaced HVAC equipment at several fire stations and replaced a cooler tower at the Main Library and Police Station. He stated that all of the expenses were legitimate expenses and were done so using stimulus funds. He noted the City has received almost \$2.3 million in stimulus money to

complete energy conservation measures. He referenced a number of projects that were currently being worked on including projects that dealt with interior lighting and a project that would add automatic shutoffs to 26 buildings throughout the City. He stated the product was bid, but city in-house labor was used which will allow them a 5 year payback as opposed to a 10 year payback as identified in the audit.

He stated that the payback range for the solar water heating systems was from 13-22 years. He pointed out that the purpose of stimulus funds is to generate jobs, create reinvestment for the country, as well as following a "buy American provision". Mr. McDermott stated that doing something with a 20 year payback would provide a 5% savings to the general fund each year. He believed it was a worthy goal and worthy of spending the stimulus money. He said there would be \$1,000 - \$2,000 in savings yearly for the solar water heating.

He added that staff hoped to have \$400,000.00 dollars in street lighting which would have an approximate payback of 15 years. He noted that the payback would be accelerated as energy costs go up.

COUNCILMEMBER WENINGER asked if it was possible to increase the street light amount that was referenced.

MR. MCDERMOTT responded that it was possible; however he was not certain it was feasible yet due to the areas. He stated that APS had a more aggressive rebate program. He was not certain all of the lights could be done in the APS area for the amount. He stated that staff could look into expanding into the SRP territory.

COUNCILMEMBER ORLANDO suggested that the issue be vetted out through a Council Subcommittee in order to give staff ideas of where to allocate the money.

MR. MCDERMOTT stated that there was half a million dollars that had not been committed or expended. He agreed to meet with the subcommittee, but encouraged to rebid this project.

COUNCILMEMBER ORLANDO stated he would like to see money be allocated for lighting instead of using towards hot water. He stated he wanted to see the Subcommittee review the information to give ideas before moving forward.

COUNCILMEMBER HEUMANN stated he was in favor of the solar but noted he believed the amount was high. He stated that staff should analyze the bids and present them to the Council Subcommittee.

COUNCILMEMBER HARTKE concurred and indicated he would like to see the information go for re-bidding.

MAYOR TIBSHRAENY stated that the information could be re-bided as well as presented to the Council Subcommittee.

COUNCILMEMBER WENINGER expressed his concern with the 9 year window for payback and the lack of definitive data.

MR. MCDERMOTT clarified that the range was 13 years for one station and another was 22 years and the rest fell in between for the payback. He acknowledged that 22 years was a long

time. He added that everything was an estimate, particularly in the Fire Stations as if a unit is added or deleted the usage could increase.

COUNCILMEMBER WENINGER noted that in the past there had been estimates for the Boys and Girls Club and for certain Habitat for Humanities homes. He stated he would like to see the estimates that had been provided and compare to the actual numbers to show what worked or what estimate had been off.

MOVED BY COUNCILMEMBER ORLANDO, SECONDED BY COUNCILMEMBER HARTKE TO REJECT ALL BID SUBMITTALS FOR SOLAR WATER HEATING SYSTEMS FOR PROJECT #BF1007-401. MOTION CARRIED UNANIMOUSLY (7-0).

51. CHANDLER AIR SERVICE LEASE

MAYOR TIBSHRAENY announced the item regarding the Chandler Air Service lease was added to the agenda to allow people to address the Council. He stated that the Council had not been briefed about the lease and noted that there would not be a vote taking place.

CITY ATTORNEY MARY WADE stated that the City was in negotiations with Mr. Walkup in regards to his lease. She stated that if terms were reached, the case would go before the Airport Commission for recommendation approval to be forwarded to the City Council. She indicated that though the Council could listen to comments being made, she urged the Council not to negotiate as the City was currently in negotiations.

MR. JOHN WALKUP, 551 W. EVERGREEN ST. Chandler. He provided the history of his business, Chandler Air Service. He stated that the property had increased over the years and stated he had almost \$3 million dollars invested in his facility. He stated his facility had contributed \$60 million dollars in the economy over the years. He stated that the property was not eligible for any other purpose except for the business that is done at the Airport. He stated he developed the buildings, provided the water, sewer, etc. He added that the value of the building goes down as it nears the end of the lease and that it was harder to borrow money. He stated that he was done negotiating and asked the Council to direct staff to enter good faith negotiations for long term leases for 30-50 years for Chandler Air Service. In addition, he noted that there were errors on the City's part in terms of dates with the original lease and he believed his lease was valid for another year. He asked for an expedited answer on the lease date.

MAYOR TIBSHRAENY asked staff to review the letter provided by Mr. Walkup and provide the Council with information.

MR. NEIL JONES, Owner of Quantum Helicopters asked the Council to intervene in the situation with Mr. Walkup. He stated that every business at the Airport would be impacted by whatever happens with Mr. Walkup. He credited Mr. Walkup for providing his business his first lease and the ability to start.

MR. STEVE MARINELLA, 505 E. ALAMO DRIVE, CHANDLER encouraged investment to retain earnings by corporations, businesses and individuals. He believed that Chandler Air Service was highly dependable and believed it showed growth. He noted that Chandler Air Service had remained profitable for many years. He asked the Council to view the issue favorably.

COUNCILMEMBER ORLANDO asked for clarification regarding the issues regarding the lease. CITY ATTORNEY WADE stated there were many issues and that the lease rate and the term of the lease were two of the critical issues.

Transportation & Development Director RJ ZEDER stated that leases varied in length with 50 years being the maximum in the area. He stated that the renewal of the leases was up to the leasee.

MR. FRANK SETZLER, 1988 S. 140th PLACE, GILBERT, stated his lease was similar to that of Mr. Walkup's. He stated that his lease was set to expire in 2 years with a 5-year option after that. He indicated that he had not received any correspondence from the City regarding the lease. He stated that he corresponded with the Airport Manager in 2008, which resulted in being told that he would need to accept the City's 33 page lease if he wanted to extend his time. He stated that discussion would have to ensue whether he would remain in the same location and that additional fees would be levied in the new contract. He stated that lease was not business friendly. He stated he found out that changes to the lease had been done but he had not been notified. He noted various businesses that had tried to have new businesses at the Airport but noted they resulted unsuccessful. He further noted that staff had compared rental rates in Chandler to that of the Scottsdale Airport. He also noted that the ground lease was for the dirt and stressed that he had paid for the infrastructure, etc. Mr. Setzler stated that he would need to go into negotiations to have a lease drawn up. He stated that lease provided by staff could not be negotiated. He questioned what the protocol was for having leases for businesses that have brought substantial investments.

MR. GREG STAFFORD, 1096 E. LOMA VISTA, GILBERT, stated he was a flight instructor for Chandler Air Service. He noted that there were people who traveled to Chandler from all over the world to do business with the Chandler Air Service. He expressed his support for a longer lease term.

In response to a question from COUNCILMEMBER WENINGER, Transportation & Development Director RJ ZEDER stated that there were 2 leases with the Chandler Air Service. He stated that the first lease was for 25-year initial term and two 5-year period terms. He stated that the second lease was for done in June of 1987 and was 25, 10 and 10 year periods. He stated that the first lease had been extended to end the same as the second lease. He stated that staff had been discussing with Mr. Walkup to honor his written request for a 10-year extension on the leases. He stated that Mr. Walkup did change his position and asked for a new 30-year lease with two 10-year renewals.

MR. FADI ASSOUAD 3234 E. BRYWOOD TERRANCE, PHOENIX, stated that the lease with Chandler Air Service would affect the Hangar Café at the Airport. He noted that the Hangar Café brings revenue to the City and employees about 13 people. He stated that with Mr. Walkup, the Café would be able to make improvements and expand.

MR. ADAM CHRISTENSEN, 4056 E. OXFORD LANE, GILBERT told the Council that he was a commercial banker and noted he was worked for various Chandler businesses. He explained to the Council how ground leases affected banking relationships. He explained that businesses place their assets as collateral for financing. He stated that Chandler Air Service leased the dirt that improvements were built on. He further explained that degree of negative property value impact increased as the ground lease maturity approached. He added that the declined values were in addition to the decline of the real estate market. He stated that the ground lease term was

a concern to a bank because of the effective market ability of the business. He referenced comments made earlier and stated that the 15 years left of his lease was a short lease.

MR. STEVE SMITH, 2466 E. HAZELTINE WAY, CHANDLER explained to the Council he was a minority shareholder of the Chandler Air Service. He believed that the Chandler Airport could attract new business and development unlike other places of the City of Chandler. He felt he could not be a part of the development due to the terms of the City's lease. He noted that a financial institution would not loan money to a business that may not be around for 10-15 years. He asked the City of Chandler to offer the same lease packages that were offered to other businesses on the Airport.

MR. KELLY WALLMUELLER, 1614 W. CARLA VISTA ROAD, CHANDLER, told the Council until recently he had operated his aircraft out of Chandler. He told the Council that unlike Scottsdale's Airport, Chandler's Airport is less than 50% built. He stated that there was no new ground being built at the Airport. He believed that there was a systemic dislike of aviation businesses by the people that run the Chandler Airport. He stated he has moved his business to Casa Grande.

MR. JEFFREY MATAR, FOUNTAIN HILLS, stated he owned a hangar at the Airport. He stated that 10 years ago he thought this would be a good place to invest money and felt it was pro aviation. He expressed that Chandler had a viable community at the Airport. He stated that Chandler Air Service had an investment in Chandler. He believed the Council should reward them by allowing a longer lease for them to operate a viable business. He did not believe a 10 or 15-year lease was viable for a business.

MR. JIM ORMSBY, 3131 E. HORSESHOE DRIVE, CHANDLER, expressed support for Chandler Air Service. He stated he was impressed with the Chandler Air Service and other businesses, investments, leadership, community participation and job creation. He expressed his disappointment that the Chandler Airport was the only Airport that was not experiencing growth.

MAYOR TIBSHRAENY thanked the members of the audience who addressed the Council regarding their concerns. He indicated that the lease for Chandler Air Service had been on track to go before the Airport Commission and the City Council. He noted the legal issue that had been raised questioned whether the lease was in its 25th year or not. He stated he looked forward to receiving that information. Mayor Tibshraeny also noted that Mr. Setzler had questions regarding his own business. He asked staff to give information to the Council regarding the issues that were raised.

CURRENT EVENTS:

A. Mayor's Announcements

Mayor Tibshraeny thanked Police Chief Kiyler for addressing the Council regarding the memorial for Officer Ledesma.

Mayor Tibshraeny announced public meetings regarding reductions in bus services would take place on August 2, 2011 at the Council Chambers and August 3, 2011 at the Desert Breeze Police Substation.

He announced the Chandler Police Department was accepting applications for the next Citizen's Police Academy.

Mayor Tibshraeny announced the relocation of Ports America to Downtown Chandler. He stated that 200 jobs would be brought in to Downtown Chandler, with a move-in date of October 31. He thanked the City Council, City Manager's Office and the Economic Development Department for securing the tenant.

B. Councilmembers' Announcements

Councilmember Heumann thanked Lori Quan and Chris Mackay for their work in regards to bringing Ports America to Downtown Chandler.

Councilmember Hartke stated that the City of Chandler participated with the Valley of the Sun and other 40 agencies in Project Connect. He stated that the event provided resources to the homeless. He stated that they provided aid to the homeless who were in needs of ID's, job information and housing information.

Mayor Tibshraeny thanked Vice-Mayor Donovan and Councilmember Hartke for their work with this project.

C. City Manager's Announcements

None.

Adjournment: The meeting was adjourned at approximately 8:59 p.m.

ATTEST: _____
City Clerk

Mayor

Approved: August 15, 2011

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the regular meeting of the City Council of Chandler, Arizona, held on the 28th day of July 2011. I further certify that the meeting was duly called and held and that a quorum was present.

DATED this _____ day of August, 2011.

City Clerk