

MINUTES OF THE SPECIAL 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, November 7, 2013.

THE MEETING WAS CALLED TO ORDER BY MAYOR JAY TIBSHRAENY at 5:46 p.m.

The following members answered roll call:

Jay Tibshraeny	Mayor
Jack Sellers	Vice-Mayor
Trinity Donovan	Councilmember
Nora Ellen	Councilmember
Kevin Hartke	Councilmember
Rick Heumann	Councilmember
Jeff Weninger	Councilmember

Also in attendance:

Rich Dlugas	City Manager
Pat McDermott	Assistant City Manager
Marsha Reed	Assistant City Manager
Kay Bigelow	Acting City Attorney
Marla Paddock	City Clerk

Mayor Tibshraeny commented this meeting was a follow-up to a retreat on residential development and will then include a review of the report regarding the South Price Road Corridor.

Review of Residential Growth and Residential Permitting:

MR. JEFF KURTZ, PLANNING MANAGER explained a breakdown of multi-family development as of October 2013 noting 17.3% apartment dwelling units, 4.5% condo and 4% townhouse/duplex.

He said based on projections, there will be 33% multiple family development. Apartments will change from 17% to 21% and single family decreases from 71 to 67%

Mayor Tibshraeny asked about the condo category whether it is ownership and referenced The Villas at Ocotillo project. Mr. Kurtz said the category is mixed and noted the example mentioned is a hybrid that is platted as a condo development and is single family detached style.

Councilmember Heumann asked if these numbers take into account the South Arizona Avenue Overlay with higher densities. Mr. Kurtz replied that it does.

Mr. Kurtz reviewed examples of buildings that were under the Commercial Design Standards, noting they came from a performance standard using existing design standards and the developer's ability to apply them to create quality buildings.

Councilmember Heumann asked if there is need to update the multi-family standards as it hasn't been updated for quite some time. Mr. Kurtz provided samples of multi-family projects currently being reviewed; noting the point to make is that design will always be subjective. He gave the opinion that additional design standards were not needed. He stated staff would like the

opportunity to share what the current standards are today. Most of the multi-family standards are based on a suburban formula.

Councilmember Heumann stated he wanted to make sure staff had the tools they needed to bring the quality expected.

Mr. Kurtz displayed a few of the projects currently under review.

Mr. Kurtz shared a map showing current/pending single family small lot residential subdivisions with lot size of 6,000 s.f. or less. He commented there are 11 subdivisions representing just fewer than 900 dwelling units. Most are located south of the freeway in the growth area. There are three areas of cluster homes. He explained cluster homes present challenges in locating utilities, emergency service access and trash collection.

Mr. Kurtz reviewed current cluster home subdivisions and noted the weaknesses and strengths. Mayor Tibshraeny said his desire was to look for opportunities for custom subdivision, larger lot subdivisions and increased quality.

Councilmember Ellen said she would also like to extend that to commercial buildings and envisioned what she would describe as classy and exquisite buildings.

Review of South Price Road Employment Corridor Report:

Mayor Tibshraeny commented this Corridor is one of the most dynamic areas in the region and in the southwest United States. The policies for the Corridor were developed for the desire to keep the area different with high value employment opportunities. With those goals in mind, the decision was made to review the policies on the Corridor to meet the changing trends while still maintaining and strengthening the integrity of the Corridor.

MR. ALAN MAGUIRE, Economist hired by the City to develop the Study, explained the evolution of the Policy. He stated the Policy was developed in the 1980's. In the 2008 General Plan, there is firm establishment of the guiding principles for the Corridor – single user, generally not less than 15 acres, the inclusion of the new Innovation Zone, specifically permitted land uses that guide the value, and significantly enhanced infrastructure.

He explained the permitted land uses were important.

Ms. Christine Mackay, Economic Development Director, reviewed the development of the Corridor from 1983 as outlined in the report.

Mr. Maguire continued to highlight areas contained in the Study. He reviewed the Development Trends and identified 3 examples that would be best relevant to the Price Road Corridor. Research Triangle in North Carolina. Honeywell Site in northern New Jersey. Legacy in Texas.

He reviewed the current policies and issues. Mr. Maguire said a parcel size of 15 acres becomes an issue as build-out occurs. The single user becomes a challenge when users down size or want to grow in place and may have a remnant portion of the building. The campus setting is important but can be challenging on a smaller parcel.

Mr. Maguire highlighted issues outlined in the Study:

Parcel size: Building remnant problem with changing employment patterns. The potential negative impacts on the ability to finance a building. Remnants smaller than 15 acres.

Permitted uses: Single User
High Tech/ High Value uses

Mr. Maguire highlighted some of the recommendations.

He explained the campus like environment creates a sense of place, which will become stronger as you fill in parcels. Don't confuse campus-like with low density.

Focus on high value employment.

Preserve and actively enhance the employment density.

Preserve and enhance the aesthetics of the Corridor.

Multiple uses in facilities within the primitive uses. The need to provide the ability for businesses to grow in place.

Vice Mayor Sellers asked if this Corridor was compared to others for maximum building height. Mr. Maguire replied in looking at the 3 mentioned, there are different patterns according to what is adjacent to that development and the local comfort level.

Mayor Tibshraeny inquired about the placement of data centers in the Corridor.

Mr. Maguire stated data centers are specifically in the 2008 General Plan. They have changed significantly in character during that time. They are much more intensive as storage has become smaller. The maintenance and operations have become more automated. What might have been a high employment activity is now a lower volume of employment. He suggested looking at the specifics in the definitions as they may need updating - a data center is one of the definitions.

Mayor Tibshraeny noted that businesses also look at shifts to maximize the efficiency of the building.

Councilmember Weninger said he would look for a balance on changing uses or users and does not want to "over correct".

In response to a question from Councilmember Heumann, Mr. Maguire said there is a healthy but constant tension between cities and their goals and developers and their goals. The biggest point of tension is time which carries into cost. He noted Chandler has been patient on this corridor and has been rewarded by that. Time should not be the consideration to change, but changing circumstances should drive the consideration to change.

Mr. Maguire reported that over the last 30 years, the assessed value went from \$500,000,000 to \$3 billion in full cash value in the city as a whole which shows an asset base and a tax base that allows fiscal stability.

RECESS: The meeting was recessed at 6:56 p.m. and reconvened at approximately 8:49 p.m. by Mayor Tibshraeny.

Councilmember Ellen asked how the recent depression has had an effect and if it was somewhat premature to start making changes at this point. Mr. Maguire replied that the fact that there was less activity during the recession shouldn't be concerning, but there has been change in business models and the way they operate as a result of the magnitude and duration of the slowdown. He reiterated that Chandler's patience had served it well and the objectives of high value, high value and the right things in the corridor are valuable things.

In response to an additional question, Mr. Maguire said the process that Chandler has in the past has been successful. The tradition on large parcels has held well, but there are parts in the Corridor that don't meet the large parcel standard. Another issue is the remnants inside a building.

Mayor Tibshraeny read a comment card received by Lisa Bartlett expressing her wishes to keep the Corridor free of high density housing.

Mr. Leo Bauman, representing Wells Fargo, said they often have to grow the team member capacity in order to construct for a longer term. Of the 2,500 team members they are putting in the new phase, 2,250 are already in temporarily leased spaces that were secured 2-5 years prior. It's temporary until there is enough critical mass to commit to a major capital obligation.

Mr. Bauman impressed upon Council the need for a bus line in the Corridor that travels collector routes. A major employment corridor needs mass transportation. Not having the transportation will discourage other corporations. He asked the Council's help in obtaining this.

Mr. Bauman stated corporations have different facility space requirements at different times. He reported the need for flexibility and noted they would not have located if there was a single user restriction. He cited the need for flexible space for expansion and retraction, and the ability to incubate for future phases.

Mayor Tibshraeny said staff will address the transit issue Mr. Bauman cited.

Mr. Mike Withey, stated that during the last 8 months while the report was being developed, the Corridor has been in limbo to some extent and that uncertainty is not healthy for the city or the market place. He asked that those uncertainties be removed as soon as possible. He encouraged the Council to implement any solutions quickly.

Mr. Garry Hays noted on page 15 of the report that since the Great Recession of 2008, there have still been 8 projects in Price Road Corridor. He commented he would interpret that to be people want to be here the way it is.

Mr. Hays noted that there currently an innovation zone (Continuum) with the ability to house multi use tenants that is still not complete. He urged the Council to wait to see what happens with Continuum to see what develops.

Mr. Jeff Kurtz, commented the General Plan is a comprehensive plan for the city. Mr. Kurtz said the concept of using 15 acres was generally a way to describe a big project. He stated there are

23 elements in the General Plan and staff is charged with implementing those elements. Mr. Kurtz said that the subject of the development cases coming forth did not contain the specificity that Council as policy makers needed. Staff will recommend to applicants to include more specificity. Conditional zoning as well as development agreements can also be used as tools.

In the 2008 General Plan adoption, the issue of single user was present and there were solutions contained in the document using the innovation zone. There needs to be greater defining of that.

Mr. Kurtz said mid-term steps can be use of the Area Plan as this can be a tool that engages the public and becomes a subset of the General Plan; although, it takes some time due to public process engagement which can take, at the least, a year. Another opportunity will be a General Plan update that will be presented to the voters in 2018.

Councilmember Heumann asked how some of the implementations will occur. Mr. Kurtz said there are pending development requests waiting to come forward and they will be the test cases.

Councilmember Heumann asked that if the need for a Council subcommittee arises, that be used.

City Manager Dlugas said the implementation could be brought forward in December for a formal vote of Council. Mayor agreed.

In response to a question from the Mayor, Economic Development Director Ms. Christine Mackay said Price Road Corridor is an employment corridor of its own. She explained an example of a challenge would be a 120,000 s.f. user that wants to expand in the next 5-6 years into 150,000 s.f. By the language that exists today, they could only go into a 130,000 s.f. building and would have to move into another building to go into the 150,000 s.f. building. They don't have the ability to expand in place. If you had an employer in the Corridor whose business contracts and they now have 10% of their building available, at this point, they would struggle to find a tenant while finding consistency with the General Plan. She said it's about giving a little bit of flexibility to major employers.

Ms. Mackay noted in addition the ability to finance buildings has changed and is more challenging.

Adjournment: The meeting was adjourned at approximately 9:38 p.m.

ATTEST: _____
City Clerk

Mayor

Approved: December 9, 2013

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 4th day of November 2013. I further certify that the meeting was duly called and held and that a quorum was present.

DATED this _____ day of December, 2013.

City Clerk