

MINUTES OF THE REGULAR MEETING OF THE HONORABLE MAYOR AND CITY COUNCIL OF THE CITY OF CHANDLER, ARIZONA, held in the Council Chambers in the Chandler Library, 22 S. Delaware, on Thursday, January 25, 2007 at 7:00 p.m.

THE MEETING WAS CALLED TO ORDER BY MAYOR BOYD W. DUNN.

The following members answered roll call:

Boyd W. Dunn	Mayor
Lowell Huggins	Vice-Mayor
Bob Caccamo	Councilmember
Trinity Donovan	Councilmember
Matt Orlando	Councilmember
Martin Sepulveda	Councilmember
Jeff Weninger	Councilmember

(telephonically)

Also in attendance:

W. Mark Pentz	City Manager
Rich Dlugas	Assistant City Manager
Pat McDermott	Assistant City Manager
Michael D. House	City Attorney
Marla Paddock	City Clerk

INVOCATION: The invocation was given by Pastor Bill May – First Baptist Church of Sun Lakes

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

SCHEDULED PUBLIC APPEARANCES:

(The appearances occurred as follows; and were taken out of order from the printed agenda)

1. Coalition for Chandler Youth Recognition:

MAYOR DUNN said that America's Promise and the Alliance for Youth Today formally announced that Chandler again has been identified as one of the 100 best communities for young people in the United States as well as Scottsdale and Tempe. The five categories identified were safe places for children, adults who care about them, a healthy start in life, effective communication and opportunities for young people to help others.

The Mayor recognized a group of community volunteers who worked extensively on the application for this award, the Coalition for Chandler Youth, who worked with Jane Poston, Citizens Asst. Specialist: Vaughn Morris, Executive Director of the Boys and Girls Club; Becky Jackson, President of the Chandler Chamber of Commerce; Juilian Hardy, Vice-Chair of the Mayor's Youth Commission and Sara C de Baca, City Liaison to the Mayor's Youth Commission.

2. Service Recognition:

MAYOR DUNN was joined by Chief Roxburgh and Asst. Chief Clark in recognizing Marc Ellsworth for 30 years of service with the City of Chandler. Marc began his career with the City as a jailer and also worked as a dispatcher and ID technician. At that time, the fire station was located next to the police station and there was frequent need for fire assistance for sick or injured prisoners. He became acquainted with the firefighters and decided to become a reserve firefighter.

4. Exceptional Merit Award:

MAYOR DUNN was joined by Chief Roxburgh and Asst. Chief Clark in presenting an Exceptional Merit Award to Victor Begayas for volunteering approximately 80 hours of his personal time to film and assemble the 06-02 recruit video from still photos and hours of video footage. Each recruit received a copy of the video and it is also used to train staff members. Victor has also filmed and assembled a video about the fire training facility that will be used to showcase the facility. Shortly thereafter, he was sworn as a professional firefighter.

2. Creative Expression Competition Winners:

MAYOR DUNN was joined by the Human Relations Commission Vice-Chair, Gina Hill, in presenting the awards. Gina served as chair of the Celebration of Unity Committee for the last two years. A component of that celebration is the annual Creative Expression Competition with approximately 600 entries this year. The Mayor thanked Paul Pagani from Barnes and Noble for sponsoring the event.

Ms. Hill also thanked Mr. Pagani for providing the gift cards for the winning students and their schools. Many of the students also received a trophy at the multi-cultural festival. Amazing Jakes, Angel Sweet, Chipotle, City of Chandler Recreation Division (Barbara Young), Daphne's Greek Café, Einstein Bagels, Fiddlestick's, Makutu's Island, Peter Piper Pizza, Polar Ice, Skateland, Starbuck's and Target also provided donations for the competition.

First Place Winners:

Writing (4-6)	Lindsey Telles, San Tan Elementary; Heather Anguiano, Principal
Writing (7-9)	Fiona Hoehn, Hamilton High School; Dr. DePrez, Principal
Writing (10-12)	Agnes Mika, Hamilton High School; Renee Stafford, Teacher; Dr. DePrez, Principal

School with highest number of participants: San Tan Elementary

Visual (K-3)	Polly Pruet's kindergarten class at Solon Jr. Academy
This school also had the highest percentage of participants.	
Visual (4-6)	Jessica Liu, Navarrete Elementary; Teacher, Laural Miller; Principal, Sam Merrill
Visual (grades 7-9)	Gabrielle Bruggeman, St. Mary Basha Catholic School; Teacher, Kathy Metoyer
Visual (grades 10-12)	Ellen Le, Chandler High School; Teacher, Regina Skouson; Principal, Mr. Williams
Video (grades 4-6)	Diane Ortiz-Parsons 4 th grade class, Tarwater Elementary; Principal, Jeff Hensley
Video (grades 10-12)	Andrew Nicolaus and Gabe Contreras, Chandler High School; Teacher, Rick Engelmann; Principal, Mr. Williams
Performance (K-3)	Nathaniel Keller, CTA Independence; Principal, Don Shelley. Nathaniel was also the Best of Show winner.
Performance (4-6)	Si Se Puede Ballet Folklorico; Teacher, Alberto Esparza
Performance (7-9)	Si Se Puede Ballet Folklorico

Performance (10-12) Amanda Nguyen, Mountain Point High School; Principal, Brenda Mayberry

The meeting recessed at 7:31 p.m. and reconvened at 7:37 p.m.

UNSCHEDULED PUBLIC APPEARANCES:

ROBERT FERN, 311 W. Straford Dr., spoke about a neighborhood problem that they have had for the past 7 years. He thanked the Council for looking at the issue and Ofcr. Greg Carr for assuring the neighbors that Neighborhood Services will now have the ability to move in a correct the situation. He had distributed notebooks to Council earlier with photos and letters from the neighbors regarding a nuisance in their neighborhood.

GUY PEPOY, 3115 S. Diamond Dr., asked if Staff or Council has investigated the recent crash of a Cessna Citation 525 in Van Nuys, CA. Mr. Pepoy stated that Van Nuys has the number one general aviation airport in the United States and Chandler is in the top 50 and is considering lengthening our runway. He reported two people being killed in this accident and a home being narrowly missed. Van Nuys has purchased and demolished 44 homes that were located in the crash zone. He questioned how this would reconcile with what Chandler is recommending for its airport expansion.

CONSENT:

COUNCILMEMBER WENINGER commented on items #8 & 12 (Neighborhood Preservation & Code Enforcement Policy), stating that the City currently has a good neighborhood program where groups help to clean up neighborhoods. He suggested that when proactively looking for violations, a cleanup day could possibly be scheduled for city residents to assist in facilitating a cleanup of the area.

MR. BRIAN BOSSHARDT, Organizational Development Administrator concurred. The last budget included funds to re-organize Neighborhood Services by moving Code Enforcement from the Police Department and combining them with the Neighborhood Programs staff currently in the Manager's Office creating a larger Neighborhood Division.

COUNCILMEMBER WENINGER said he would like Staff to provide Council with a 6-month review to update them on the progress of the program. He also suggested looking for additional funding for the cleanups and reviewing the disbursement of neighborhood grant monies that are sometimes given for neighborhoods that are better off and don't have these other types of issues.

COUNCILMEMBER DONOVAN concurred and expressed appreciation for the work that neighborhood programs has done over the last year in partnering with volunteers and organizations in ensuring the continued success.

MAYOR DUNN asked Mr. Bosshardt to clarify the changes made to items #8 & 12. Mr. Bosshardt said that one change was made today in the consistency of the code that Staff did not intend to include. Section 30-6.1, Authority to Enforce, Paragraph B, stating, "no person shall, by threat or use of violence or physical force, interfere with any officer or employee engaged in enforcement or execution of the provisions of this chapter" would be a civil infraction as written, but Staff's intention was for it to be a misdemeanor. Language was added to make that change causing other changes in Sec. 30-6.3, Sec. 30-6.5 exempting that provision to ensure it is a

misdemeanor instead of civil. Disturbances of the peace were also exempted to be a misdemeanor.

MARY LOU PERKINS, 372 N. Colorado St., stated that she lives in the Silk Stocking Neighborhood that is near the area the drive-by shooting took place. She reported the conditions at the property to be deplorable. She said she is tired of yards becoming parking lots, fences falling down, broken-down cars, furniture and trash in front and back yards visible to everyone. Landlords do not care about the condition of their property – only about collecting rent; and said some of these landlords are Chandler businessmen. Deteriorating neighborhoods draw crime and gangs. She agreed a new neighborhood code is needed, but it is only as good as the enforcement. Publications for older neighborhoods need to be in English and Spanish and need to be informative and educational as she felt the residents need to know what is expected of them.

VICE-MAYOR HUGGINS asked Ms. Perkins how often a neighborhood cleanup should be repeated. She responded at least twice a year.

PEDRO ENCINAS, 399 N. Washington Street, reiterated that if the code enforcement were adopted, he would be the first volunteer. It is about more than depreciation or appreciation of the homes, but their community. The older residents have memories of how good the neighborhoods used to be and he wants his children to be able to have those same memories.

DOROTHY WOODS RUOFF, 245 N. Washington Street, representing the Silk Stocking Neighborhood, said they are an organized group of property owners with many concerns. Stricter, enforceable codes will benefit the entire City. But, without more Staff to implement the policies, they are a waste. She and Ms. Perkins have notified Neighborhood Services by e-mail, phone calls and photos of many code violations in their neighborhood. She commented that the house on E. Erie where the shooting took place, was among those properties, yet nothing was done. They watched the major re-hab project in the Galveston neighborhood and were told 18 months ago their area would be next. Instead, \$1 million was divided between two neighborhoods on the west side. The City then shifted its efforts to the area south of Frye to Pecos between Delaware and Palm Lane.

COUNCILMEMBER SEPULVEDA thanked those neighbors who spoke for their dedication and added that he feels Council is committed to neighborhood issues.

LEANNE MARTIN, 1740 E. Tulsa St., commented that she is an attorney and she recognized that the amendments are to address neighborhood blight, but cautioned that it is a “slippery slope” regarding wording. Definitions should be clear such as what a junky car is. It may be that a vehicle may not look nice, but it is someone’s only mode of transportation. Other cars that look nice may need a new engine and just sit in the driveway. She is also concerned with criminalization of property maintenance issues. There may be underlying reasons such as illness that lead to problems not being addressed which should not be a criminal offense.

COUNCILMEMBER ORLANDO directed Staff to contact Ms. Martin and review the ordinance. Mr. Bosshardt responded that they would. MAYOR DUNN added that a lot of the points mentioned by Ms. Martin were discussed in detail at the Study Session on Monday.

COUNCILMEMBER WENINGER said that he spoke with Staff earlier and is comfortable with the enforcement. He cautioned not characterizing the tragic shooting and tying it to code enforcement.

MOVED BY COUNCILMEMBER ORLANDO, SECONDED BY COUNCILMEMBER SEPULVEDA, to approve the Consent Agenda as presented. Motion carried unanimously (7-0).

MAYOR DUNN commended the Neighborhood Advisory Commission and Staff for their work on the Neighborhood Code update and Enforcement Policy.

COUNCILMEMBER ORLANDO also thanked the Commission and Staff, stating it has been a long time coming and is much needed. It is a community-wide issue and not just central Chandler and there is a need to be sensitive to property rights.

VICE-MAYOR HUGGINS asked that Staff select the proper people with proper attitudes and judgment to enforce the ordinance.

COUNCILMEMBER CACCAMO stated that he would be voting nay on item #5, Villas at Lone Tree.

COUNCILMEMBER WENINGER declared a conflict of interest on item #37, Crescent Falls at Fulton Ranch.

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

1. MINUTES:

APPROVED, as presented, minutes of the City Council Special Meeting of January 8, 2007 and Regular Meeting of January 11, 2007.

2. POWER DISTRIBUTION EASEMENT: SRP Ord. #3870

ADOPTED Ordinance No. 3870 granting a no-cost power distribution easement to Salt River Project for electrical power service to City facilities at the East Knox Well site, located northeast of the entrance to Espee Park on Knox Road between Arizona Avenue and McQueen Road.

3. POWER DISTRIBUTION EASEMENT: SRP Ord. #3873

ADOPTED Ordinance No. 3873 granting a no-cost power distribution easement to Salt River Project to provide power to the new service entry section of the surface water treatment plant at 1475 E. Pecos Road.

4. CITY CODE AMENDMENT: Chapters 43 & 46 Ord. #3874

ADOPTED Ordinance No. 3874 amending Chapter 43 of the Chandler City Code, Section 43-5 relating to the adoption of the Public Works Standards, Specifications and Regulations by revising the Standard Details and Specifications, Technical Design Manuals four through seven, and Chapter 46, Subsection 46-2.7.E relating to Construction Signs Required for Work.

5. REZONING: Villas at Lone Tree Ord. #3875

ADOPTED Ordinance No. 3875, DVR06-0059, Villas at Lone Tree, rezoning from PAD to PAD amended, to eliminate a zoning condition requiring copper supply plumbing for a multi-family residential development on approximately 20 acres at the SWC of Lindsay and Riggs roads.

COUNCILMEMBER CACCAMO voted nay on this item.

6. ANNEXATION: Lindsay / Chandler Heights Ord. #3876

ADOPTED Ordinance No. 3876 annexing approximately 64 acres north of the NWC of Lindsay and Chandler Heights roads.

7. POWER DISTRIBUTION EASEMENT: SRP Ord. #3843

INTRODUCED AND TENTATIVELY APPROVED Ordinance No. 3843 granting a power distribution easement to Salt River Project at Tract A, located in Mastercraft East Subdivision, on the south side of Palomino Drive, east of Alma School Road between Elliot and Warner roads, with compensation to the City in the amount of \$750.00. The easement is needed to accommodate a new electrical pad needed to support SRP's adjacent underground power line as part of planned upgrades to existing electrical service.

8. CITY CODE AMENDMENT: Chapter 30 Ord. #3879

INTRODUCED AND TENTATIVELY APPROVED Ordinance No. 3879 by repealing Chapter 30, Neighborhood Standards & Maintenance Nuisance Abatement and Code Enforcement, and adopting a new Chapter 30, Neighborhood Preservation.

One of the roles of the Neighborhood Advisory Committee (NAC) is to review and recommend revisions to the code in order to ensure it is up to date, applicable to conditions in Chandler and clearly understandable and enforceable. With that charge in mind, the NAC appointed a five-member committee including three NAC members and two Chandler residents, to review the City's Neighborhood Standards and Maintenance Code (Chapter 30).

On January 15, 2006, the Mayor and Council directed Staff to review the issues surrounding residential rental properties. In response, three new members were added to the existing Code Review Task Force to gain the widest perspective on current rental housing issues. The newly formed group reviewed both proposed changes to the property maintenance code and specific issues surrounding residential rental properties.

The task force discussed in detail the issues that contribute to neighborhood blight. They reviewed the City's existing code language and property maintenance codes from other jurisdictions and the International Code Council. One of the main conclusions reached by the task force was that the current Chapter 30 language is too vague and agreed that new language, which better defines property maintenance violations and the issues that contribute to neighborhood blight, is needed.

The Neighborhood Advisory Committee and Staff believe the new Chapter 30 language accomplishes the goal of improving our definition of property maintenance issues. The language pertaining to neighborhood public nuisances was also greatly expanded.

Staff continues to explore ways to improve how we work with Chandler neighborhoods. New code language that incorporates improved definitions of neighborhood issues will be easier for both Staff and Chandler residents to interpret. Staff will closely monitor enforcement of the new code and its impact on property maintenance issues citywide.

9. No Item.

10. No Item.

11. PRELIMINARY DEVELOPMENT PLAN: La Petite Academy At Carmel Village Plaza

APPROVED Preliminary Development Plan #PDP06-0048, La Petite Academy At Carmel Village Plaza for a site layout and building architecture for a child care center on approximately 1.41 acres within the Carmel Village Plaza at the SWC of Gilbert and Queen Creek roads. (Applicant: B. J. Peters, The Peters Design Group.)

The Carmel Village development received zoning approval in April 2006, including approximately 12.48 acres for retail uses and 7.03 acres for medical/general office uses. The subject 1.41-acre site is the future Major 'B' as shown in the original Development Booklet.

The site is bordered to the west by the residential subdivision Abralee Meadow, currently under construction and to the north by Queen Creek Road. Vacant land zoned AG-1, planned for light industrial and office uses under the Airpark Area Plan, is located north of Queen Creek Road. Gilbert Road is located on the site's east side. East of Gilbert Road is the future Layton Lakes development. Markwood Drive is located on the site's south side with the Santana Ridge Apartments development, currently under construction, south of Markwood Drive.

The La Petite Academy will be open Monday through Friday from 6 a.m. to 7 p.m. Peak drop-off times will be between the hours of 6 a.m. and 8:30 a.m and pick-up times between the hours of 4 p.m. and 6 p.m. At capacity, the childcare center is anticipated to have a maximum enrollment of 200 children and with 25 employees.

This request was noticed in accordance with the requirements of the Chandler Zoning Code with a neighborhood meeting being held November 21, 2006. There were no neighbors in attendance. Staff has received no correspondence in opposition to this request.

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

1. Compliance with original stipulations adopted by the City Council as Ordinance No. 3788 in case DVR05-0052 Carmel Village Plaza.
2. Development shall be in substantial conformance with the Development Booklet entitled "La Petite Academy" kept on file in the City of Chandler Current Planning Division, in file number PDP06-0048, La Petite Academy at Carmel Village Plaza, except as modified by condition herein.
3. The landscaping in all open spaces and rights-of-way shall be maintained by the adjacent property owner or property owners' association.
4. Approval by the Director of Planning and Development of plans for landscaping (open spaces and rights-of-way) and perimeter walls.

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 applicant shall work with Staff to break-up the stucco wall planes through additional colors, scoring and/or architectural features. Details to be worked out with Staff.
7. 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.
8. All raceway signage shall be prohibited within the development.
9. All future building mounted signage shall be limited to internally lit pan-channel or individual reverse pan-channel, halo illuminated lettering.

12. CODE ENFORCEMENT POLICY

AUTHORIZED the Code Enforcement Policy.

One of the roles of the Neighborhood Advisory Committee (NAC) is to review and recommend revisions to the code in order to ensure it is up to date, applicable to conditions in Chandler and clearly understandable and enforceable. With that charge in mind, the NAC appointed a five-member committee including three NAC members and two Chandler residents, to review the City's Neighborhood Standards and Maintenance Code (Chapter 30).

On January 15, 2006, the Mayor and Council directed Staff to review the issues surrounding residential rental properties. In response, three new members were added to the existing Code Review Task Force to gain the widest perspective on current rental housing issues. The newly formed group reviewed both proposed changes to the property maintenance code and specific issues surrounding residential rental properties.

As this discussion continued, it became apparent to the task force that developing a Code Enforcement Policy would assist Staff and residents to better understand the overall process such as abatement time frames, repeat offenders and proactive enforcement.

Approval of the City's first Code Enforcement Policy would serve as a guide for the enforcement of Chapter 30 of the City Code. The Policy outlines the entire inspection process, including timeframes, from the initial inspection through abatement or the issuance of a notice of violation. In addition, the Policy also outlines the use of a City abatement process to be used when Staff is unable to locate a responsible party or when the property owner refuses to abate the violation.

The task force also discussed the need for Staff to be more proactive in the enforcement of property maintenance issues. Adhering to the "broken window theory", the task force believes it is important for the City to have a zero tolerance policy for the major issues that contribute to neighborhood blight. Abating these issues in a more timely fashion will hopefully assist in reducing the number of overall violations. As such, the Code Enforcement Policy outlines the top eight property maintenance issues found in Chandler neighborhoods that include:

- Over height weeds/grass or dead/dry bushes, trees, weeds and/or other vegetation;
- Inoperable vehicles;
- Junk, litter and/or debris;
- Open/vacant buildings and structures;
- Outside storage;

- ❑ Vehicles parked on non-dust proofed surfaces or in non-permitted areas of residential front or side yards;
- ❑ Graffiti; and,
- ❑ Sight visibility in the right-of-way.

The Neighborhood Advisory Committee and Staff recommend that the City implement more proactive measures in the enforcement of these violations. Staff is currently reviewing both staffing levels and their deployment in order to allow for more proactive enforcement of these violations.

13. SETTLEMENT: Chandler v. Chacon

APPROVED Settlement in the *City of Chandler v. Chacon* condemnation for the sum of \$585,000.00, plus statutory interest.

This condemnation action was filed to acquire an improved commercial site north of the northwest corner of Chandler Boulevard and Arizona Avenue that was needed for the recently completed intersection improvement project. The landowner unsuccessfully challenged the City's right to condemn the property and the City acquired immediate possession to allow the project to be completed so that the sole remaining issue concerns compensation. Both sides have supported their respective positions with appraisals provided by reputable and experienced land appraisers.

The settlement amount is based on the rate of \$165.28 per building square foot and is the mid-point between the two competing appraisals.

14. DEVELOPMENT AGREEMENT: SEVAM

AUTHORIZED the release and cancellation of a development agreement with SEVAM related to the Southeast Valley Auto Mall previously entered into with Phoenician Commercial Properties.

A development agreement was entered into with Southeast Valley Auto Mall, LLC (SEVAM) dated October 13, 1997 and subsequently assigned to Chapman Kyrene, LLC, relating to the Southeast Valley Auto Mall site, which is now part of Chandler Gateway West.

This development agreement encumbers the title of certain private, commercial property at Chandler Gateway West. Legal Staff was contacted by LandAmerica Transnation, which is escrowing the conveyance of a portion of the private property to SRP for the relocation of an existing irrigation lateral. LandAmerica had requested only a partial release of the development agreement as it affected the property being conveyed to SRP.

Cancellation will be subject to the mutual agreement of Chapman Kyrene, LLC, which may occur at the same time or a later date than the release of the development agreement as an encumbrance against the property.

15. OFFSITE AGREEMENT RELEASE: Phoenician Commercial Properties

AUTHORIZED an Offsite Agreement Release with Phoenician Commercial Properties covering deferred improvements to the Southeast Valley Auto Mall site.

This offsite agreement encumbers the title of certain private, commercial property at Chandler Gateway West. The original agreement was unrecorded, but two later amendments were

recorded. Legal staff was contacted by LandAmerica Transnation, which is escrowing the conveyance of a portion of the private property to SRP for the relocation of an existing irrigation lateral. LandAmerica had requested only a partial release of the offsite agreement as it affected the property being conveyed to SRP. All of the offsite improvements deferred through the offsite agreement have been completed.

16. AGREEMENT AMENDMENT: American Telephone

APPROVED an Agreement Amendment with Design Business Communications, Inc., dba American Telephone, for one year for NEC telephone system maintenance in an amount not to exceed \$62,136.00. This will be the fourth and final year of optional extensions. The maintenance cost is \$3,928.00 per month and includes support and maintenance on any problems that may occur with the telephone system and related components, including all parts and labor. Service is provided seven days a week, twenty-four hours a day, with a maximum two hour response time for any emergency outage and twenty-four hour response time for non-emergency outages. Based on last year's usage, Staff estimates 200 hours of unforeseen repairs at a cost of \$75.00 per hour.

17. AGREEMENT: Vortex Doors

APPROVED an agreement with Vortex Doors for maintenance and repair of overhead doors, utilizing the City of Phoenix contract, in an amount not to exceed \$80,000.00.

The City currently has 64 large overhead vehicle doors and 20 automatic gates. These doors and gates are located at all of the fire stations, fleet maintenance, central supply, traffic and the police department. Most of the fire stations have overhead sectional doors and three of them currently have automatic gates. The functionality of these doors and gates affects the response time of the fire department. The Building and Facilities Division requires the assistance of a company skilled in the repair and maintenance of all of these door and gate types to supplement staff in the repair, maintenance and replacement of these doors and gates.

18. AGREEMENT: Banner Occupational Health Services

APPROVED an Agreement with Banner Occupational Health Services of occupational health care services in an amount not to exceed \$70,000.00. Services include new hire physical examinations, fit-for-duty exams, post-accident urine drug screens, immunizations, post-exposure and periodic surveillance examinations as necessary to comply with OSHA standards, ADOT requirements, NIOSH, CDC, and Department of Health Services recommendations and guidelines.

19. AGREEMENT: Perlman Architects

APPROVED Agreement #FI0605-201 with Perlman Architects for architectural design services for the Fire Administration Building at the SEC of Washington and Boston streets in an amount not to exceed \$399,900.00.

The Fire Department Administration has outgrown its current facility, resulting in crowded working conditions and the need to double up on office space. With the addition of new stations and new firefighting personnel comes the need for a growth in the number of administrative support personnel necessary to maintain operations. This administration building will accommodate Fire

Department Administration at the City's build out level. In addition, the new building will enable the Police Department to expand into the space currently occupied by Fire Administration.

20. CONTRACT: SRP

APPROVED Contract #ST0503-301 to Salt River Project for removal and placement of Salt River Project 69 kilovolt (kV) transmission poles for the Chandler Boulevard and Dobson Road Improvement project in an amount not to exceed \$250,000.00. As Salt River Project has prior rights, the City must reimburse the relocation costs.

21. No Item.

22. CONTRACT: Tristar Engineering and Management, Inc.

APPROVED Contract #ST0704-201 to Tristar Engineering and Management, Inc. for the Alma School Road and Ray Road Intersection Improvements project in an amount not to exceed \$548,951.00.

There are numerous arterial street intersections within the City for which peak period traffic demands exceed the volume that can be handled safely and efficiently. This results in a delay of motorists of two or more traffic signal cycles to allow passage through the intersection. This project, when completed, will increase the capacity of the intersection resulting in reduced traffic delays and improved air quality.

The Alma School and Ray road intersection will be improved by the addition of dual left turn lanes, a third auxiliary through lane and right turn lanes for all directions of travel, paved concrete medians, street lighting, storm drainage and landscaping.

23. CONTRACT EXTENSIONS: Water / Pool Chemicals

APPROVED one-year Contract Extensions to Thatcher Company of Arizona, Hill Brothers Chemical Company, DPC Enterprises, Commercial Pool Repair, Brenntag Chemical Company, Hasa, Inc., Basic Chemical Solutions, LLC, Siemens Corporation, Calgon Carbon Corporation, Polydyne, Inc., Salt Works, Chalum, Inc., Kemira Water Solutions and Occidental Chemical Corporation for water treatment, wastewater treatment, and swimming pool chemicals, for a combined amount not to exceed \$2,712,936.00. This is the first of three optional one-year periods with a six percent increase.

24. CONTRACTS: Nesbitt Contracting Company

APPROVED Job Order Contracts for transportation related construction services to Nesbitt Contracting Company, JOC07-011; Banicki Construction, JOC07-03; and Visus, Inc., JOC07-12; for one year with the option of four one-year extensions, in an amount not to exceed \$5,000,000.00 each.

The City has been utilizing the Job Order Contract delivery method since 2001. The most recent Job Order Contracts were awarded in 2004 and are currently in their third and final option year. Based on the success of these first general construction type contracts, City Staff advertised for additional annual Job Order Contracts, including contracts specifically designed to address construction services related to roads, streets, transportation arterials, sidewalks, utilities located in transportation rights-of-way and transportation related infrastructure improvements.

Project Agreements establishing the cost, time and scope of work, will be executed when individuals projects or Job Orders are issued. If the project cost exceeds \$50,000.00, a Project Agreement will be submitted to Council for approval.

25. CONTRACT: Brycon Construction

APPROVED a Contract to Brycon Construction, JOC07-06, for general construction for one year with the option of four one-year extensions, in an amount not to exceed \$3,000,000.00.

The City has been utilizing the Job Order Contract delivery method since 2001. The most recent Job Order Contracts were awarded in 2004 and are currently in their third and final option year. Based on the success of these first general construction-type contracts, City Staff advertised for additional annual Job Order Contracts. This action awards one new Job Order Contract for general construction, including major and minor construction projects, renovations and repairs, additions, demolition, re-construction and alterations services to City facilities.

Project agreements establishing the cost, time and scope of work, will be executed when individual projects or Job Orders are issued. If the project exceeds \$50,000.00, a Project Agreement will be submitted to Council for approval.

26. CONTINUED USE PERMIT: Warner/101 Monopalm

CONTINUED to FEBRUARY 8, 2007, Use Permit UP06-0056, Warner/101 Monopalm, to install a 50-foot monopalm wireless communication facility within an Agricultural (AG-1) zoning district north of the NEC of Price Road (Loop 101 Freeway) and Colt Road to allow provision of additional information regarding site access, water and electricity.

27. CONTINUED USE PERMIT: Chevron Monopalm

CONTINUED to FEBRUARY 8, 2007, Use Permit UP06-0072, Chevron Monopalm, to install a 65-foot monopalm wireless communication facility within a Community Commercial (C-2) zoning district at the SEC of Cooper Road and Chandler Boulevard to allow provision of additional information regarding landscaping.

28. USE PERMIT: Peking Garden

APPROVED Use Permit UP06-0082, Peking Garden, Series 12, for the sale of liquor for on-premise consumption only within a new restaurant at 4055 S. Arizona Avenue, Suite #8. (Applicant: Jenny Zhen.)

The restaurant is located within the Southshore Town Center anchored by Home Depot at the southeast corner of Ocotillo Road and Arizona Avenue. The restaurant is in a suite on the northern end of the recently constructed Shops "A", adjacent to a pedestrian plaza and north of the Home Depot garden center. Two other liquor Use Permits have been granted in the shopping center in conjunction with Series 12 Restaurant Licenses – Kokopelli Mexican Grill and Gennaro's Pizzeria & Italian Kitchen.

The restaurant has seating for 60 in the dining area and five at the bar, with no outdoor patio or outdoor serving area. The hours of operation are 11:00 a.m. to 9:30 p.m., Sunday through Thursday and 11:00 a.m. to 10:00 p.m. Friday and Saturday. There will be no live entertainment.

This request was noticed in accordance with the requirements of the Chandler Zoning Code with a neighborhood meeting being held January 4, 2007. There were no citizens in attendance and Staff has received no correspondence in opposition. The Police Department has been informed of the application and has responded with no issues or concerns.

Upon finding consistency with the General Plan and Community Commercial (C-2) zoning, the Planning Commission and Staff recommend approval subject to the following conditions:

1. The Use Permit granted is for a Series 12 license only and any change of license shall require reapplication and new Use Permit approval.
2. The Use Permit is non-transferable to any other location.
3. Expansion or modification beyond the approved exhibits (Site Plan, Floor Plan and Narrative) shall void the Use Permit and require new Use Permit application and approval.
4. 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 the Use Permit.

29. LIQUOR LICENSE: Peking Garden Restaurant

APPROVED a Series 12 Restaurant Liquor License (Chandler #109251 L12) for Jenny Yan Ying Zhen, Agent, Peking Garden Restaurant, Inc. dba Peking Garden, 4055 S. Arizona Ave., Ste. 8. A recommendation for approval of State Liquor License #12076882 will be forwarded to the State Liquor Department. 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.

30. LIQUOR LICENSE WITHDRAWAL: Tesco

WITHDREW, at the request of the Applicant, Liquor License, Series 10, for Randy D. Nations, Tesco Stores West, Inc. dba Tesco at 215 N. McQueen Road.

31. SPECIAL EVENT LIQUOR LICENSE: St. Mary's Catholic Church

APPROVED a Special Event Liquor License for St. Mary's Catholic Church for a Building Fund Fundraiser on February 9, 2007, at Las Carolina's Reception at 2018 N. Arizona Avenue, Suites D118-126. The Police Department reports no objections to the issuance of this license. As this applicant is a non-profit organization, no sales tax license is required; however the special event liquor fee has been paid. Recommendation for approval will be forwarded to the State Department of Liquor Licenses and Control.

32. SPECIAL EVENT LIQUOR LICENSE: Chandler Lions Club

APPROVED a Special Event Liquor License for the Chandler Lions Club for a Fundraiser for Lions Camp Tatiyee on March 10, 2007, at Sunbird Golf Resort at 6250 S. Sunbird Boulevard. The Police Department reports no objections to the issuance of this license. As this applicant is a non-profit organization, no sales tax license is required; however, the special event liquor fee has been paid. Recommendation for approval will be forwarded to the State Department of Liquor Licenses and Control.

33. CONDOMINIUM PLAT AMENDMENT: Warner Commerce Park Condominiums

APPROVED Condominium Plat Amendment, CPT06-0018, Warner Commerce Park Condominiums, for buildings 3 and 6 of a 16.89-acre business park development with commercial and industrial uses at the SEC of Warner Road and Delaware Street. (Applicant: Viawest WCP, LLC.) The plat creates the lots and tracts, construction phasing lines, establishes the necessary easements and dedicates the required rights-of-way.

34. CONDOMINIUM PLAT: Lumiere Chandler Condominiums

APPROVED Condominium Plat CPT06-0021, Lumiere Chandler Condominiums, for a 300-unit condominium conversion of an existing multi-family community located north of the NWC of 56th Street and Ray Road. (Applicant: Sierra Palms Condominiums, LLC.) This plat establishes the units to be sold as individual dwelling units and identifies the commonly owned spaces.

35. FINAL PLAT: Raintree Ranch Center

APPROVED Final Plat, FPT06-0026, Raintree Ranch Center, for an approximate 23-gross acres commercial subdivision at the SEC of Ray Road and Loop 101 Price Freeway. (Applicant: V₃/Landmark Engineering, Inc.) The subdivision creates the lots, tracts and easements necessary for the property's development.

36. FINAL PLAT: Chandler Freeway Crossing

APPROVED Final Plat, FPT06-0030, Chandler Freeway Crossing, for a 39.55-acre business park development consisting of a mixture of office, manufacturing and industrial uses at the NWC of Pecos Road and Ellis Street just north of the Loop 202 Santan Freeway. The plat creates the lots and tracts, construction-phasing lines, establishes the necessary easements and dedicates the required rights-of-way.

37. FINAL PLAT: Crescent Falls at Fulton Ranch

APPROVED Final Plat, FPT06-0055, Crescent Falls at Fulton Ranch, for a 17.56-acre luxury townhome development that includes 90 multi-family lots located east of the NEC of Alma School Road and Fulton Ranch Boulevard. (Applicant: Cachet-Crescent Falls, LLC.) The plat creates the lots and tracts, construction phasing lines, establishes the necessary easements and dedicates the required rights-of-way.

COUNCILMEMBER WENINGER declared a conflict of interest on this item and did not vote.

38. FINAL PLAT: Lincoln 10 East

APPROVED Final Plat FPT06-0060, Lincoln 10 East, for a 39-acre business park consisting of Commercial and Industrial land uses located at the SWC of Galveston and 54th streets. (Applicant: Ed Bull, Burch & Cracchiolo, P.A.) The plat creates the lots and tracts, construction-phasing lines, establishes the necessary easements and dedicates the required rights-of-way.

ACTION AGENDA:

39. ORDERING / CALLING SPECIAL BOND ELECTION: May 15, 2007 Res. #4034

ADOPTED Resolution No. 4034 Ordering and Calling a Special Bond Election on May 15, 2007, to submit to the qualified electors thereof the question of authorizing the issuance and sale of \$451,500,000.00 principal amount of bonds, consisting of General Obligation, Street and Highway Revenue Bonds and Utility Revenue Bonds, Project of 2007.

The bonds will be used specifically for the following purposes:

<u>Description of Bonds:</u>	<u>Principal Amount:</u>
Parks and Recreation Bonds	\$81,350,000.00
Public Safety / Fire Bonds	14,265,000.00
Public Safety / Police Bonds	15,745,000.00
Library Bonds	11,255,000.00
Municipal Buildings Bonds (Center for the Arts)	4,200,000.00
Municipal Buildings Bonds (Museum)	4,500,000.00
Municipal Buildings Bonds (Expansion of Public Works Bldg.)	9,960,000.00
Water and Sewer Bonds	107,850,000.00
Streets and Highway Bonds	202,310,000.00
Airport Bonds	65,000.00

MAYOR DUNN commented that the decision of location of the historical museum or the Boys and Girls Club would not be made at this time. He commended Council for their concerns and discussions about the museum and with Boys and Girls club. He said that expansion of the facility to include the Boys and Girls club and other youth organizations would be a benefit to the community.

MOVED BY MAYOR DUNN, SECONDED BY COUNCILMEMBER ORLANDO to ADOPT Resolution No. 4034 Ordering and Calling a Special Bond Election on May 15, 2007, to submit to the qualified electors thereof the question of authorizing the issuance and sale of \$451,500,000.00 principal amount of bonds, consisting of General Obligation, Street and Highway Revenue Bonds and Utility Revenue Bonds, Project of 2007, including the following additional paragraph:

"If the voters of the City approve the ballot question authorizing the issuance of \$81,350,000.00 worth of bonds for park and recreational facilities, otherwise known as park bonds, and park bonds are issued for a Boys and Girls club and youth facility, the Mayor and Council intend to pay up to \$8,500,000.00 of the cost of constructing the community facility to be used by the Boys and Girls club and other youth-oriented community service agencies with a corresponding reduction of the amount to be spent on parks and recreational facilities in the south Arizona Avenue corridor by up to \$4,200,000.00."

MAYOR DUNN commented further that this is a safe project that can be changed and it deals with some neighborhood parks to be built on the South Arizona Avenue Corridor and will be out far enough that they can be addressed later perhaps through another bond question. In his opinion, it does not affect our efforts in redeveloping the South Arizona Corridor. The Boys and Girls club may be a better recreational amenity for downtown at this time.

COUNCILMEMBER ORLANDO asked staff to respond to Mr. Bil Bruno's e-mail. CITY MANAGER PENTZ informed Council that Pat Walker spoke with Mr. Bruno today.

COUNCILMEMBER SEPULVEDA clarified that a museum site has been decided on through a public process. It is important to move forward and look forward to successful projects.

COUNCILMEMBER WENINGER thanked the bond committee for their work. He said that while the site for the museum has been decided, he reserves the right to possibly discuss it in the future. He does not feel this bond authorization "sets a footprint" for museum square footage.

COUNCILMEMBER DONOVAN commented on increasing the size of the youth facility to 30,000 square feet and explore other non-profit events that could be held in the facility. If voters approve it, there is a lot of work ahead in determining what other uses the space could be used for.

MAYOR DUNN said that over a dozen organizations are currently using the boys and girls club.

JIM CULLUMBER, 602 N. Tamarisk St., expressed appreciation to the Mayor and Council for their dedication to the community. He is speaking on behalf of the Airport Commission in asking for support for a strong airport. One of the amenities necessary for a healthy city is a strong airport. The economic benefits of the airport to the City are \$55 million. If left the way it is, it will be \$85 million and with the requested extension, it will be \$105 million.

STEVE SMITH, 2466 E. Hazeltine Way, spoke in support of the airport bond. By presenting it as a bond question, the citizens have a voice.

JEFF FARRAR, 1670 W. Winchester Way, spoke in support of the airport bond. The bond issue will increase the safety margins of the south runway and will attract additional business in the airport area.

JOHN WALKUP, 551 S. Evergreen St., owner of Chandler Air Service at the airport, spoke in support of the airport bond. Anyone working at the airport will be willing to educate the public on what is happening at the airport.

JOHN MEYER, 2533 S. Gaucho, Mesa, Arizona and Airport Property Specialist, spoke in support of the airport bond. Airports are economic engines for a city as it is and will continue to be for Chandler. His company represents developers of 23 acres at the NWC of Cooper and Queen Creek which is contiguous with the airport. When completed, there will be over 200,000 square feet of building improvements. The runway extension will not encourage larger aircraft, rather it serves as an additional safety margin.

COUNCILMEMBER SEPULVEDA asked Mr. Meyer for a comparison on value or rental of airport property as opposed to that not at an airport. Mr. Meyer said that, historically, rents for airparks are usually higher. An airport brings value added to a development.

MAYOR DUNN clarified with Ms. Walker that the resolution before Council contains all necessary revisions. She confirmed that it does.

MOTION CARRIED UNANIMOUSLY (7-0).

40. IGA: Maricopa County / County Island Fire Protection

MAYOR DUNN thanked the Public Safety Committee for their work on this issue.

ASSISTANT FIRE CHIEF TOM CARLSON stated that at the December 7, 2006 Council meeting, the Fire Department brought forward the issue of fire protection for County islands within the planning district of Chandler. After a lengthy discussion, it was decided that it should be referred to the Public Safety Subcommittee. The subcommittee held two meetings – December 27, 2006 and January 10, 2007. During the first meeting, there were a lot of questions to the point where Staff was directed to come back to the second meeting and offer available options. Six options were presented at the meeting of January 10, 2007, which were discussed and 3 options were recommended to be presented to the Council.

- ❑ Option #1 – Bill the County for 100% of the costs of providing service and respond to all Council island parcels so City residents are not subsidizing fire protection for County residents.
- ❑ Option #5 – Do not require any minimum participation level (or lower the level to a true minimum). Collect subscription fees up-front from those that participate and bill non-subscribers after services are provided. The City would be responsible for administrative work. The County would still bill and send the payment to the City.
- ❑ Option #6 – Wait for new legislation and continue service as is.

There are significant financial implications between Option #1 and #5. Option #1 would assure that the City receives all costs of service up-front with no dispute potential associated with providing services to non-subscribers. Option #5 would only allow the City to collect fees from those that subscribe up-front and the City would have to bill those that receive services who do not subscribe. The City is asking the County to agree to pay for non-subscribers if the City is unable to collect directly from them for services provided. The financial implications of Option #6 are unknown.

MAYOR DUNN referred to a letter from the County Legal Department that basically says “forget it”. ASST. CITY ATTORNEY JIM CAIRNS said that the Public Safety Committee indicated they would like the City to send an IGA that appeared to be consistent with what they felt the County would be willing to accept. The IGA was similar to what was submitted to the Town of Gilbert wherein they County would do the administrative functions of collecting fees. The newspaper indicated that Supervisor Fulton Brock said that the County would be willing to put a lien on property if the City would assign the right to collect against non-subscribers to the County.

Option #5 is basically that same proposal. It is a subscription service with no minimum number of subscribers required and would have the County handling billing and collecting as well as acting as our “back stop” if we provide services to a non-subscriber that does not pay.

Mr. Cairns said that the letter MAYOR DUNN is referring to, the County seems to have misconstrued what the City was suggesting. It mentioned us asking the County to enter into subscription and Staff attempted to address that in their response.

The other factor addressed by the County is the liability issue. They do not want to provide indemnification for the County-island specific issues previously identified such as bridges or lack of fire hydrants. We assume that liability ourselves, charge for it, forget about it or make them indemnify us for that. We would not be indemnified if we were grossly negligent.

Mr. Cairns said he has not yet received a response to his response to their letter. All of the proposals are “dead” if they include the indemnification language included in both options #1 and #5.

COUNCILMEMBER ORLANDO said that the City did an analysis of what it would cost Chandler to support the County fire area. He asked what was included in that proposal. MANAGEMENT SERVICES DIRECTOR PAT WALKER explained that they took into consideration the fire operating budget, the depreciation of assets, indirect cost allocations and looked at the assessed value for the existing residents as well as County parcels and divided that into that to get a number for per \$100.00 of assessed value. COUNCILMEMBER ORLANDO asked if we had a flat fee as a capitalization fee. MRS. WALKER responded that the buy-in fee was estimated at \$277.00. This is different from the fee charged to a home coming in to Chandler. This is a buy-in fee based on the existing infrastructure and facilities.

COUNCILMEMBER ORLANDO asked if the one-time fee includes any infrastructure cost that the City may have to implement. MRS. WALKER said that in one analysis, none of the infrastructure costs associated with the County were included. What is included is the cost of a water tanker.

In comparison to what some of the residents are paying now, Mrs. Walker stated that the fee would be higher with the buy-in fee. It would be a one time buy-in fee unless we decided to amortize it again.

COUNCILMEMBER ORLANDO said that Chandler is in much better position than other valley communities because we have our infrastructure in place with the fire stations. Mr. Carlson said that there is enough mix of City residents and County island residents that we have planned for protection for City residents in that area and would not have to provide any infrastructure such as fire stations.

COUNCILMEMBER ORLANDO asked if the current state language adequately protects Chandler. MR. CAIRNS said that the proposed language in the draft IGA sent to the County is similar to that included in the Biggs Bill. One of the problems with the Biggs Bill was that it only applied to districts and not to an IGA entered into between a City and County. Staff has taken the concept with gross negligence and tried to include it to cover the fire-safety related issues here. Mr. Robson also proposed a separate liability bill almost identical to what we are proposing, but it was pulled because it appeared the Biggs Bill was moving forward. Mr. Cairns tried to limit the indemnification to the areas of concern.

COUNCILMEMBER ORLANDO asked if the County has accepted any agreement from any entity. MR. CAIRNS responded that Chandler is closer to any other entity in coming to resolution and are one of the few cities willing to sit down and engage the County with these questions. Originally, he wanted something similar to option #1 which was immediately rejected, but staff continued negotiations hoping to bring something forward to Council. There was an agreement they would bring to Council if the County got it approved which included indemnification language more stringent than what is currently included the draft. It was passed at staff level, but the County Board of Supervisors did not approve it. They deleted the indemnification clause and asked Chandler to bring that version forward. The City had problems with that version because we basically gave up everything and were not going to be indemnified.

MAYOR DUNN said that one option is to look at what may be coming from the Legislature on a regional basis and try to solve the issue throughout the County. PATRICE KRAUS, Intergovernmental Liaison, said that the Arizona League of Cities and Towns has prepared a draft and Senator Tibshraeny has agreed to sponsor the bill. There have been 5 other bills introduced on this issue. The League's bill is intended to be a compromise based on a district system allowing for non-contiguous fire districts they could ban together. It would require 51% of the property owners in the County islands to agree to form the district. It is funded through a

secondary property tax assessment assessed by the County. Three options are; 1) The City could provide the fire services; 2) they could contract with a private entity for fire services or 3) they could hire their own personnel and create their own fire service. She said there is a session-law piece that would allow for an easier way to annex the County islands. There is also a session-law piece that annexation could happen if one resident wants to get annexed and not having to have agreement by the entire island. It will be introduced on Monday.

MAYOR DUNN asked about the issue of indemnification. Ms. Kraus said that the city is indemnified except for instances of gross negligence where we would be liable. It contains the language in Mr. Biggs' bill.

COUNCILMEMBER ORLANDO asked if the legislation only pertains to Maricopa County. MS. KRAUS responded that it does. The League did that because issues are very different in the rural areas.

REPRESENTATIVE BOB ROBSON, District 20, said that he has seen a draft of the bill to be introduced that Ms. Kraus referred to and he feels it has the potential of being dead on arrival at the House and possibly the Senate as well. The new definition of county island includes unincorporated land which involves a combination of municipalities, reservations or now publicly owned land. It could create areas of land that ask for fire district coverage. If this were feasible, there could be numerous fire departments basically "cherry picking" with no compensation to the cities. The League calls for abandoning the current annexation law relative to this issue.

Rep. Robson said that the City has the ability to be as flexible as possible including charging for insurance. The City currently responds to County islands. When dealing with life-safety issues, you have to be mindful and compassionate as Chandler has been. Chandler can reach out to the County islands and assure them their lifestyle will not change. He stated that under the current law, the County has no responsibility to provide fire protection. Also under the current law, the City can shop around for someone to handle administrative services such as billing and can charge users for that.

MAYOR DUNN reiterated that it is not an issue of safety because we are currently providing protection to County island residents. It is more financial equity and indemnification for Chandler taxpayers.

Ms. Kraus feels that this issue is one of concern for many legislatures. They have been critical of cities and cities are now bringing forward a proposal. There are some things in this legislation that some legislators will not like and that will become part of the negotiation process at the legislature. The automatic annexation referred to by Mr. Robson is that if the end of 5 years the County island is still receiving the services, they will be automatically annexed in unless they vote to not be part of the city.

COUNCILMEMBER CACCAMO referred to a statement by Rep. Robson that the County has no responsibility to provide fire protection for its residents. He asked if that meant the residents themselves are responsible for their fire protection. MS. KRAUS said that the County receives its authority from the legislature and they have not given the County the authority to provide such services. County residents have the responsibility of finding their own services, which have been provided in the past by Rural Metro. Ms. Kraus said that the reason Rural Metro is leaving is due to the lack of subscribers.

COUNCILMEMBER WENINGER said that he had talked about the issue of having a minimum number of subscribers. He asked Mrs. Walker that if there is a limit to the amount the City can charge for services for those who choose not to subscribe. Mrs. Walker said that that was one of the reasons for having a separate fee schedule per incident if someone does not subscribe. There would be a need to make up over \$1 million per year, which would be difficult to do.

COUNCILMEMBER CACCAMO asked that if the cost of liability was added into the subscription, if the rates would be prohibitive for residents to subscribe. MRS. WALKER said that insurance costs for workmen's comp and auto liability were included in figures provided in December. The City is self-insured with \$2 million per incident and there is an insurance policy umbrella for anything up to \$30 million. Without all of the information such as insurance company experience, water supply, maintenance issues, limited access to property, etc. the City cannot get a stand alone policy or a rider according to our broker. Staff would have to try to start from scratch to figure exposure and liability. Those costs would be distributed to Chandler citizens because we are self-insured and take it from general funds to put in to the reserve funds, which could affect our experience. Staff concluded that the only option is to get the City indemnified.

MAYOR DUNN reiterated that we are providing protection and the taxpayers of Chandler are subsidizing that protection and will continue to do so until there is 100% protection. Since the County will not accept our language, he is inclined to wait for legislative action.

COUNCILMEMBER CACCAMO concurred, but he would like to set a timeframe. Ms. Kraus said by early May we should know if the bill is still alive and there are still negotiations. She could provide a report at that time.

COUNCILMEMBER ORLANDO said that he still has concerns. He feels that we will be in this same position in May or June. He would rather get the IGA back to the County and let the County residents put pressure on legislators to make this happen. He was also disappointed that the County did not respond to Mr. Cairns' letter. He expressed the opinion that the language needs to be sent to the County that we are comfortable with, with the appropriate option. Option #1 would be more appropriate because it protects Chandler residents from costs. If something does happen in the legislature, the IGA could be revisited and the appropriate changes made. Until the IGA is in the County's hands, they do not have to do anything.

MOVED BY COUNCILMEMBER ORLANDO to APPROVE the IGA associated with Option #1 with all liability language, get it into the County's hands and have the County residents start lobbying their officials and start working on this from that standpoint. If the legislators can get something that will satisfy all parties, that would be great.

COUNCILMEMBER SEPULVEDA clarified that the motion is to send Option #1 to the County and negotiate; but questioned if an amendment was needed or if was unacceptable, what would happen. COUNCILMEMBER ORLANDO said we would negotiate. COUNCILMEMBER SEPULVEDA clarified that and if there were a legislative remedy that fits the City's needs, we would look at adjusting the IGA. COUNCILMEMBER ORLANDO concurred.

COUNCILMEMBER SEPULVEDA seconded the motion.

MAYOR DUNN commented that the IGA had been sent to the County on numerous occasions. He asked Mr. Cairns to give a brief timeline on the negotiations. MR. CAIRNS said negotiations have been ongoing since 2004. An option similar to #1 was suggested, but the County indicated it was off the table. There was then the suggested "subscription-style". Chandler first drafted the

IGA's in July 2004. After the County indicated they were having problems with the universal approach, we sent two different versions of the IGA – one with the subscription where they would do some of the collection and billing and the other was option #1 which was our preferred option. The County came back that they would not do any billing or collecting and wanted us to submit our rates to them. The main issues from the beginning have been indemnification. We did not want to be “stuck” with additional costs and to make sure we did not have additional liability for trying to do a good thing. We continued to negotiate and got the indemnification language that they felt comfortable presenting to the respective Councils. It went before the Board of Supervisors in August 2005 and the Board rejected it because of the indemnification and a revised version was sent to the City Manager. At that point, negotiations stopped until after it was discovered that the Biggs Bill had a constitutional problem, the County forwarded a new version of the IGA to the Town of Gilbert. He explained that version was the work Chandler had done less the indemnification, but agreeing to do the billing and collecting. It was reported in the paper that Mr. Brock indicated he was willing to handle collections as long as the City bills for services we provided to a non-subscriber and tried to collect. Then the County would take over collections if we were unsuccessful. That was option #5 presented to the County. We also adjusted the indemnification to where we would be indemnified by the County if our response was impaired by a safety issue as was stated in Mr. Robson's bill. Chandler also agreed to arbitrate any disputes. We sent the new language to the County on January 3rd and requested a response by January 8th, but have not received any response.

MAYOR DUNN commented that there seems to be an impasse with the County and if there is to be a resolution, it should be handled through the legislature. REP. ROBSON said that cities have approached him saying they want to handle their own decisions. He said he chairs the Rules Committee and instructed the rules attorneys to work with city and county attorneys, but negotiations broke off. The League is now asking the Legislature to make the decisions and the County will be bringing legislation forward. He feels the City should continue to negotiate with the County. He is willing to work to bring about a solution. He continued that if the City worked in good faith and came up with an agreement, that the legislature would hold the City harmless.

COUNCILMEMBER ORLANDO suggested the need to refocus and proposed a contingent of three Councilmembers that would meet with County representatives and discuss the issue. Personnel would also include respective attorneys and managers.

COUNCILMEMBER WENINGER agreed, but added that if this were the method of choice, he would rather not see the current IGA discussed because it is apparent that the County will not accept it.

COUNCILMEMBER CACCAMO asked Ms. Kraus her opinion of the proposed League bill. MS. KRAUS said that she is optimistic, but it will be difficult to work. She pointed out that this bill is favored by the cities for legislative support because it requires all county island residents to pay. There is not the authority to create a district without legislation. COUNCILMEMBER CACCAMO added that when we negotiate, the point that will become non-negotiable is the Chandler taxpayers subsidizing the county islands. MS. KRAUS said that the current liability provisions have the cities taking on the same liability for county island residents as they do for their residents. Without the indemnity clause, we would assume more liability for County island residents.

THE MOTION WAS AMENDED BY COUNCILMEMBER ORLANDO, SECONDED BY COUNCILMEMBER SEPULVEDA, using the current Option #5 version, and to send a delegation of 3 elected officials with appropriate senior City Staff, including the City Manager and City

Attorney, to negotiate an agreement with the County's elected officials and their senior staff, over the next 60 days.

CITY ATTORNEY MICHAEL HOUSE clarified that the Council delegation would be a Council subcommittee and would have to be noticed as public meetings.

MAYOR DUNN added that he would interpret the motion to mean that they will continue working on the new legislation and continue service to the County islands and a report will be brought back to Council on March 22, 2007. Mayor Dunn and Councilmember's Caccamo, Orlando and Weninger all expressed their desire to serve on the committee.

AMENDED MOTION CARRIED UNANIMOUSLY (7-0).

The meeting recessed at 9:46 p.m and reconvened at 9:50 p.m.

PUBLIC HEARINGS:

PH #1. System Development Fee Update

Mayor Dunn opened the public hearing at 9:50 p.m.

Sr. Financial Analysis Julie Buelt said that according to provisions of the Chandler City Code, System Development Fees are to be updated annually. It has been the City's practice to have consultants review the fees every other year, and have City Staff make an inflationary adjustment in the interim years. The 2007 update is based on an adjustment by using the prior year consultant-prepared methodologies with updated capital improvement program costs. Construction and land costs have increased dramatically in Chandler over the normal ENR inflationary index.

The City has included in this update, the cost of financing for utility and non-utility projects that require the sale of bonds to proceed. This is due to the priorities Council has chosen during the budget process where the projects need to be built prior to having all of the impact fee revenue available to pay for them.

In order to adequately notify interested parties of the 2007 update, letters were sent on November 9, 2006, to the Associated General Contractors of America, Capitol Consulting (representing the Arizona Multihousing Association), Chandler Chamber of Commerce, Home Builders Association of Central Arizona (HBACA) and Valley Partnership informing them of the proposed update to the System Development Fees and the planned date of the public hearing. Staff hosted a November 28, 2006, meeting attended by various development community representatives including Valley Partnership and the HBACA. Additionally, information has been sent to various groups to respond to questions on the update. Staff also made a presentation at the December 11, 2006, Chandler Builder Advisory meeting.

Ms. Buelt said that on December 13, 2006, City Staff met with Courtney Gilstrap LeVinus of Capital Consulting. The primary purpose of the meeting was to discuss single-family versus multi-family fee differentials. The City currently has fee differentials for single-family and multi-family in all categories except police, fire and public building. BBC Research, the consultant providing original methodology the City uses to calculate these fee categories, has maintained

that there is a lack of statistical or anecdotal evidence to support a fee differential in these categories.

At the December 13, 2006, meeting with Capitol Consulting, Staff committed to looking at the methodology of other valley cities that had a fee differential in these areas. Another consultant, TischlerBise, has been engaged by several Arizona municipalities to calculate System Development Fees and includes fee differentials in all categories. Staff reviewed the TischlerBise reports prepared for the Cities of Avondale and Peoria and had discussions with TischlerBise personnel. In calculating police fees, TischlerBise uses calls for service data to apportion demand between residential and nonresidential development, then uses numerous additional factors to calculate fees in various residential and nonresidential categories. For police, fire and general government, TischlerBise calculates a differential between single-family detached, single family attached/multi-family and all other housing types (the majority being mobile homes) by using that city's census data to calculate the persons per household for each of these residential categories. However, the City of Chandler is in agreement with BBC Research's philosophy that the number of people in each household does not have a direct bearing on the level of service to be provided in these categories. For example, a single family dwelling unit could have a family of four living in it and never need to place a police or fire call for service and a person living alone in a multi-family dwelling unit could have repeated calls for service. The Chandler Police and Fire Department's personnel, capital facilities and equipment are sized to meet the needs and service the overall population. In addition, even if that philosophy were to change, the Chandler Police and Fire Departments have not historically traced the calls of service by land use to even consider that methodology.

Over a number of years, representatives of the Arizona Multihousing Association have brought up the issue regarding the differential between single and multi-family police and fire impact fees. We have told them each time that if they could provide statistical information supporting this differential, it would be taken into consideration. However, to date, nothing has been provided. Later this year, the City will be requesting proposals to update all of the City's System Development Fees for next year and the methodology can once again be reviewed. Since this is just an internal update to the consultant's methodology, it would be Staff's recommendation that if Council desired, to consider this as part of the consultant's update next year.

On January 11, 2007, Staff received an email from the HBACA requesting that the City consider phasing in the community and neighborhood park fees due to the large increases and their belief that the Cities of Avondale and Phoenix have phased in impact fees. Staff at the City of Avondale were contacted and stated that this information was incorrect; the City of Avondale adopted the maximum supportable fees recommended by their consultant, TischlerBise. Staff at the City of Phoenix confirmed that a portion of their fees were being phased in, but it was not due to the percentage increase in fees but rather to give them time to evaluate the land costs associated with the fees. If the City of Chandler phases in the community and neighborhood park fees, the reduced amount of revenue collected until the fees are at the maximum supportable amount would affect the next System Development Fee update, resulting in even higher fees. Additionally, only developers of residential projects pay these fees and residential build-out is rapidly approaching.

The Advance Notice of Intent was published in the East Valley Tribune on November 21, 2006, showing the date, time and place of the public hearing scheduled for January 25, 2007. In compliance with State Statutes, a copy of the System Development Fees was filed with the City Clerk for public review beginning November 9, 2006, and is available on-line as agenda item Number 44 on the November 16, 2006, Chandler City Council Regular Meeting Agenda. The

ordinance to adopt the new fees is scheduled for introduction at the February 8, 2007, Council meeting with final adopting scheduled for the February 22, 2007, Council meeting. The new fees will be effective June 1, 2007.

COUNCILMEMBER SEPULVEDA asked Ms. Buelt what was included in non-utility development fees. Ms. Buelt responded that it includes police, fire, neighborhood parks, community parks, public buildings (municipal facilities) and arterial streets.

COUNCILMEMBER ORLANDO asked for the methodology used in determining the increases. Ms. Buelt said they used the existing consultant prepared methodologies and also looked at the changes to the construction improvement planned projects included in the fees. Staff took into consideration what the existing fund balance is on hand as a type of down payment, what projects are remaining, the costs of those projects and if there is debt service associated with those costs. For residential non-utility fees, that number is divided into the remaining housing units through build out and non-residential is calculated by square feet.

MS. WALKER added that the fees are determined by what type of project was considered. When looking at the community park fee, it was primarily because of increased construction fees. COMMUNITY SERVICES DIRECTOR MARK EYNATTEN added that of the increase being considered for parks, the majority has to do with construction. Their methodology has been used for a number of years in determining the applicable systems development fee. They use actual construction costs for park projects for a given year. This year there were four projects. The high and low are not considered to avoid a skew and take an average of the remaining two. There was a \$15,371.90 per acre increase in construction costs for park projects. A 10-acre neighborhood park could have construction costs of \$1.5 million.

COUNCILMEMBER ORLANDO asked if a developer gets a deduction from impact fees if infrastructure is included. CITY ENGINEER BETH HUNING said that there are certain requirements a developer has to provide contingent to the development. In addition, on the arterial street program, the City offers credits back for both land and improvements the developer does along their frontage. Anything the City asks them to provide over and above that, the City has to reimburse the developer the difference.

COUNCILMEMBER ORLANDO asked if a developer develops a park, could they deduct the system development fees. MS. BUELT responded that the City does not allow developers to develop their own parks. MR. EYNATTEN said that the developer did develop Dobson Park, but it has not been done since then. COUNCILMEMBER ORLANDO said that the City might want to revisit having the developer do it. The park could be built faster and quicker since the developer is there anyway building houses. He commented that houses would also sell faster with a developed park. Mr. Eynatten said they would investigate further. MR. HOUSE said there would be nothing precluding providing credit to a developer for providing infrastructure; however, there may be issues of having to comply with City procurement requirements.

COUNCILMEMBER SEPULVEDA commented that it would be fair to assume that a developer could provide a park quicker and cheaper than the City. MR. EYNATTEN said that it would be feasible for a development the size of Fulton Ranch. One of the issues Staff has been dealing with is the fact that it may take 3 or 4 developments and the City acquires a small piece of property on the corner. In that instance, one developer would not be developing the park. COUNCILMEMBER SEPULVEDA said there still may be the ability for the City to say these are the fees and these are the expectations regarding parks and open spaces and if the developers would agree to it, why not give them the option. Mr. Eynatten responded that if we could get the

parcels together at the same time, which could be feasible. It has taken as long as 4 years for the City to acquire a 10-acre parcel working with various developers.

MAYOR DUNN said that we are contributing to parks throughout the City and not just in the neighborhoods. There is reference by one developer that Chandler consider a tiered impact fee schedule similar to other cities. MS. WALKER responded that they have read the letter, but are unsure what the developer is referring to. MAYOR DUNN asked if this has been the largest increase. MS. BUELT said that although she did not compare year to year, she believes it is a slightly larger increase over last year. MAYOR DUNN asked about the process for returning credits. Ms. Huning replied that the credits are primarily returned for arterial streets. There is a set analysis used for every project. The credit is limited by the amount of fees a developer pays because the credit cannot exceed the fees. MAYOR DUNN reiterated that the goal of the impact fee is to ensure that growth pays for itself. As we approach build out, the impact fees decline. Ms. Buelte concurred and added that the park fees are only assessed on residential development and not on non-residential projects. Chandler is one of the only communities that update the fees on an annual basis.

COUNCILMEMBER SEPULVEDA said that there appears to be a misconception when developers put in monies for parks not in their development. The City may need to clarify that issue. Developers do understand that development needs to pay for itself and that those fees will increase. MAYOR DUNN gave the wetlands project as an example. Everyone will be enjoying that facility and it would not be fair to charge the impact fee to only those homes surrounding it.

COUNCILMEMBER ORLANDO said that developers have asked him how they could get credit and offsets. The City could give the developer the choice of building a park.

SUZANNE GILSTRAP, 815 N. 1st Ave, Suite #1, Phoenix, representing the Arizona Multihousing Association, responded to a question earlier regarding tiered impact fees. Her interpretation is that it may refer to phasing in the development fee. It just happened in Goodyear where the impact fees were phased in over a period of two years in response to the developers' concern with the magnitude of the fee increase such as is being proposed in Chandler with 192% increase in neighborhood parks, 198% in community parks and 94% in public buildings. Those are substantial increases for one year in light of the fact that the City makes adjustments to its fees annually. The developers realize that land and building costs have increased, but they appear to be starting to come down. If the City were to consider a phase-in of the fees, the market could adjust itself and some of the construction costs could go down. The Association is in agreement with the utility fees and feels they are reasonable, but question the magnitude of the non-utility fees.

Ms. Gilstrap also addressed the issue of a fee differential for single and multi-family. The apartment industry has had concerns with the lack of a differential fee in some of the non-utility service areas such as police, fire and public buildings. They had hoped there would be an opportunity for the City to look at a different methodology, but the City did not bring in a consultant so that did not happen. They feel the current methodology is flawed because there are differential fees in almost every other city.

COUNCILMEMBER SEPULVEDA asked Ms. Gilstrap if she could present an alternate methodology to Staff. Ms. Gilstrap responded that her Association does not have a methodology, but would share those used by other consultants. In some of the non-utility areas, the consultants have gone with a population differential. COUNCILMEMBER SEPULVEDA asked Ms. Gilstrap if she had met with Mrs. Walker to discuss a different approach. Ms. Gilstrap

responded that they did meet with Staff and were asked to provide statistics to validate the implementation of a differential fee. They do not have statistics; the City has that information. They did discuss the population differential, but she did not feel Staff felt that would be a reasonable approach. The Association would be satisfied with a population differential. They have a differential in all of the utility areas which was very easy to determine because a multi-family unit uses considerably less and puts less demand on the water/wastewater system than the typical single-family home. There is good data on arterial streets. The City did its own review several years ago and determined there should be a differential in parks and library. It is more difficult to determine what type of data would be used to determine whether there should be a differential in police, fire and public buildings. It stands to reason that since there is a differential in every other category, why not this category.

Ms. Gilstrap also pointed out that multi-family is just over 10% of the total housing stock. There is no way they could have the same impact on the infrastructure that single-family does.

COUNCILMEMBER SEPULVEDA asked Ms. Gilstrap if, in her opinion, multi-family developers would be willing to consider including parks in their developments as an option. Ms. Gilstrap responded that if there is a way to have this discussion with the developers, it could possibly be done cheaper.

COUNCILMEMBER ORLANDO said that because he has not been able to get a solid answer on how much construction costs have increased over the last year, he does not know if the requested 44% is reasonable. If costs have increased 5%, 44% would not be reasonable. Ms. Gilstrap said that they have not done so yet, but would welcome the phase-in of the fees because if a developer has a project being built, it would be very difficult to absorb these increases.

COUNCILMEMBER WENINGER asked if homebuilders ever have remaining credits. MS. HUNING responded that it does happen occasionally. Sometimes the builder wants to build more. There have been developers who do want to build arterial street frontage at the onset, but will return later and want to if home sales are not going well. In some cases, the credits do exceed the fees; however, they are not permitted to bank the credits.

COUNCILMEMBER WENINGER asked if live/work/play units are being taken into account. PLANNING AND DEVELOPMENT DIRECTOR DOUG BALLARD replied that they are. When population projections are done, Staff considers trends, and assumes that the City will be urbanizing.

COUNCILMEMBER WENINGER asked if these types of things are considered in the CIP. MS. WALKER responded that the projects approved in the CIP become part of the 5-year plan; however, this goes to build out so it could be beyond that.

The Mayor closed the public hearing at 10:40 p.m.

PH #2. ANNEXATION: SWC Appleby Road and the Consolidated Canal

Mayor Dunn opened the public hearing at 10:41 p.m.

MR. BALLARD said that this is a public hearing for annexation of 35 acres at the SWC of Appleby Road and the Consolidated Canal. The site is zoned R-43 Rural Residential within the County. The Chandler Airpark Area Plan, a land use element of the Chandler General Plan, designates

the area for "Light Industrial". The applicant, Farid Moradi, Manager, PBI Arizona, L.P., will be seeking rezoning consistent with that designation.

The property is vacant and undeveloped. Existing and/or approved land uses surrounding the site include one rural residence and a large industrial user to the north, City of Chandler Landfill to the east, a mini-storage and business park to the south and additional vacant property to the west. The property is within the 55 LDN aircraft noise contour but is not within the 100-year flood plain.

COUNCILMEMBER ORLANDO asked if there are any specific uses for this area. Mr. Ballard responded that there are not.

The Mayor closed the public hearing at 10:42 p.m.

PH #3. ANNEXATION: NWC Lindsay and Chandler Heights Roads

Mayor Dunn opened the public hearing at 10:42 p.m.

MR. BALLARD said that this is a public hearing for annexation of approximately 5.8 acres of land located at the NWC of Lindsay and Chandler Heights roads currently zoned R-43 Rural Residential within the County. The Southeast Chandler Area Plan, a land use element of the Chandler General Plan, designates the area for "Traditional Suburban Character". The applicant, Lindsay Heights, LLC, will be seeking rezoning to allow for the development of retail commercial businesses at this location.

The property is vacant and undeveloped. Existing and pending approved land uses adjacent to the site or within surrounding quadrants of the intersection include: single-family residential and retail commercial within the southwest quadrant, single-family residential within the southeast quadrant, and vacant undeveloped property zoned AG-1 Agricultural within the northeast quadrant. Properties contiguous to this site on the north and west are currently in zoning review for single-family residential. The property is not within an aircraft noise contour or within a flood plain.

The Mayor closed the public hearing at 10.43 p.m.

SPECIAL ORDERS OF THE DAY

A. Mayor's Announcements:

MAYOR DUNN wished COUNCILMEMBER ORLANDO happy birthday. He also wished COUNCILMEMBER CACCAMO a happy 43rd wedding anniversary.

MAYOR DUNN acknowledged the success of the Neighborhood Appreciation Luncheon. He thanked Staff and members of the Neighborhood Advisory Committee for their participation.

THE MAYOR spoke about the Feis event of Irish dancing that took place at the San Marcos.

MAYOR DUNN announced that it was recently announced that Chandler's Reverse Osmosis Facility pumped its three billionth gallon of recycled water back into the ground. It was also acknowledged by Gov. Napolitano. He thanked Intel and Municipal Utilities Staff for their water conservation efforts.

B. Councilmembers' Announcements:

COUNCILMEMBER ORLANDO announced that Paula Bigos' father recently passed away. Paula is the wife of Dave Bigos who works in the Manager's office.

MAYOR DUNN also announced the passing of Marty Wright who was very active in the community.

C. City Manager's Announcement:

There were no City Manager announcements at this time.

Adjournment: The meeting was adjourned at approximately 10:48 p.m.

ATTEST: _____
City Clerk

_____ MAYOR

Approved: February 8, 2007

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 25th day of January 2007. I further certify that the meeting was duly called and held and that a quorum was present.

DATED this _____ day of _____, 2007.

City Clerk