

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, March 17, 2016 at 7:00 p.m.

THE MEETING WAS CALLED TO ORDER BY MAYOR JAY TIBSHRAENY.

The following members answered roll call:

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

Also in attendance:

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

INVOCATION: Councilmember Hartke gave the invocation.

PLEDGE OF ALLEGIANCE: Councilmember Hartke led the Pledge of Allegiance.

CONSENT:

The Mayor noted there is a request to withdraw on Item 29 and asked the motion maker to include that in the motion.

MOVED BY COUNCILMEMBER HARTKE, SECONDED BY VICE MAYOR SELLERS, TO APPROVE THE CONSENT AGENDA AS SUBMITTED WITH THE INCLUSION OF ITEM 29 FOR WITHDRAWAL.

COUNCILMEMBER HEUMANN commented on Item 27 and said he appreciates the applicant working with staff to get this finished. He stated his “no” vote on Item 5.

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

1. MINUTES:

APPROVED the following Chandler City Council Meeting Minutes:

- 1a. MINUTES of the Chandler City Council Study Session of February 22, 2016.
- 1b. MINUTES of the Chandler City Council Regular Meeting of February 25, 2016.
- 1c. MINUTES of the Chandler City Council Special Meeting (Exec Session) of February 25, 2016.
- 1d. MINUTES of the Chandler City Council Special Meeting (Exec Session) of February 22, 2016.

- 1e. MINUTES of the Chandler City Council Special Meeting (Budget Connect) February 25, 2016.
- 1f. MINUTES of the Chandler City Council Special Meeting (Micro Retreat) of October 19, 2015

- 2. EASEMENT: Intel Corporation Ord. #4666

APPROVED FINAL ADOPTION OF Ordinance No. 4666 granting an easement for vehicular ingress and egress proposes to Intel Corporation for a relocated portion of Old Price Road south of Queen Creek Road.

- 3. POWER DISTRIBUTION EASEMENT: Salt River Project Ord. #4689

APPROVED FINAL ADOPTION OF Ordinance No. 4689 granting a no-cost power distribution easement to Salt River Project Agricultural Improvement and Power Distribution District (SRP) within the Knox Road right-of-way between Hartford Street and Arizona Avenue as required for an SRP aesthetics project in this area.

- 4. POWER DISTRIBUTION EASEMENT: Salt River Project Ord. #4692

APPROVED FINAL ADOPTION OF Ordinance No. 4692 granting a no-cost power distribution easement to Salt River Project (SRP) for electrical upgrades at Desert Breeze Park.

- 5. REZONING: Villas at Chandler Airpark Ord. #4687

COUNCILMEMBER HEUMANN VOTED NAY ON THIS ITEM.

APPROVED (6-1) FINAL ADOPTION OF Ordinance No. 4687, DVR15-0031 Villas at Chandler Airpark, rezoning from Planned Area Development (PAD) for multi-family residential and commercial to PAD for multi-family residential. (Applicant: Ed Bull Burch & Cracchiolo.)

- 6. REZONING: 111 W. Boston Street Ord. #4665

INTRODUCED AND TENTATIVELY APPROVED ORDINANCE NO. 4665, DVR15-0039 111 W. BOSTON STREET, rezoning from City Center District (CCD) to CCD with a Planned Area Development (PAD) overlay, CCD/PAD zoning, for additional building height on property located at 111 W. Boston Street.

Upon finding the request to be consistent with the General Plan, Planning Commission and Planning Staff recommend City Council approve the Rezoning subject to conditions.

BACKGROUND

The property is located west of the southwest corner of Boston Street and Oregon Street, west of Arizona Avenue. The building is currently one-story and approximately 14 feet in height. The building is next to Burst of Butterflies to the west and to the east are Compass Hair Studio and The Religious Store. To the south is a 20 foot wide alley and vacant land referred to as Site 6. Recent tenants of the building included a musical instrument reed store and a hair/beauty salon.

The request is for rezoning from City Center District (CCD) to CCD with a Planned Area Development (PAD) overlay for additional building height to accommodate the redevelopment of a new building. The PAD overlay is required to allow the building height to extend above 30 feet at the building setback lines, the maximum height permitted in the CCD zoning district. The proposed building is approximately 40 feet tall to the top of parapet; three levels including two floors and a rooftop deck which are represented in the Development Package, Exhibit A. The proposed development features a ground floor restaurant/bar, a second floor cigar lounge/bar, and a third level rooftop lounge/bar. The uses are consistent with those allowed in the CCD zoning. The building's architectural design will be reviewed and approved by the downtown Architectural Review Committee (ARC). A Liquor Use Permit will be processed separately.

The building takes full advantage of the site building to property lines. The total building square footage is approximately 7,616 square feet. The ground level includes an integral patio on the first floor along Boston Street, a rear yard outdoor dining patio, and a recessed niche for an electric transformer box along the alley. The second floor includes a curved open-air patio along Boston Street and a rear outdoor patio along the alley. The third level includes rooftop equipment on the northern end and an open-air rooftop deck with a bar and seating on the southern end.

Planning Staff finds the proposed additional building height is appropriate given the site's location within the downtown area, proximity to adjacent and existing businesses, and the design techniques used to mitigate the overall building height and mass. The variation in wall planes and rooflines with outdoor dining components help to transition the building mass at the street level and provide visual diversity. Abutting buildings are one-story in height. There is a two-story 30 foot high building to the west and northeast. South of the property is Site 6 which intends to develop primarily with multi-story office buildings, retail, and a parking garage. The proposed 40 foot high building is complimentary to existing building heights and planned building heights in Site 6. The request is for building height through a PAD overlay. The development's site layout and building design will be reviewed by the ARC board and City staff will review the encroachment permits.

PUBLIC / NEIGHBORHOOD NOTIFICATION

- This request was noticed in accordance with the requirements of the Chandler Zoning Code.
- A neighborhood meeting was held on January 28, 2016. Three persons attended representing two businesses in the immediate area. The discussion focused on the building's design and comments on the architecture. Attendees liked the proposal.
- As of the writing of this memo, Planning Staff is not aware of any opposition or concerns with the request.

The Planning Commission voted 6-0 in favor.

RECOMMENDED ACTION

Planning Commission and Planning Staff recommend City Council approve the Rezoning from City Center District (CCD) to CCD with a Planned Area Development (PAD) overlay, CCD/PAD zoning, for additional building height, subject to the following conditions:

1. Development shall be in substantial conformance with Exhibit A, Development Package, entitled "111 W. Boston Street", kept on file in the City of Chandler Planning Division, in File No. DVR15-0039, except as modified by condition herein.
2. The maximum building height shall be 40 feet as represented in the Development Package, Exhibit A.

7. HAZARD MITIGATION PLAN: Res. #4933

ADOPTED RESOLUTION NO. 4933 authorizing the 2015 Multi-Jurisdictional Hazard Mitigation Plan.

8. DOWNTOWN CHANDLER ENHANCED MUNICIPAL SERVICES DISTRICT:
Res.#4937

ADOPTED RESOLUTION NO. 4937 authorizing modification of the assessment diagram; making a statement and estimate of expenses for the Downtown Chandler Enhanced Municipal Services District; completing the assessment; setting the date for the hearing on the assessment; and ordering the giving of notice of such hearing.

9. CALL OF ELECTION: 2016 Primary & General Elections for City Council Res. #4940

ADOPTED RESOLUTION NO. 4940 calling the 2016 Primary and General Elections, and authorizing the City Clerk to enter into an intergovernmental agreement with Maricopa County Elections Department for election services.

10. PRELIMINARY DEVELOPMENT PLAN: Towneplace at the Met

APPROVED PRELIMINARY DEVELOPMENT PLAN, PDP15-0014 TOWNEPLACE AT THE MET, (Applicant: Adam Baugh, Withey Morris, PLC) for site layout and building design of a commercial development with a hotel and inline shops on approximately 4 acres located at the SEC of Chandler Boulevard and Hearthstone Way.

RECOMMENDATION

Upon finding the request to be consistent with the General Plan, Planning Commission and Planning Staff recommend City Council approve the Preliminary Development Plan (PDP) subject to conditions.

BACKGROUND

The property was zoned Planned Area Development (PAD) in 2013 for mixed use with a mid-rise overlay as part of a larger development which included a 300 unit multi-family residential apartment community, The Met. The mixed use parcel allows for commercial uses permitted by right in the Community Commercial (C-2) zoning district such as retail, restaurant, and office, and Multi-Family Residential (MF-2) uses, with a mid-rise overlay.

The subject site is bounded by Chandler Boulevard to the north and Hearthstone Way to the west. The Hyatt Place hotel and Chandler Village Drive are to the east. West of Hearthstone Way is vacant land zoned for light industrial and a plant nursery.

The request is for Preliminary Development Plan (PDP) approval for site layout and building design of a commercial development with a hotel and inline shops on approximately 4 acres. The proposal includes a 4-story, 54 foot high hotel with 109 rooms and amenities including a swimming pool, sun deck, fire pit, outdoor dining patio, fitness facility, lobby, business center, board room, and breakfast area. In addition, there are two 1-story 9,800 square foot inline retail/restaurant shop buildings. The inline shop buildings incorporate areas for open or cordoned-off outdoor dining.

The overall design theme is integrated with the adjacent apartment development with urban-style architecture and a pedestrian-oriented environment. Similar to The Met, the buildings have a contemporary style. The building architecture includes the use of natural stone, stucco, wood-look fiber cement siding, metal shade awnings, and other accents with earth-tone colors.

Pedestrian access is provided between the hotel and inline shop buildings. Pedestrian access is also provided via a decorative paved pathway and gate to and from The Met multi-family residential south of the subject site. Vehicular access is provided from both Chandler Boulevard and Hearthstone Way. The main entrance off of Chandler Boulevard includes colored decorative pavers, accent pavers at pedestrian crossings, and artwork in the form of a concrete medallion with an exposed aggregate finish. The main entry terminates at the hotel's porte-cochere front entry.

Building wall-mounted signs for the inline retail shop buildings will be designed in accordance with Sign Code and utilizes either reverse pan channel (RPC) or pan channel lettering with halo-illumination as represented in the Development Booklet. Details for the wall-mounted hotel signs are included on the hotel's black and white building elevations, and includes pan channel lettering designed for the Marriot hotel brand. The request includes three freestanding monument signs which include a 6 foot high center identification sign and two 13'6" high multi-tenant signs. A few Sign Code deviations are requested as represented in the Development Booklet. Deviations include distance between two signs along Hearthstone Way, number of tenant panels, and sign height. Planning Staff recommends a zoning condition that tenant panel lettering be ¾-inch routed-out push-through.

Several Zoning Code deviations are requested as represented in the Development Booklet. Deviations include a landscape intersection setback, parking setback, a couple landscape planter islands, and landscape setback reduction. These reductions allow for compliance with other site development standards such as minimum drive aisle widths and parking space dimensions.

DISCUSSION

Planning Staff finds the proposed hotel and inline shop buildings to be a quality addition to the area surrounding the Chandler Fashion Center mall. The project is an extension of The Met multi-family residential and furthers an urban environment for living, shopping, and dining. Planning Staff finds the requested deviations for site development standards appropriate and similar to deviations previously approved with The Met. The requested deviations for signage are appropriate given the site's location in a regional commercial area.

PUBLIC / NEIGHBORHOOD NOTIFICATION

- This request was noticed in accordance with the requirements of the Chandler Zoning Code.
- A neighborhood meeting was held on January 25, 2016. One person attended who resides in the nearby single-family residential subdivision. The resident gathered information on the project and was supportive of the proposal.
- As of the writing of this memo, Planning Staff is not aware of any concerns or opposition.

PLANNING COMMISSION VOTE REPORT

Motion to Approve.

In Favor: 6 Opposed: 0 Absent: 1 (Foley)

Planning Commission recommended the addition of two zoning conditions regarding the addition of Date Palm trees along the main boulevard entrance and the water feature incorporating a shade cover or relocating it to a pedestrian-oriented area.

RECOMMENDED ACTION

Planning Commission and Planning Staff recommend City Council approve the Preliminary Development Plan, subject to the following conditions:

1. Development shall be in substantial conformance with Exhibit A, Development Booklet, entitled "Towneplace at The Met", kept on file in the City of Chandler Planning Division, in File No. PDP15-0014, except as modified by condition herein.
2. The landscaping in all open-spaces and rights-of-way shall be maintained by the adjacent property owner or property owners' association.
3. The landscaping shall be maintained at a level consistent with or better than at the time of planting. The site shall be maintained in a clean and orderly manner.
4. 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.
5. Raceway signage shall be prohibited within the development.
6. Tenant panel lettering on all monument signs shall be ¾-inch routed-out push-through.
7. Date Palm trees shall be added at the Chandler Boulevard entry continuing along the boulevard entry drive south to the hotel.
8. Add a permanent shade structure over the water feature or relocate the water feature to a pedestrian-oriented location within the development that incorporates shade.

11. PRELIMINARY DEVELOPMENT PLAN: RHYTHM

APPROVED PRELIMINARY DEVELOPMENT PLAN, PDP15-0016 RHYTHM,(Applicant: Chris Jones, AndersonBaron Landscape Architecture) for one-story housing product within a component of the Rhythm residential development located at the NWC of 56th Street (Priest Drive) and Orchid Lane, north of Ray Road.

RECOMMENDATION

Upon finding the request to be consistent with the General, Planning Commission and Planning Staff recommend City Council approve the Preliminary Development Plan (PDP) subject to conditions.

BACKGROUND

The approximately 30 acre Rhythm residential development was approved in August 2015, with 281 residential units including 125 condominiums and 156 varied residential unit types; approximately 9.62 du/ac. The subdivision includes four different components with varying lot sizes and a mix of 2- and 3-story housing product. One of the components, the Casita lots, is located at the subdivision's northeast corner and includes twelve lots at 50'x95' (4,750 sq. ft.). The lots are approved to develop with three 2-story housing plans.

The request is for Preliminary Development Plan (PDP) approval for the addition of two 1-story housing plans in the Casita component. The 1-story plans are 1,754 and 1,884 square feet and designed with the same architectural styling as the 2-story plans which are a modern/contemporary/urban character. The homes offer a variety of paint, stone veneer, brick veneer, roofing, and front door and garage door color schemes. The proposed 1-story 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 Development Booklet includes a streetscape exhibit to show the 1-story homes in context with the approved 2-story homes.

Planning Staff finds the proposed addition of two 1-story housing plans to be compatible with the 2-story homes in the Casita lot component as well as the 2- and 3- story housing product throughout Rhythm. The addition of 1-story homes on twelve lots provides diversity to the subdivision's northeast corner and the transition with Tempe's component.

PUBLIC / NEIGHBORHOOD NOTIFICATION

- This request was noticed in accordance with the requirements of the Chandler Zoning Code.
- A neighborhood meeting was held on December 15, 2016. Three people attended asking questions about construction timing, home pricing, and access to the community from 56th Street/Priest Drive.
- As of the writing of this memo, Planning Staff is not aware of any concerns or opposition.

PLANNING COMMISSION VOTE REPORT

Motion to Approve

In Favor: 6 Opposed: 0 Absent: 1 (Foley)

RECOMMENDED ACTION

Planning Commission and Planning Staff recommend City Council approve the Preliminary Development Plan, subject to the following conditions:

1. Development shall be in substantial conformance with Exhibit A, Development Booklet, entitled "Rhythm", kept on file in the City of Chandler Planning Division, in File No. PDP15-0016, except as modified by condition herein.

12. EMERGENCY REPAIR: Fire Apparatus

ACCEPTANCE of the report of the emergency expenditure approved by the Acting City Manager pursuant to City of Chandler Code of Ordinances §3-13.3 in the amount of \$116,000.00 to H&E Equipment Services, Inc., for the repair of fire apparatus #05002.

CONTINGENCY TRANSFER of General Fund Non-Departmental Contingency Funding in the amount of \$116,000.00 to the Fire, Health & Medical Department's Fire Support Services Cost Center.

On January 9, 2016, while responding to an emergency, fire apparatus #05002 experienced a catastrophic mechanical failure in the drivetrain and rear suspension, which rendered the vehicle inoperable. The vehicle was transported to the authorized dealer and service provider, H&E Equipment Services. The fire crew was able to move into a reserve apparatus, maintaining response capability.

13. Software License and Support Agreement: iWater, Inc.

APPROVED a Software License and Support Agreement, with iWater, Inc., for implementation of a hydrant and valve inspection software system, through HD Supply Waterworks, in the amount of \$99,000.

In 2014, the Municipal Utilities and Information Technology (IT) Departments identified the need to replace two outdated software applications used by staff to implement the hydrant and valve inspection and maintenance program. The software, no longer supported by IT, was developed by a former City staff member. Staff researched solutions that could replace the hydrant and valve inspection software while providing integration with Lucity, the City's asset management system, and combining the two applications into one. The only solution found was the iWater infraMAP software.

A sole source pilot program, consisting of Lucity integration, software installation, and training, was approved by the IT Department and Purchasing Division in August 2014, in the amount of \$18,000. The pilot was deemed successful when it was verified that infraMAP interfaced with Lucity, and it was able to operate valve and hydrant equipment, record activity data, capture permanent data of field work, and increase overall efficiency.

To take the project from the pilot phase to full implementation, a Software License and Support Agreement with iWater, Inc., for the purchase of twenty infraMAP software licenses, through HD Supply Waterworks, is needed.

14. AGREEMENT AMENDMENT: Devau – Temporary Staffing

APPROVED Amendment No. 2 to Agreement No. CS4-964-3332, with Devau Human Resources, for temporary staffing services, in an amount not to exceed \$935,000, for a one-year term of April 1, 2016, through March 31, 2017.

On March 27, 2014, City Council approved an agreement with Devau Human Resources for temporary staffing services for a one year period with the option of up to four one-year extensions. Devau Human Resources has agreed to extend for one additional year at the same terms, conditions and pricing. This is the second extension of the agreement.

15. AGREEMENT: Cactus Asphalt

APPROVED Agreement No. ST6-745-3648, with Cactus Asphalt, a division of Cactus Transport, Inc., for tire rubber modified surface seal, in an amount not to exceed \$1,114,409.24 for one year, April 1, 2016, through March 31, 2017, with options to renew for up to four additional one-year periods.

16. AGREEMENT: Cem-Tec Corporation

APPROVED Agreement No. TD6-285-3638, with Cem-Tec Corporation, for street light poles, in an amount not to exceed \$51,898.00, for one year, with the option of four (4) one-year extensions.

17. CONTRACT: DNG Construction

APPROVED Job Order Contract (JOC) to DNG Construction, LLC, for Contract No. JOC1601.401, in an amount not to exceed \$750,000.00 per year, for a two-year term, with the option of one (1) two-year extension. The contract provides for general contracting services

necessary for construction projects related to major and minor construction, renovations, repairs, additions, demolition, re-constructions and alterations.

18. CONTRACT: SDB, INC.

APPROVED Job Order Contract (JOC) to SDB, Inc. for Contract No. JOC1602.401, in an amount not to exceed \$750,000.00 per year, for a two-year term, with the option of one (1) two-year extension for general contracting services necessary for construction projects related to major and minor construction, renovations, repairs, additions, demolition, re-constructions and alterations.

19. PURCHASE: Office Supplies

APPROVED the purchase of office supplies utilizing the National IPA Contract with Office Depot/Max and 1GPA contract with Wist Office Products, in a combined total amount not to exceed \$215,000, for the term of April 1, 2016, through March 31, 2017.

20. SPECIAL EVENT LIQUOR LICENSE: St. Andrew the Apostle Catholic Church

APPROVED a Special Event Liquor License for St. Andrew the Apostle Catholic Church for the Silent Auction for Bottles of Wine on Friday, March 25, 2016, from 6:00 a.m. until 9:00 p.m., located at St. Andrew Apostle Catholic Church, 3450 W. Ray Road.

With a Special Event Liquor License, the organization can sell all alcoholic beverages within the confines of the event during the designated event periods. The Police Department reports no objections to the issuance of this license. The special event liquor fee has been paid; however, as this applicant is a non-profit organization, no sales tax license is required.

21. SPECIAL EVENT LIQUOR LICENSE: Downtown Chandler Community Partnership

APPROVED a Special Event Liquor License for the Downtown Chandler Community Partnership for the 17th Annual Chandler Jazz Festival on Friday, April 1, 2016, from 5:00 p.m. until 10:00 p.m., and Saturday, April 2, 2016, from 5:00 p.m. until 10:00 p.m., located at The Library Plaza, 125 E. Commonwealth Avenue.

With a Special Event Liquor License, the organization can sell all alcoholic beverages within the confines of the event during the designated event periods. The Police Department reports no objections to the issuance of this license. The special event liquor fee has been paid; however, as this applicant is a non-profit organization, no sales tax license is required.

22. SPECIAL EVENT LIQUOR LICENSE: International Alliance for the Prevention of AIDS

APPROVED a Special Event Liquor License for International Alliance for the Prevention of AIDS for the Volunteer Appreciation Dinner on Friday, April 15, 2016, from 5:30 p.m. until 8:30 p.m., located at Chandler Center for the Arts, 250 N. Arizona Avenue.

With a Special Event Liquor License, the organization can sell all alcoholic beverages within the confines of the event during the designated event periods. The Police Department reports no objections to the issuance of this license. The special event liquor fee has been paid; however, as this applicant is a non-profit organization, no sales tax license is required.

23. LIQUOR LICENSE: Murphy's Law Irish Pub & Ale House

APPROVED a Series 6 Bar Liquor License (Chandler #161607 L6) for Brad Ingarfield, Agent, Field Restaurant Concepts LLC, dba Murphy's Law Irish Pub & Ale House, located at 58 S. San Marcos Place. A recommendation for approval of State Liquor License #06070685 will be forwarded to the State Department of Liquor Licenses and Control.

This application reflects a change in ownership. A new Use Permit is not required since this will be a continuation of the location's previous use as Murphy's Law 58 LLC, dba Murphy's Law Irish Pub & Ale House.

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.

24. FINAL PLAT: Metro Chandler Airport

APPROVED FINAL PLAT, FPT15-0014 METRO CHANDLER AIRPORT CENTER, (Applicant, Nate Cottrell; CEG) at the Southwest corner of Cooper and Germann roads for an approximate 25-acre business park located at the southwest corner of Cooper and Germann roads that was approved by Council in October of 2014.

25. PRELIMINARY PLAT: Legacy Traditional School

APPROVED FINAL PLAT, FPT16-0001 Legacy Traditional School (Applicant: Joe Burke; Hunter Engineering) for a charter school on an approximate 6.8 acre lot located south and west of the southwest corner of McQueen and Warner roads.

26. FINAL PLAT: Legacy Traditional School

APPROVED FINAL PLAT, FPT16-0002 Legacy Traditional School (Applicant: Joe Burke; Hunter Engineering) for a charter school on an approximate 6.8 acre lot located south and west of the southwest corner of McQueen and Warner roads.

27. CONTINUED PUBLIC HEARING ITEM: T-SYS

CONTINUED TO THE JULY 28, 2016 CITY COUNCIL MEETING - Action on the existing Planned Area Development (PAD) zoning to take administrative action on DVR05-0036 TSYS WESTERN OPERATIONS CENTER to extend, remove or determine compliance with the schedule for development or take legislative action to cause the property to revert to its former zoning classification.

Since the February 11, 2016, continuance, staff has reviewed the PAD/PDP rezoning application submittal and recently provided staff comments on the PAD/PDP applications to the property owner. Additionally, staff met with the property owner and its representatives on March 11 to review staff comments to the PAD/PDP applications. Based on that meeting, it is anticipated the property owner will submit a revised PAD rezoning application for planning staff review and, assuming the revised submittal is responsive to staff comments, the application

will proceed to hearing before the Planning Commission and appear on a future Council agenda in approximately June 2016.

A continuance of the Public Hearing to the July 28, 2016, Council meeting will afford staff and the property owner the opportunity to process and present, for Council consideration, the rezoning application for the subject property. If the Council approves the new zoning for the property in June, it can also move to vacate the future hearing date of July 28, 2016 pending for the existing zoning of the property.

28. On Action

29. WITHDRAWN REZONING: Frye Road Business Park / Santan Technology Park

APPROVED THE APPLICANT'S REQUEST FOR WITHDRAWAL ON DVR15-0033 FRYE ROAD BUSINESS PARK (SANTAN TECHNOLOGY PARK) – Applicant - Adam Baugh, Withey Morris PLC - Ordinance No. 4691, Rezoning from Planned Area Development (PAD) for light industrial to PAD for light industrial and billboards along with a Preliminary Development Plan (PDP) for two 70 foot tall digital billboards at the Northeast corner of 56th Street and Loop 202 Santan Freeway

30. SETTLEMENT: Rossi

APPROVE settlement in the matter of Rossi v. City of Chandler, et al in full and final satisfaction of all claims asserted without admitting liability for the amount of \$125,000.00 and further authorize the City Attorney to sign any necessary documents in such form as are approved by the City Attorney to effectuate the terms and conditions of settlement and this action.

ACTION

28. DEVELOPMENT AGREEMENT: Ryan Companies Ord. 4697

Councilmember Heumann asked if there was a signed agreement available.

City Attorney Bigelow responded that there is not a signed agreement, but they are all on agreement on it. It is a matter of getting the formatting correctly for an execution copy. She anticipated it to be ready tomorrow.

Councilmember Heumann said he had concerns voting on item without the agreement being signed by the applicant and asked if there were any legalities. Ms. Bigelow said there is no legality problem with the City Council approving the terms and conditions included in the packet and allowing the applicant to sign after the meeting. Councilmember Heumann asked what would happen if there were changes made by the applicant. Ms. Bigelow said no changes would be made. She said the document included in the packet contains all of the business terms and all of the legal language. If for some reason the applicant wanted a change, that would need Council approval. She said this is often the way Council has approved large development agreements in the past.

MS. KIM MOYERS, Downtown Redevelopment Manager gave an overview of the project and added the marketing materials must be available within 30 days of the signed development

agreement. The applicant will build to Class A office standards. She explained the lease and option to purchase. Ms. Moyers displayed several site drawings. By February, 2017 the developer should have 50% pre-leased in Phase 1. Commencement of construction should begin by August, 2018. By 2020, 50% pre-leased for Phase II with commencement of construction by August, 2020.

MR. STEVE JORDAN, Ryan Companies, 581 W San Marcos Drive, Chandler. Mr. Jordan said they are very excited about this project and it is a great opportunity to respond to the market. He reported meeting with the Downtown Chandler Community Partnership (DCCP) today. He said the two phases provide opportunities for office space to attract jobs.

VICE MAYOR SELLERS asked about the delay in getting the documents signed. MR. JORDAN said after the business points were reviewed on the term sheet, there was a time when the parking structure was going to be incorporated. He named several of the "competitors" in Chandler and said those developments, with the exception of the Rockefeller development, do not have parking structures. It does not work with the financial model. He noted the City then stepped up to own that and Ryan Companies will rent the spaces back from the City. He said that didn't change until recent months and required additional work on the agreement. He added the agreement is a bit complex as there is a ground lease, a GPLET lease, parking lease, and these are options; along with the option to purchase the property at some point.

BACKGROUND: Site 6 is a 4.25 acre site directly across from Chandler City Hall, located at the northwest corner of Chicago Street and Arizona Avenue. The site is vacant and owned by the City. It is currently utilized for parking, but is otherwise unencumbered.

On August 14, 2014, City Council adopted Resolution No. 4795, awarding the Site 6 Request for Proposal to Ryan Companies US, Inc., and authorizing staff to begin development agreement deal terms between the City of Chandler and Ryan Companies US, Inc., and directing staff to present the negotiated development agreement to the City Council for consideration and possible action.

Ryan Companies US, Inc., is a 75-year, nationally recognized company specializing in office development, construction, and management experience in the Phoenix area. Over the past 17 years, Ryan Companies US, Inc., has developed over 18 million square feet of office, industrial, and mixed-use product throughout metropolitan Phoenix.

Ryan Companies US, Inc. proposes the development of a mixed-use project consisting of two office buildings and related retail focusing on attracting significant jobs into downtown Chandler.

Phase 1 will consist of a minimum of a two-story office building (1 floor = approximately 22,000 s.f.) and minimum 4,000 s.f. for restaurant and retail uses.

Phase 2 will consist of a minimum of a five-story office building (1 floor = approximately 25,000 s.f.) and minimum 7,000 s.f. for restaurant and retail uses.

Ryan Companies US, Inc.'s minimum office improvements will be built to Class A standards and will be designed to encourage uses from industry segments including high tech, financial, medical administration, and communications. Additionally, Ryan Companies US, Inc., will provide an open space/gathering area encouraging pedestrian connectivity south of the Historic Downtown Square, construction of a trash enclosure for the use of the property and businesses along Boston Street, between Arizona Avenue and Oregon Street, and will pay into the Enhanced

Municipal Services District (EMSD). Ryan Companies, LLC will commence construction of Phase 1 no later than October 2018 and commence construction of Phase 2 no later than August 2021.

Ryan Companies US, Inc., is requesting that the City provide for a 25-year Government Property Lease Excise Tax (GPLET) rate, a provision in Arizona's Tax Code that allows for a specific dollar value per square foot assessment, as opposed to the traditional assessment that is based on the value of the property. Further, because the site is located in both the City's existing Central Business District and the City's Redevelopment Area, the site will also be able to take advantage of an 8-year abatement on all property tax, as part of the requested 25-year GPLET. Notices, required by A.R.S. § 42-6206, were sent to all taxing jurisdictions on December 8, 2015. The statutes require a 60 day notification period before City Council can vote on the GPLET provision, which has passed.

As part of the Development Agreement, the City assures adequate water and sewer for the project and electrical undergrounding, which was part of the Fiscal Year (FY) 2015-16 Capital Improvement Program (CIP). City of Chandler will lease Site 6 with options to purchase throughout the term of the agreement. Additionally, the City of Chandler will participate in the construction of a parking garage that will be built congruently with each phased development. Ryan Companies US, Inc., will operate and maintain the parking garage through a Parking Management Services Agreement and will lease parking spaces from the City of Chandler in a Parking Lease Agreement.

FINANCIAL IMPLICATIONS:

The financial implications to the City of the proposed development agreement for Site 6 with Ryan Companies US, Inc. include the estimated costs of providing water (\$1,000,000) and sewer (\$500,000) upgrades. This funding is budgeted in the FY 2015-16 Water Bond Fund, Water Capital Cost Center (601.3820.6714.6WA110) for \$1,000,000 and the FY 2015-16 Wastewater Operating Fund, Wastewater Capital Cost Center (615.3910.6813.6WW332) for \$500,000. Street improvements and other infrastructure improvements on Chicago Street and Oregon Street are budgeted at \$1,753,775. This capital project was planned and budgeted in the FY 2015-16 General Government Capital Fund, Streets Capital Cost Center (401.3310.6513.6ST699) and will be used to fund this project.

The parking garage will provide approximately 340 parking spaces in Phase 1 and approximately 6 parking spaces for each 1,000 s.f. of Phase 2. The FY 2015-16 budget includes carry forward funding for a capital project called San Marcos Commons Phase 2 parking. This capital project is budgeted in the General Government Capital Fund, Non-Department Capital Cost Center (401.1291.61106GG623) for \$7,795,370. This project will be closed out and fall back to General Fund balance to be requested in the CIP for FY 2016-17 for downtown parking. The estimated cost of for Phase 1 is \$5,250,000.

Ryan Companies US, Inc. will lease Site 6 for a period of 8 years at \$10 per year, with an option to purchase during the term of the GPLET at \$6.50 s.f. Should Ryan Companies US, Inc. continue to lease between years 9-19, the annual rent will be 8% of the purchase price and shall increase by 20% every 10 years thereafter. If Ryan Companies US, Inc. does not purchase the property during the term of the GPLET, a new appraisal will be completed which shall establish the purchase price for the next 25 years. Ryan will have the option of leasing the real property only after the term of the GPLET Lease up to 74 years with the rent increasing by 20% every decade of the Ground Lease. All leases and operating agreements were negotiated as part of the Development Agreement process so that both parties are aware of their obligations going

forward. The City Council's approval of the Development Agreement also approves the form agreements for the leases and garage operating agreement.

A MOTION WAS MADE BY COUNCILMEMBER HEUMANN TO INTRODUCE AND TENTATIVELY APPROVE ORDINANCE NO. 4697 AUTHORIZING THE PROVISIONS OF A DEVELOPMENT AGREEMENT WITH RYAN COMPANIES US, INC., FOR DISPOSITION AND REDEVELOPMENT OF SITE 6. COUNCILMEMBER LOPEZ SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY (7-0).

The Mayor gave the reminder the Public Hearing was continued as part of Item 27.

UNSCHEDULED PUBLIC APPEARANCES:

None.

CURRENT EVENTS:

A. Mayor's Announcements

The Mayor announced Health Connect on Saturday at Tumbleweed Recreation Center.

He said for the 6th year, Chandler Firefighters are asking residents to join them in a door to door campaign through local neighborhoods to help educate and prevent water related tragedies on Saturday, April 2.

He reminded Council recruitment is being done for service on Chandler Boards & Commissions.

The Mayor said over 400 people were in attendance for the East Valley Mayors' Prayer Breakfast. He thanked Councilmember Hartke for his effort in making it a successful event.

He congratulated the attendees of the Chandler Teen Leadership Academy and thank David Bigos for his work coordinating.

B. Councilmembers' Announcements

COUNCILMEMBER LOPEZ said March 26 is the family Library LibCon. Mr. Lopez wished his son a happy birthday.

COUNCILMEMBER HARTKE said March 26 at Tumbleweed Park there will be a ribbon cutting to showcase a new butterfly habitat provided by a Girl Scout Troop. He announced the Mayor's Family Fun Bike Ride on April 9th at Tumbleweed Park.

VICE MAYOR SELLERS said there is an East Valley Partnership meeting on March 30 that will be leading discussions on the emergence of "intelligent vehicles".

COUNCILMEMBER HEUMANN said he just finished programming for a show on Relay for Life. Chandler's event will be held on April 29th. He encouraged participation in the event. Councilmember Heumann noted in conjunction with drowning awareness, he encouraged

enrollment in swim lessons.

COUNCILMEMBER ELLEN wished all a Happy Easter.

COUNCILMEMBER ROE stated Ostrich Festival was a great success the past weekend. He announced a successful Senior Expo was also recently held! He thanked Councilmember Hartke for his involvement on a well-attended East Valley Mayor's Prayer Breakfast.

C. City Manager's Announcements

None.

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

ATTEST: _____
City Clerk

Mayor

Approved: March 31, 2016

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 17th day of March 2016. I further certify that the meeting was duly called and held and that a quorum was present.

DATED this _____ day of April, 2016.

City Clerk