

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, June 25, 2015.

THE MEETING WAS CALLED TO ORDER BY MAYOR JAY TIBSHRAENY AT 7:04 p.m.

The following members answered roll call:

Jay Tibshraeny	Mayor
Kevin Hartke	Vice-Mayor
Nora Ellen	Councilmember
* Rick Heumann	Councilmember
René Lopez	Councilmember
Terry Roe	Councilmember
Jack Sellers	Councilmember

\* Councilmember Heumann participated by phone.

Also in attendance:

Marsha Reed	Acting City Manager
Nachie Marquez	Assistant City Manager
Kay Bigelow	City Attorney
Marla Paddock	City Clerk

INVOCATION: Vice Mayor Hartke gave the invocation.

PLEDGE OF ALLEGIANCE: Mayor Tibshraeny led the Pledge of Allegiance.

CONSENT:

MOVED BY VICE MAYOR HARTKE, SECONDED BY COUNCILMEMBER SELLERS, TO APPROVE THE CONSENT AGENDA AS PRESENTED.

MOTION CARRIED UNANIMOUSLY (7-0).

1. MINUTES:

APPROVED the following Chandler City Council Meeting Minutes:

- 1a. Regular Meeting of May 28, 2015.
- 1b. Study Session of June 8, 2015.
- 1c. Regular Meeting of June 11, 2015.
- 1d. Special Meeting (Budget Adoption) of June 11, 2015.

2. CITY CODE AMENDMENT: Chapter 28

Ord. #4639

ADOPTED Ordinance No. 4639 amending Chapter 28, Sections 28-22.2 of the City Code relating to sign requirements during the sale of consumer fireworks.

3. CITY CODE AMENDMENT: Chapter 43 Ord. #4644

ADOPTED Ordinance No. 4644 amending Chapter 43, Section 43-5, Subsections 43-4.5.A, 43-4.5.B, 43-4.5.C, 43-4.5.D, 43-4.5.F and 43-4.5.I of the City Code and adopting updated Fire Department Standard Details and Public Works Design and Construction Standards.

4. 2015-16 PROPERTY TAX LEVY Ord. #4635

ADOPTED Ordinance No. 4635 adopting the 2015-16 Property Tax Levy.

BACKGROUND

State law requires that the tax levy necessary for funding the adopted budget be established by ordinance and be adopted fourteen (14) days following the public hearing and the final adoption of the budget and not later than the third Monday in August (August 17, 2015). As this tax levy ordinance is an administrative method of setting apart funds necessary for use and maintenance, it does not require an extraordinary (3/4) vote to make it effective immediately. This determination is based on a Supreme Court decision and is fully explained in the Municipal Budget and Financial Manual provided by the Arizona League of Cities and Towns.

Ordinance No. 4635 follows the prescribed form recommended for adoption and establishes a tax levy of an estimated \$28,070.00 as set forth in the 2015-16 Budget. In this ordinance, the Chandler City Council directs the County of Maricopa to levy the amount allowed by law. The total tax rate will be \$1.1792 per \$100 of assessed valuation. Property value estimates have been received from the County Assessor's office and are available for public inspection in the City of Chandler Office of the City Clerk and the Management Services Department.

5. INTERGOVERNMENTAL AGREEMENT: AZ Department of Revenue Res. #4872

ADOPTED Resolution No. 4872 authorizing an Intergovernmental Agreement (IGA) with the Arizona Department of Revenue (DOR) regarding the uniform administration, licensing, collection, and auditing of transaction privilege tax, use tax, severance tax, jet fuel excise and use tax and rental occupancy taxes imposed by the State, cities or towns.

DISCUSSION

This IGA was negotiated with DOR by city representatives and included a finance director, a tax administrator, and two attorneys, along with assistance from the League of Arizona Cities and Towns. Additionally, several attorneys and tax experts from many cities and towns reviewed and commented on the language during the process resulting in a document that provides the maximum level of information and assurances for the cities possible.

Local TPT administration is governed by A.R.S. § 42-6001. This statute was recently modified for the purpose of tax simplification with the passage of House Bill 2111 in 2013 and House Bill 2389 in 2014. This statute now requires the Arizona DOR to administer the transaction privilege and use taxes imposed by all cities and towns and to enter into a new IGA with each city and town to reflect these changes and clearly define the working relationship between DOR and Arizona cities and towns.

State administration for the current self-collecting cities is predicated on DOR having the capability to provide an electronic means for collecting and distributing detailed taxpayer information including specific gross receipts and deductions by classification and by business location.

This IGA intends to cover all aspects of administration after DOR takes over for all cities and towns, but it also includes language allowing self-collecting cities to continue their own tax and license programs until such time that DOR is able to perform the administrative functions documented in statute.

Although tax simplification will have the greatest impact on those cities and towns that are currently self-collecting local taxes, there are also considerable improvements for cities and towns in the State collection program as a result of simplification, particularly in the form of receiving much more detailed taxpayer data.

The IGA covers all aspects of local tax administration. First and foremost, the IGA addresses confidentiality, including the authorized handling of confidential taxpayer information, expectations for the discreet use of taxpayer data to prevent unauthorized disclosure, and the process to be followed in the event of a disclosure. There is also clarified and simplified guidance on the use of aggregated taxpayer data for public report and analysis.

The IGA includes clear direction regarding the sharing of general taxpayer license information, legal interpretations and written guidance, rate and fee tables and any other pertinent tax information that needs to be shared between the cities and towns and DOR.

Importantly, the IGA identifies exactly which license and tax return data fields must be provided by DOR and identifies in detail a series of new reports DOR will soon provide to all cities, both of which will serve to greatly expand the data available to the city for analysis purposes.

The first changes related to tax simplification that went into effect, were new rules dealing with auditing which DOR and the cities began following in January 2015. The IGA formalizes both the concepts included in statute and the main concepts used in practice by auditors in the field.

Key factors include a commitment to audit for all jurisdictions whenever any audit is being done; the continued authority for any city or town to perform an audit of a taxpayer that is engaged in business only in their town; the general guidance that DOR will lead all multi-jurisdictional audits, coupled with the option for DOR to delegate actual audit performance to a city or town when circumstances indicate it, would be the most efficient means of completing the audit.

The IGA also provides guidance for handling voluntary disclosure by taxpayers, closing agreements in lieu of litigation and sets up the responsibilities and authorities of both parties in terms of code or statute interpretations and legal support for protests.

Most importantly, the new IGA provides for a formal review process using the new "State and Local Uniformity Group" made up of four city and four DOR tax experts who will work together to iron out any problems or conflicts between the cities and the State.

The terms of this IGA run on an annual basis from July 1, 2015, through June 30, 2016, and it renews automatically each year. Either party has the right to reopen and renegotiate the terms according to provisions within the agreement.

#### FINANCIAL IMPLICATIONS

This agreement will not result in any budgetary impact to the City; however, 2015 legislative action will require the City to pay DOR \$692,900 during FY 2015-16.

6. AREA PLAN AMENDMENT / REZONING / PRELIMINARY DEVELOPMENT PLAN / PRELIMINARY PLAT: Reseda Res. #4875 & Ord. #4645

ADOPTED Resolution No. 4875 APL15-0002 Pecos Ranch Area Plan Amendment, from Church and School to Single-Family Residential.

INTRODUCED AND TENTATIVELY APPROVED Ordinance No. 4645 DVR15-0008 Reseda, rezoning from Planned Area Development (PAD) for Church and School to PAD (Single-Family Residential).

APPROVED a Preliminary Development Plan (PDP) for subdivision layout and housing product.  
APPROVED Preliminary Plat (PPT) PPT15-0003 Reseda, for approximately 4 acres located at the NWC of Germann Road and Arrowhead Drive. (Applicant: Brennan Ray, Burch & Cracchiolo, P.A; Developer: Porchlight Homes).

BACKGROUND

The approximately 4-acre site is located at the NWC of Germann Road and Arrowhead Drive which is east of Dobson Road. The property is a part of the Pecos Ranch Area Plan designated as Church. The 7.5-acre church property was zoned Planned Area Development (PAD) in 1998, with a two-year timing condition. In 2001, a PAD zoning time extension was approved for an additional two years along with rezoning 1.9 acres from PAD (Church) to PAD (School). The Chandler Presbyterian Church sold a portion of the property for a future private school, grades pre-school through 6<sup>th</sup> with approximately 400 students. The school did not develop. The church developed a 9,000 square-foot worship building as part of phase one.

The subject property is primarily surrounded by residential including apartments to the west, townhomes to the east, single-family residential lots to the south and a church to the north which is surrounded by single-family residential lots. The property fronts Germann Road to the south and Arrowhead Drive to the east.

GENERAL PLAN/AREA PLAN AMENDMENT

The General Plan designates this property as Residential. The Pecos Ranch Area Plan designates this property for Church as part of a larger master planned residential area. The request includes amendment to the Pecos Ranch Area Plan from Church to Single-Family Residential.

REZONING/DEVELOPMENT STANDARDS

The request is to rezone approximately 4 acres from PAD (Church and School) to PAD (Single-Family Residential). Porchlight Homes proposes to develop a single-family residential community that includes 32 single-family residential units at approximately 8.39 du/ac. The rezoning request includes PDP approval for subdivision layout and housing product. There is a full-movement entry/exist off of Arrowhead Drive, an adjacent collector street. A secondary emergency access only is provided off of Germann Road. The lots are uniquely configured along a single curvilinear street with tracts accessing garages. The typical lot size is 58' x 46' (2,668 sq. ft.) providing varied setbacks with a minimum front yard building setback of 10 feet along the main interior street and 3 feet to garages within tracts. Minimum side yard and rear yard setbacks are 5 feet.

Since all of the lots are less than 7,000 sq. ft., all of the Residential Development Standards (RDS) for subdivision diversity would be required. However, it is realized that this type of infill subdivision cannot meet all of the subdivision diversity standards due to the parcel's small size and configuration. The lot sizes are not practical for deeper rear yard setbacks and rear yard vehicle access. The unconventional lot layout incorporates diversity elements such as a curvilinear street and a community swimming pool with a covered entry focal point, a sunscreen

covered cabana and beehive fireplace. The subdivision design meets the intent of the RDS subdivision diversity elements as outlined in the Development Booklet. A sense of neighborhood arrival is provided at the entry/exit; visual interest along both streets occurs with staggered decorative perimeter walls and view fencing and a minimum 20-foot landscape tract along Germann Road.

The housing plans are designed as patio homes and include three 2-story homes ranging in size from 1,600 to 2,220 livable square feet with a variety of architectural styles. Each housing plan includes three elevation styles; Spanish, Tuscan and Provence. Housing plans are designed to fit on specified lots.

It is realized that an infill subdivision of this type cannot meet all of the diversity standards as outlined in the RDS. The homes have staggered forward-facing garages. The housing product design meets the intent of the RDS architectural diversity elements as outlined in the Development Booklet providing architectural diversity and distinct building materials and features. The homes are designed with varied plane changes and rooflines as well as single-story elements to mitigate a box-on-box appearance. The same elevation and plan style will not be built side-by-side or across the street from each other.

An existing monument sign for Chandler Presbyterian Church will remain along Germann Road. The sign is approximately 130 feet west of Arrowhead Drive.

#### DISCUSSION

Planning Staff finds the proposed development in conformance with the General Plan. The single-family residential use is compatible with existing residential uses and a church. The two-story housing product is compatible with existing two- and three-story apartment buildings to the west and one- and two-story townhomes to the east as well as single-family homes to the south.

The subdivision layout and housing product are consistent with the intent of the RDS. The single curvilinear street, unique lot layout and swimming pool amenity creates a small neighborhood environment that is pedestrian-oriented amongst 32 homes.

#### PUBLIC/NEIGHBORHOOD NOTIFICATION

This request was noticed in accordance with the requirements of the Chandler Zoning Code with a neighborhood meeting being held on April 23, 2015. There were two residents from a nearby subdivision in attendance with general questions about the development and expressing support.

Planning Staff received a phone call from an area resident who lives north and east of the development off of Arrowhead Drive. The caller had concerns about increased vehicular traffic and congestion from 32 new homes. The caller also conveyed there is already congestion in the neighborhood with the apartments and a school bus stop. Staff stated that the proposed development's traffic was evaluated and deemed negligible. The caller said that given they were the only one to call about this project, they would not be pursuing their concern.

Planning Staff has not received any correspondence in opposition.

#### PLANNING COMMISSION VOTE REPORT

The motion to approve passed 6-0 with Commissioner Ryan absent.

The Commission commented on a few items during the Study Session and asked the applicant to work with Planning Staff to administratively review modifications to some housing detailing, e.g. remove faux shutters on ground level and replace with stucco façade, reduce driveway lengths in front of garages to discourage parking in tracts, and relocate some sidewalks that go to garages and instead connect them to the main interior street.

### **RECOMMENDED ACTIONS**

#### **Area Plan**

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

#### **Rezoning**

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

#### **Preliminary Development Plan**

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

1. Development shall be in substantial conformance with Exhibit A, Development Booklet, entitled 'RESEDA', kept on file in the City of Chandler Planning Division, in File No. DVR15-0008, except as modified by condition herein.
2. The landscaping shall be maintained at a level consistent with or better than at the time of planting.
3. The landscaping in all open-spaces and rights-of-way shall be maintained by the adjacent property owner or association.
4. Approval by the Planning Administrator of plans for landscaping (open spaces and rights-of-way) and perimeter walls and the Transportation & Development Director for arterial street median landscaping.
5. Sign packages, including free-standing signs as well as wall-mounted signs, shall be designed in coordination with landscape plans, planting materials, storm water retention requirements, and utility pedestals, so as not to create problems with sign visibility or prompt the removal of required landscape materials.
6. The same elevation shall not be built side-by-side or directly across the street from one another.

#### **Preliminary Plat**

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

1. Approval by the City Engineer and Planning Administrator with regard to the details of all submittals required by code or condition.
7. **AUTHORIZE PAYMENT:** Valley Metro Rail, Inc.

AUTHORIZED payment of the FY 2015-16 annual membership fee for Valley Metro Rail, Inc. (METRO) in an amount of \$50,000.00.

### BACKGROUND/DISCUSSION

In 2007, the City of Chandler joined METRO. This enables the City 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 advance 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 Investment Study which designated Rural Road, Chandler Boulevard and Arizona Avenue/Union Pacific Railroad Chandler Branch Line as corridors for future development of high capacity transit systems, including light rail.

In December 2012, the City completed the Arizona Avenue High Capacity Transit Long Range Study. This study was completed by METRO's consultants in conjunction with City and METRO staff and was entirely funded with the City's annual membership fees. This study provided a planning assessment of potential light rail ridership on a future light rail line on Arizona Avenue. The study also presented recommendations for future bus service and for land use planning policies that will create a successful future light rail corridor.

Additionally, in October 2014, the City Council adopted a resolution authorizing the "Fiesta-Downtown Chandler Transit Corridor Study" Agreement between the City of Chandler, City of Mesa and Valley Metro Rail, Inc., providing for a High Capacity Transit Corridor Study along Arizona Avenue in Chandler. The study began in March 2015 and is expected to take 24 months to complete.

#### 8. PAYMENT: League of Arizona Cities and Towns

AUTHORIZED payment of FY 2015-16 membership dues to the League of Arizona Cities and Towns in the amount of \$91,780.00.

### BACKGROUND/DISCUSSION

The City of Chandler is an active member of the League of Arizona Cities and Towns. Each year, cities are assessed annual dues that are based on a per capita formula and minimum base fee. For cities with populations over 200,000, the dues for FY 2015-16 are capped at \$91,800.00. This marks the first increase of membership dues in over three years. The League's Executive Committee approved the increase in dues in February of this year.

The League works closely with the City's Intergovernmental Affairs Coordinator in providing legislative and lobbyist assistance to its member cities. When the issue is of statewide concern, the League will take the lead position, freeing up the time for the City's Intergovernmental Affairs Coordinator to focus on issues of concern to the citizenry. As has been evidenced, this assistance is critical during the legislative session and allows cities to work together on issues of regional municipal interest.

#### 9. PROJECT AGREEMENT: Dieterich Architectural Group, Inc.

APPROVED Project Agreement No. BF1506.201 with Dieterich Architectural Group, Inc., for design services for the Police Department Hamilton Facility, pursuant to On-Call Architectural Services Contract No. EN1502.101, in an amount not to exceed \$43,650.00.

This project is to renovate Fire Station #1, 911 S. Hamilton (Hamilton Facility). This renovated facility will be used by the Police Special Assignment Unit (SAU). This unit has outgrown their existing facility located at the Police Property and Evidence building. This project is consistent with the 2014 Police Facilities Master Plan.

10. AGREEMENT AMENDMENT: Fire Protection Services Repair & Maintenance

APPROVED Agreement No. BF2-936-3118, Amendment No. 2, with Signal One Fire & Communications, LLC, and Aero Automatic Sprinkler Company for Fire Protection Services, repair & maintenance in a total combined amount not to exceed \$200,000.00 for one year. This is the second of three optional one-year extensions.

11. AGREEMENT: Greater Phoenix Economic Council

APPROVED an Agreement with the Greater Phoenix Economic Council (GPEC) for FY 2015-16 for regional economic development services in an amount not to exceed \$109,671.00.

BACKGROUND/DISCUSSION

This City of Chandler and 22 other communities in the Metro Phoenix area contract with GPEC on an annual basis to provide regional economic development services. The City of Chandler has contracted with GPEC since 1989 to conduct marketing and business-lead generation.

Economic Development Staff participates with GPEC on regional economic development activities, including formulating GPEC's Action Plan for FY 2015-16. Staff participates on the Economic Development Director's Team (EDDT), made up of economic development professionals from each member organization.

The annual contract amount for GPEC is determined by the Arizona Department of Administration's 2014 population estimate for Chandler (249,423) multiplied by a fixed amount per capita (\$.4397). The City of Chandler's proportionate share is thus \$109,671.00.

During FY 2014-15, the City of Chandler responded to 52 Requests for Proposals (RFPs) generated by GPEC for new businesses considering the Metro Phoenix area. These RFPs provided Chandler with the opportunity to compete for projects that were considering:

- adding nearly 7,300 jobs,
- occupying approximately 4.9 million square feet, and
- making \$800 million in capital investment

To date in FY 2014-15, GPEC and the City of Chandler have partnered on one locate (Arvato Bertelsmann) that will bring:

- 400 jobs,
- absorb 31,000 square feet of space, and
- \$3,000,000 in capital expenditures

GPEC's economic models show the 10-year benefits of this project to be \$128 million in direct payroll, \$204 million in direct economic output, and \$3.8 million in direct tax revenues to the City of Chandler.

Exhibits in the FY 2015-16 contract include a scope of work with specific activities identified, performance targets, community industry targets, reporting mechanisms, insurance requirements and the Regional Cooperation Protocol Policy.

Staff has reviewed the proposed contract and recommends continued support of GPEC's regional economic development efforts.

12. AGREEMENT: Tempe Tourism Office

APPROVED an Agreement with the Tempe Tourism office (TTO) for a joint marketing agreement to continue the Sunny Arizona marketing campaign to promote the City of Chandler and the City of Tempe as a single destination and to be largely funded by the Proposition 302 Maricopa County Grant.

BACKGROUND/DISCUSSION

For the past ten years, Staff has collaborated with the TTO on the development of a regional, multi-layered marketing campaign branded as Sunny Arizona. This campaign promotes the two communities as a preferred destination to the American Automobile Association (AAA) and Canadian Automobile Association (CAA) members and travel agents in key feeder markets. The joint partnership with the TTO has provided an opportunity to leverage limited marketing dollars and focus promotional activities to individuals who are more likely to visit the metro-Phoenix area and looking for warm climate vacation destination.

City Staff and the TTO have finalized their FY 2016 program of work to include 10 print advertisements in AAA member publications, two digital sponsorships, an updated Sunny Arizona Family Guide, participation in three trade shows, four dedicated sales missions, postage for bulk mailings, a joint website presence and media support for hosting journalists on assignment to cover Sunny Arizona. The anticipated total for the FY 2016 campaign is \$139,000.00 and would be split equally between the two communities, for a total of \$65,000.00 per organization, not including travel expenses for the sales missions, trade shows and costs associated with hosting media for familiarization visits to Sunny Arizona

The TTO manages a checking account, separate from TTO accounts, in the name of Sunny Arizona from which all payments are issued for the joint marketing campaign. This account was opened when Sunny Arizona was initially launched by the participating communities in 2003 and found to be an efficient way of managing the program. All partners pay their share and expenses are monitored by all partners, while invoices and payments are facilitated by the TTO upon mutual agreement. The account is audited by the TTO.

Proposition 302 Maricopa County Grant, which passed in November of 2000, is available to destination marketing organizations within Maricopa County and is administered by the Arizona Office of Tourism. The purpose of this grant program is to provide funding for new and expanded tourism marketing activities such as advertising, public relations and travel industry marketing, where the primary function of the project must be tourism promotion. Tourism promotion is defined as the intent to drive overnight visitation to a respective community.

FINANCIAL IMPLICATIONS

For the bulk of this campaign, the City of Chandler would utilize Maricopa County Prop 302 Grants for identified expenses for a sum of \$65,000.00. Travel expenses and other expenses not identified, would be covered by Chandler's Tourism's Operating budget, solely for Chandler's portion.

13. AGREEMENT AMENDMENT: Simpleview LLC

APPROVED Agreement No. ED4-915-3296. Amendment No. 1, with Simpleveiw LLC, for search engine optimization (SEO) and management of pay per click (PPC) advertising services, on-line advertising, maintenance and reporting in an amount not to exceed \$54,000.00, for the term July 1, 2015, through June 30, 2016. This is the first of three optional one-year extensions.

Proposition 302 Maricopa County Grant (Prop 302) is available to destination marketing organizations (DMO) within Maricopa County and is administered by the Arizona Office of Tourism. The purpose of this grant program is to provide funding for new and expanded tourism marketing activities such as advertising, website development, public relations and travel industry marketing that focus on marketing the community as a destination. The City of Chandler has utilized Prop 302 to fund the development, maintenance and support of the City's tourism website, [www.VisitChandler.com](http://www.VisitChandler.com), to varying degrees since 2003.

The website features essential Chandler tourism information including, but not limited to, hotel accommodations, attractions, a calendar of events and a dining guide. It is a key marketing tool to reach potential visitors. VisitChandler.com is featured on all promotional materials and advertisements, and is also used to measure the success of advertisements and general promotions. The website is a key source of information for people researching travel to Chandler and continues to drive traffic. Year-to-date growth through May for FY 2015 has seen a total of 213,762 unique visits as compared to 136,406 for the same period last year, representing a 57% increase in web traffic.

PPC ads are strategically placed website advertisements which appear on the right and on top of natural search engine results for specific keywords and phrases. PPC is typically a strong marketing strategy when trying to rank with highly competitive keywords and phrases with more immediate results. SEO is an organic method of increasing the likelihood that a website is found by a user when searching for a keyword or phrase through a search engine, thereby, connecting the user with the content that they ae seeking. SEO is a strong, long-term strategy which requires a continual investment of time, but provides lasting website growth.

For the extension term, fees for PPC will be \$25,200 and PPC Management fees will be \$4,800. SEO fees will be \$24,000.

14. AGREEMENT AMENDMENT: CorVel Enterprise Comp, Inc.

APPROVED Agreement No. RMS-953-3045, Amendment No. 1, with Corvel Enterprise Comp, Inc., for Third Party Claims Administrator / Workers' Compensation in an amount not to exceed \$85,000.00, annually for a two-year period. This is the first of two optional two-year extensions.

15. PUBLIC DEFENDER AGREEMENTS

Approved Public Defender agreements with Scott C. Silva, Michael Smith, Maria Gonzales and Alex Gonzales.

16. CONTRACT: Premier Engineering Corporation

APPROVED Contract No. ST1505.201 with Premier Engineering Corporation for Design Consultant Services for Frye Road, Roosevelt Avenue to Kyrene Road, in an amount not to exceed \$184,698.00.

As part of the Kyrene Road & Loop 202 Business Park development at the northwest corner of Frye and Kyrene roads, the developer dedicated the full sixty foot right-of-way for the Frye Road extension on their property. Typically, right-of-way dedications are split between properties. However, that was not possible in this case as the south half of the Frye Road extension would have been located on Tempe Union High School District property where the West Chandler Aquatic Facility is located. The City and developer originally agreed that the developer would construct the north half of Frye Road along their property and the City would construct the south half of Frye Road adjacent to the park site and the remaining roadway and canal crossing over the SRP canal, connecting at Roosevelt Avenue in the business park to the west of this development. Subsequently, City Staff agreed that the developer would construct the full width street improvement from Kyrene Road west to their first driveway and that the City would construct the remaining roadway.

17. CONTRACT CHANGE ORDER NO. 2: Nesbitt Contracting Co.

APPROVED Contract No. ST0810.402, Change Order No. 3, with Nesbitt Contracting Co. for McQueen Road Improvements (Ocotillo Road to Chandler Heights Road), in an amount not to exceed \$176,760.00, for a revised amount of \$4,352,651.15.

18. WITHDREW CONTRACT: StreetMediaGroup, LLC

WITHDREW Contract No. TD5-915-3495 with StreetMediaGroup, LLC, for transit shelter advertising and maintenance services for an initial five-year contract term with the option of two three-year extensions due to a number of concerns arising over state licensing requirements associated with a portion of the work to be performed under this contract. Staff has determined that the best course of action is to begin a new solicitation to clarify these licensing concerns.

19. RENEWAL: Commercial Insurance

RENEWED commercial insurance and services to protect the City against financial loss for \$1,235,706.00.

BACKGROUND

The City has a contract with Arthur J. Gallagher which acts as an Insurance Broker of Record for the City's casualty/liability, property and automobile insurance coverage. Arthur J. Gallagher advises and coordinates with the Risk Services Coordinator and the City Attorney (who is also the City's Risk Manager) to obtain bids from insurers and negotiates the best terms and coverage for the various exposure areas. The City is extending its contract with Arthur J. Gallagher for one more year in a separate item.

The City self-insurers and carries excess coverage in the areas and at the levels indicated below. The total premium cost of recommended coverage through commercial carriers for FY 2015-2016 is \$1,235,706.00 compared to FY 2014-2015 which is \$1,160,566.00 for a difference of less than 6.5%.

Excess Liability Coverage is carried at three levels: \$10 million excess of \$2 million Self-Insured Retention – Insurance is carried through Starr Indemnity & Liability \$20 million excess of \$12 million – Insurance is through Great American Assurance Co. \$20 million excess of \$32 million – Insurance is through Arch Insurance Co.

Property Insurance is carried through Travelers Indemnity which provides broad coverage for buildings, contents, equipment, vehicles (valued in excess of \$50,000), as well as boilers and machinery. This policy has various deductibles including \$50,000 per occurrence for most losses, \$100,000 for earth movement and \$50,000 for flood. High value vehicles have a \$25,000 deductible.

Storage Tank Liability is carried through Ace American Insurance Co. Policy limits remain at \$1,000,000 per tank, with a \$25,000 per incident deductible. Coverage complies with the financial responsibility mandates of the Environmental Protection Agency.

Crime Insurance is carried through National Union Fire Insurance Co. of Pittsburgh, PA. Coverage included state required bonds for Management Services Director and Accounting Manager. Further, this policy provides coverage for members of the City's boards and commissions.

Airport Owners and Operators Liability is carried through ACE Property & Casualty. Airport Owners and Operators Liability policy provides \$50,000,000 in coverage per occurrence.

Cyber Insurance, also known as Privacy Security Liability, is carried through Ace Group – Illinois Union Insurance Co. Privacy and Network Liability policy provides \$5,000,000 aggregate for Privacy, Network Security, Internet Media and Network Extortion coverage plus \$2,500,000 in beach fund.

Excess Workers' Compensation – The City is self-insured for the first \$1,000,000 for Police and Fire employees and \$600,000 for the remainder of the City employees. Excess of the \$600,000/\$1,000,000 retention, the City purchases coverage to protect against catastrophic loss.

20. PURCHASE: Calgon Carbon Corporation

APPROVED the purchase of powdered activated carbon from Calgon Carbon Corporation in an amount not to exceed \$600,000.00 for a one-year term, August 1, 2015, through July 31, 2016.

In January 2013, the Pecos Surface Water Treatment Plant's source water developed taste and odor issues resulting in complaints from citizens. When there is a taste and odor event, the plant adds powdered activated carbon (PAC) to eliminate the undesirable taste and odor. The product being used was unable to remove the constituents which were causing the problem. Due to citizen complaints, tests were conducted using several different PACs. In all tests, the Calgon PAC outperformed the other products. The City will realize a cost savings as the plant can eliminate the taste and odor issues utilizing less product than what is currently being used during these events.

21. PURCHASE: SHI International Corporation

APPROVED the purchase of Proofpoint network security software/appliance from SHI International Corporation, utilizing the Western States Contracting Alliance (WSCA) Contract No. ADSPO11-007500, in the amount of \$176,167.00.

The City of Chandler's data security effectiveness roadmap includes prevention of confidential data loss and prevention of potential data security breaches. Detection, prevention and encryption technologies help to ensure information is not being disclosed via e-mail messages that could lead to identity theft or data breaches. The addition of these technologies to the City's current e-mail security systems prevents data loss, unintentional exposures as well as the ability to send message via specific security policies utilizing date encryption. These email hygiene/security appliances and services have been in use since 2005. We are renewing and adding additional protections.

Securing the City's electronic messaging systems meets liability, risk management and regulatory compliance objectives. This security capability addition and renewal covers the City's ongoing use of the Proofpoint system for a 3-year period.

22. PURCHASE: SHI International Corporation

APPROVED the purchase of Oracle annual support and maintenance from SHI International Corporation, utilizing the Western States Contracting Alliance (WSCA) Contract No. ADSPO11-007500, in the amount of \$291,253.00.

The City utilizes Oracle database products to store data for the following major systems: Financial, Payroll/HR, Sales Tax, Work Order Management, Permits and Inspections, Utility Billing, Geographic Information and numerous other departmental systems. The City also utilizes Oracle Applications, which include Self Service Human Resources, Financial, Project Billing, iExpense, User Productivity Kit, and iProcurement application modules.

Oracle support provides access to technical assistance resources to resolve system issues as well as providing software fixes. The maintenance provides system and application upgrades necessary to operate and keep the systems current.

The City purchases maintenance and support based on the number of servers and processors on which the software is running on an annual basis. The City has audited the number of licenses being used and found that no licenses can be reduced at this time.

Oracle Corporation sets the cost of ongoing support and maintenance as a fixed percentage of the software license cost at the time of initial purchase. The maintenance costs are the same regardless of the reseller.

The annual maintenance renewal last year was \$282,770.00. The 3% increase in cost for this renewal period is based on an Adjustment Rate built into the original software license purchase contract. The effective term is August 1, 2015, through July 31, 2016.

23. PURCHASE: SHI International Corporation

APPROVED the purchase of Lotus Notes annual support and maintenance services from SHI International Corporation, utilizing the Western States Contracting Alliance (WSCA) Contract No. ADSPO11-007500, in the amount of \$98,068.00.

The City uses IBM Lotus Notes software for citywide email and calendaring as well as Domino document storage for the Police Department.

In addition, there are several City applications tightly integrated into Lotus Notes including various reporting applications for the Municipal Utilities Department. The annual maintenance includes Lotus Notes Domino servers (processor maintenance renewal), Lotus Notes client (license maintenance renewal and upgrades), and Lotus Enterprise Integrator.

Lotus Notes support provides access to technical assistance resources to resolve software application issues as well as providing software fixes. The maintenance provides application upgrades necessary to operate keeping the system current.

The City performs an annual audit of licenses in use. This audit indicates that all licenses are in use and no reduction to the number of licenses can be made at this time.

There is no increase in annual maintenance renewal compared to the previous renewal. The effective term is July 1, 2015, through June 30, 2016.

24. PURCHASE: Lucity, Inc.

APPROVED the purchase of annual maintenance for the Enterprise Asset Management (EAM) system from Lucity, Inc., sole source, in the amount of \$86,174.00.

Lucity's EAM application is the system that manages the City's service and work requests, coordinates preventative maintenance programs and tracks City asset maintenance throughout the asset's life cycle. The City continues to expand the use of the application for other City work management functions. This system also handles citizen service requests and includes a web-based service request system. The mobile device application from Public Stuff for citizen service requests has also been integrated into this system.

Lucity support provides access to technical assistance resources to resolve application issues as well as providing software fixes. The maintenance provides application upgrades necessary to operate and keep the systems current. Because the system is proprietary, the ongoing maintenance service is available only from Lucity. No other vendors are authorized to provide these maintenance services.

The annual maintenance renewal last year was \$83,096.00. This year's renewal represents an approximate 3% inflationary adjustment increase. The effective term is July 1, 2015, through June 30, 2016.

25. USE PERMIT: Fusion Surplus Solutions

APPROVED Use Permit ZUP15-0003 Fusion Surplus Solutions, to allow an auction business within the Planned Industrial District (I1) zoning located at 344 N. McKemy Avenue, west of Kyrene Road and north of Chandler Boulevard. (Applicant: Brooks Haden, Fusion Surplus Solutions, Inc.)

BACKGROUND

The subject site is located at the southwest corner of West McKemy Ave/Erie Street and North McKemy Avenue, west of Kyrene Road and north of Chandler Boulevard. The property is developed with an industrial warehouse building with ancillary office. The property is zoned Planned Industrial district (I-1).

The existing 74,000 square foot single-story industrial building is located in the Southpark Business Center in west Chandler. The proposed business, BidOnFusion, is an auction that sells liquidated retail merchandise from major national retailers such as Target, Home Depot, Walmart, Bed Bath and Beyond, and Dick's Sporting Goods. The available auction merchandise is published on the company's website. Customers can visit the site during a preview day, which occurs the day before the auction. Customers attend the auction and bid on pallets of merchandise. The pallets are hauled away by customers with their personal vehicles, trailers, moving trucks and the like or can be delivered.

The building includes two warehouse/office suites. The auction occurs in the south warehouse along with administrative offices and an employee break room. The north warehouse is used for shipping/receiving, storage and sorting.

The on-site auctions occur once a week on Wednesdays typically from 9 a.m. to 5 p.m. A preview day occurs on Tuesdays 10 a.m. to 6 p.m. The business employs 15 to 20 personnel. Approximately 30 to 50 people attend the Wednesday auction. Pallet pickup occurs the same day as the auction as well as Thursday and Friday from 8 a.m. to 2 p.m. There are pallets called Hot Item available for pick up Monday through Friday from 8 a.m. to 2 p.m. The business is not open on weekends.

#### DISCUSSION

The business was issued a notice of zoning violation in November 2014, as the commercial auction activity triggers the need for a Use Permit. City Staff observed staging and parking of various vehicles/trucks/trailers on three adjacent streets, A-frame signs, and bandit signs in the surrounding area advertising auctions. The applicant was made aware of these concerns and has made efforts to manage the site's activity removing the signs and advising employees to notify customers to park on-site only.

Planning Staff received a letter and phone calls from two adjacent business concerned with pedestrian and vehicular traffic, vehicle parking and debris/rash. The businesses conveyed that customers for the auction are parking on their property including vehicles with trailers as well as people wandering round their property looking for the auction. Vehicles are parking on both sides of the Flint Street cul-de-sac, thus affecting access to industrial businesses and a private street in and out of Adesa auto auction. Lastly, there have been reports of trash blowing from BidOnFusion's site onto other businesses' property. Planning Staff conveyed these concerns to the applicant and the applicant corresponded with the businesses.

The applicant agrees to keep all parking of vehicles/trucks/trailers, location of merchandise, loading and unloading, staging and the like on-site only in the rear yard area which is a secured loading/unloading storage area. Customers and employees will park on-site only in designated parking space areas. They have hired additional staff for the Wednesday auctions to manage parking issues. Upon approval of the Use Permit, they will install signage, in accordance with the Sign Code, which will advise customers where to enter and park. A cleanup crew will come every Friday to clean the rear yard of any debris and trash.

Planning Staff finds the proposed auction a compatible use with surrounding light industrial businesses. Other retail/commercial-oriented businesses with Use Permit approval have occurred adjacent to the subject property including Adesa auto auction and an auto detailing business. The nature of the use is similar to a light industry with warehousing, storage, shipping and receiving.

Planning Staff recommends zoning conditions to ensure the site is maintained and business activities are contained on-site.

#### PUBLIC/NEIGHBORHOOD NOTIFICATION

This request was noticed in accordance with the requirements of the Chandler Zoning Code with a neighborhood meeting being held on April 30, 2015. There were no neighbors in attendance.

Planning Staff received a phone call and letter from an adjacent business with concerns about parking, trash/debris, and customers on their property. Another phone call was received from an abutting business with concerns of parking and customers on their property. The applicant has addressed their concerns with on-site management to enforce no parking on other property and debris cleanup. Planning Staff followed up with the businesses and they have responded that all concerns have been addressed and have no further concerns at this time.

Planning Staff has not received any correspondence in opposition.

#### PLANNING COMMISSION VOTE REPORT

The motion to approve passed 5 – 0 with Commissioners Pridemore and Wastchak absent.

#### RECOMMENDED ACTION

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

1. Expansion or modification beyond the approved exhibits (Exhibit A, Narrative; Exhibit B, Site Plan; Exhibit C, Floor Plan) shall void the Use permit and require new Use Permit application and approval by the City of Chandler.
2. The Use Permit is non-transferable to any other property.
3. The property shall be maintained in a clean and orderly manner.
4. The landscaping shall be maintained at a level consistent with or better than at the time of planting in accordance with City approved construction plans.
5. All vehicle/truck/trailer parking, loading/unloading, staging, or like shall be maintained on-site. All business activity shall occur inside the building or in the gated rear yard.
6. The Use Permit shall remain in effect for one (1) year from the effective date of City Council approval. Continuation of the Use Permit beyond the expiration date shall require re-application to and approval by the City of Chandler.

#### 26. USE PERMIT: The Yard Cigar Bar

APPROVED Use Permit LUP15-0007 The Yard Cigar Bar, Series 7 Beer and Wine Bar License, to allow liquor sales as permitted in conjunction with an existing cigar bar for indoor and outdoor consumption located at 1981 W. Elliot Road, east of the SEC of Dobson and Elliot roads. (Applicant: Amy Nations, AZLIC.)

#### BACKGROUND

The subject site is a stand-alone building located at the eastern edge of the Elliot Square commercial shopping center at the southeast corner of Dobson and Elliot roads. A drive aisle separates the subject site from the main inline shops. Along the eastern boundary are single-family homes and an alley for the single-family residential subdivision. West and south are retail shops within the commercial center; north is Elliot Road.

The Yard Cigar Bar has been open since February and recently decided to pursue a Series 7 Beer and Wine Bar license in order to provide alcohol to their patrons. The site is approximately 17,600 square feet with a 1,004-square foot building. Prior to The Cigar Bar, the site operated as a retail business selling outdoor playground equipment with a large outdoor display area. Along the north side of the building is a 284-square foot covered patio that provides seating for 20 patrons. While outdoor patrons generally stay within the covered patio area, there is the ability for the patrons to socialize beyond the patio seating area as there is an approximate 1,100-square foot concrete pad that could be used for additional outside seating that extends from the patio running to the east side of the building. North of the concrete pad is an open area, 36-feet in depth, that currently has landscape bark. A small fence is provided on the east side of the building preventing patrons from going to the rear of the site, behind the building. The site is enclosed with a combination of two-foot solid wall base with three-feet of view fencing allowing for patrons with alcoholic drinks to locate on the patio area without additional fencing needed.

Within the building, there is general seating for 15 patrons, with an additional six seats at the bar. The bar is a single top with a length of approximately 14 feet. The humidor area is approximately 140 square feet. Alcohol service is not anticipated to be a major contributor to sales, as per tobacco regulations, 51% of sales has to be generated by tobacco products. Two beer taps will be provided along with a limited wine selection. Five televisions are provided inside; there are no televisions or speakers located outside. Business hours are generally 10 a.m. to 5 p.m. to 11 p.m. Monday through Thursday; 10 a.m. to 12 a.m. Friday and Saturday and 10 a.m. to 5 p.m. on Sundays. The business employs four people.

#### DISCUSSION

Based on the ability for patrons to be within close proximity to the backyards of the adjacent residential lots, Planning Staff is recommending a two-year timing condition. The timing condition will allow time for the business to get established and allows for a cycle of seasons of which Planning Staff can gauge if noise is an issue. Additionally, Planning Staff has added the standard noise condition.

#### PUBLIC/NEIGHBORHOOD NOTIFICATION

This request was noticed in accordance with the requirements of the Chandler Zoning Code with a neighborhood meeting being held on May 20, 2015. There were 3 neighbors in attendance in support of the request.

Planning Staff received a call from a resident within the condominium development north of Elliot Road citing potential noise concerns due to past issues with a bar that is located within the same commercial center. Planning Staff discussed the general operation of the business as well as explained the conditions that were added that specifically address noise. The resident was satisfied that the conditions addressed her concerns.

Planning Staff has received no correspondence in opposition.

#### PLANNING COMMISSION VOTE REPORT

The motion to approve passed 5 – 0 with Commissioners Pridemore and Wastchak absent.

One commissioner raised a concern about wafting cigar smoke into the adjacent neighbors' back yards, wondering if there was anything to address the issue. Staff explained that while it has not been a problem, if it does arise, there is the ability to add fans around the patio. Additionally, with the two-year timing condition, Planning Staff will be able to explore other options if smoking on the outdoor patio proves to be problematic.

**RECOMMENDED ACTION**

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

1. Expansion or modification beyond the approved exhibits (Site Plan, Floor Plan and Narrative) shall void the Liquor Use Permit and require new Liquor Use Permit application and approval.
2. The Liquor Use Permit is granted for a Series 7 Beer and Wine Bar license only and any change of license shall require reapplication and new Liquor Use Permit approval.
3. The Liquor Use Permit is non-transferable to other store locations.
4. Liquor Use Permit approval does not constitute Final Development Plan approval; compliance with the details required by all applicable codes and conditions of the City of Chandler and this Liquor Use Permit shall apply.
5. Any substantial change in the floor plan to include such items as, but not limited to, additional bar serving area or the addition of entertainment related uses shall require reapplication and approval of a Liquor Use Permit.
6. The site shall be maintained in a clean and orderly manner.
7. Noise shall be controlled so as to not unreasonably disturb area residents and shall not exceed the ambient noise level as measured at the commercial property line.
8. The Liquor Use Permit shall remain in effect for two (2) years from the date of City Council approval. Continuation of the Liquor Use Permit beyond the expiration date shall require reapplication to and approval by the City of Chandler.

27. **LIQUOR LICENSE:** The Yard Cigar Bar

APPROVED a Series 7 Beer and Wine Bar Liquor License (Chandler #154496L7) for Randy D. Nations, Agent, Gen 2 LLC, dba The Yard Cigar Bar at 1981 W. Elliot Road. A recommendation for approval of State Liquor License #07070750 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.

28. **USE PERMIT:** Charm Thai Cuisine

APPROVED Use Permit LUP15-0008 Charm Thai Cuisine, Series 12 Restaurant License, for an extension of premises to sell and serve liquor for on-site consumption within an existing outside patio at a restaurant in downtown Chandler at 11 W. Boston Street, Suite 5, west of Arizona Avenue and south of Boston Street. (Applicant: Nongluck "Lucky" Chakkaw.)

**BACKGROUND**

This restaurant is located in the retail shop space at the southwest corner of Arizona Avenue and Boston Street, fronting Arizona Avenue. The restaurant currently has an existing outdoor dining area that seats 16 people with no liquor approval. The outdoor dining patio is part of the City Center District (CCD) zoning extension of premises within the City's right-of-way. The patio is designed to meet the CCD zoning standards including location, distance from public infrastructure, passing space and fence height.

The restaurant's hours of operation are Monday through Friday 11 a.m. to 3 p.m. and 5 p.m. to 9 p.m.; Saturday 12 p.m. to 10 p.m. and Sunday 12 pm. to 9 p.m.  
There is no live entertainment.

PUBLIC/NEIGHBORHOOD NOTIFICATION

This request was noticed in accordance with the requirements of the Chandler Zoning Code with a neighborhood meeting being held on June 9, 2015. There were no neighbors in attendance. Planning Staff has received no correspondence in opposition.

PLANNING COMMISSION VOTE REPORT

The motion to approve passed 6 – 0 with Commissioner Ryan absent.

RECOMMENDED ACTION

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

1. Expansion, modification or relocation beyond the approved exhibits (Site Plan, Floor Plan and Narrative) shall void the Liquor Use Permit and require new Liquor Use Permit reapplication and approval.
2. The Liquor Use Permit is granted for a Series 12 Restaurant License only and any change of licenses shall require reapplication and new Liquor Use Permit approval.
3. The Liquor Use Permit is non-transferable to other store locations.
4. The site and patio shall be maintained in a clean and orderly manner.

29. PERMANENT EXTENSION OF PREMISES: Charm Thai Cuisine

APPROVED a permanent extension of premises for a Series 12 Restaurant Liquor License (Chandler #150480L12) held by Talordpai LLC, dba Charm Thai Cuisine, 11 W. Boston Street, Suite 5. A recommendation for approval of a permanent extension of premises for State Liquor License #12079728 will be forwarded to the State Department of Liquor Licenses and Control. The Police Department has no objections to the permanent extension of premises. All fees have been paid and the business is in compliance with the City's Tax Code.

30. AGREEMENT AMENDMENT: Arthur J. Gallagher Risk Management Services

APPROVED Agreement No. RM2-953-3096, Amendment No. 1, with Arthur J. Gallagher Risk Management Services for Broker Services in an amount not to exceed \$175,000.00 for the term July 1, 2015, through June 30, 2016. This is the first of two optional one-year extensions.

The City requires the services of an insurance broker for purchase of the City's liability and excess workers' compensation coverages. Broker services include: meeting with the City Attorney Staff and the Human Resources Staff tri-annually to discuss loss control issues, changes in exposure and general administrative issues; developing action plans on behalf of the City for each year of service and submitting them for review and approval by the City Attorney and Human Resources no later than January 30<sup>th</sup> of each year.

UNSCHEDULED PUBLIC APPEARANCES:

None.

CURRENT EVENTS:

A. Mayor's Announcements

The Mayor announced Chandler's Tennis Center was recently named the top tennis venue in the country by the United States Tennis Association. The prestigious "Featured Facility" award is the top honor bestowed by the USTA. The center is located at Tumbleweed Park, for more information visit [www.chandleraz.gov/tennis](http://www.chandleraz.gov/tennis).

He announced workers are still needed for 2015 Special Census. He stated it is important for an accurate Census count for the community because of the funding Chandler receives through state-shared revenue sources. Workers can earn \$16.25 an hour plus mileage and receive paid training. For all the details, go to [www.chandleraz.gov/census](http://www.chandleraz.gov/census)

The Mayor announced Chandler's Fireworks Spectacular will be Saturday, July 4th with Tumbleweed Park opening at 7 p.m. The free event includes live music and a 25-minute fireworks display at 9 p.m. There is a parking fee of \$5, and there will be vendors selling food and non-alcoholic beverages. He invited everyone to come and enjoy the day and wished everyone a happy and safe 4<sup>th</sup> of July.

B. Councilmembers' Announcements

COUNCILMEMBER SELLERS announced Representative Weninger received the "Rookie of the Year" award by the Arizona Chamber of Commerce.

VICE MAYOR HARTKE thanked staff and everyone involved with providing a well-rounded and balanced budget for the City.

COUNCILMEMBER ROE reminded everyone to be safe the upcoming 4<sup>th</sup> of July weekend.

C. Acting City Manager's Announcements

None.

Adjournment: The meeting was adjourned at approximately 7:13 p.m.

ATTEST: \_\_\_\_\_  
City Clerk

\_\_\_\_\_  
MAYOR

Approved: \_\_\_\_\_

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 25<sup>th</sup> day of June 2015. I further certify that the meeting was duly called and held and that a quorum was present.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

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City Clerk