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MINUTES OF THE SPECIAL MEETING OF THE HONORABLE MAYOR AND CITY COUNCIL OF THE CITY OF CHANDLER, ARIZONA, held at Serrano’s Restaurant, 141 S. Arizona Avenue, Chandler, Arizona. Dinner preceded the meeting at 5:00 p.m. The meeting was called to order at 6:00 p.m.

The following members were present:

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

Also in attendance: W. Mark Pentz, City Manager; Rich Dlugas, Assistant City Manager; Pat McDermott, Assistant City Manager; Mary Wade, City Attorney; Marla Paddock, City Clerk; Nachie Marquez, CAPA Director; Chris MacKay, Acting Economic Development Director; Dennis Strachota, Management Services Director; R.J. Zeder, Public Works Director; David Nakagawara, Asst. Planning Director; Dave Siegel, Municipal Utilities Director; Mark Eynatten, Community Services Director; Police Chief Sherry Kiyler, Patrice Kraus, IGA Coord., Kevin Mayo, Acting Planning Mgr.; Steven Philbrick, I.T. CEO; Brian Bosshardt, Organizational Development Admin; Marian Norris, Asst. to City Manager; Leah Powell, Diversity Adm.; David Bigos, Mayor and Council Asst.; and Jeff Riggs, Mgmt. Intern.

CAPA DIRECTOR NACHIE MARQUEZ announced that Councilmember Donovan had accepted the Valley Forward Crescordia Award on behalf of the City, for the joint project between the Police, Community Services and Municipal Utilities Departments.

Ms. Marquez also announced that Chandler was selected as one of the six Arizona cities designated as a “Playful City” by KaBoom. This is the second year receiving this award.

Mr. Pentz noted that Mark Roddy, Chandler City Hall project architects, received a Valley Forward Crescordia award for his residence.

1. UPDATE ON CITY COUNCIL 2007-08 GOALS AND PRIORITIES

CITY MANAGER PENTZ referred to the Goals and Priorities Update memo. He announced the intent to have a retreat in February with the Council to review a new policy agenda for next two years.

Mr. Pentz stated the focus is on 6 major projects:

City Hall Design

A public meeting will be held on Monday and the design will be presented to Council at the end of September. He noted a meeting had been held today with immediate stakeholders in the area and he felt the plan was very well received. He encouraged the Council to attend the public meeting on Monday to see the detail. Now that the City Council has made the decision the Museum will be located on the site next to City Hall, review of the architectural, project

management and construction firms will be underway. Although many capital improvement projects are being pushed out, this one is moving forward.

COUNCILMEMBER WENINGER asked if there could be any savings by being able to group the two projects together. MR. PENTZ said he has his doubts. Coordination will be an issue and he believed that if not coordinated right, it could cost more.

COUNCILMEMBER WENINGER asked if there would be any savings in buying materials in advance. MR. DLUGAS replied that was discussed in the interviews with the construction management firms and they will look at it.

COUNCILMEMBER ORLANDO asked if there was a timeline for the Museum. MR. DLUGAS said it is too early to tell, but more will be known after the hiring of the general contractor and architect. The goal is to go parallel with opening both at the end of 2010. MR. PENTZ said the difference is the City Hall project is further along however, the Museum building is not as large or as complicated of a project.

MAYOR DUNN asked if there was discussion about tying City Hall into the Square. MR. PENTZ said the Serrano's are concerned about parking during the construction. He also noted that staff is looking at having the Blue Peacock appraised and will look at acquiring that to have a similar access area; somewhat like what is by Kokopelli's, to help tie the project into the Square.

MR. PENTZ said that Mr. Strachota had done an analysis on the economics of continuing to lease for 5 years and build later or to build now. Mr. Pentz stated the savings/difference is about \$10 million looking at present value.

#### Completion of the General Plan

The plan is being presented to voters in November.

#### Review and Update of the Commercial Reinvestment Program

MR. PENTZ said this would be coming to the Council in the fall. MS. MACKAY said they are working with Legal on some issues now. MR. PENTZ said an analysis was done and they are focusing on the Ray and Alma School Roads intersection and as that intersection is expanded; it may create some redevelopment opportunities. He noted discussions are also in place with the owners of the East Valley Mall on commercial reinvestment. MS. MACKAY said the current Program focuses strictly on building facades, landscape, signage and parking – enhancing the exteriors to make them viable against other areas. They are running into challenges on where we can use it for redevelopment and level it and turn it into a different use as State Statutes have very specific requirements. She stated that clearly the intersection of Ray and Alma School is the most significant intersection to fix.

COUNCILMEMBER WENINGER asked if the Program is subjective or very black and white. MS. MACKAY replied it is pretty clear on the specifics of use. Perhaps the future direction is looking at City participating in public infrastructure improvements to help the development.

#### Innovation Zone

MR. PENTZ said that Ms. MacKay and her staff have worked with Starpoint in working with Motorola on negotiating the purchase of 150 acres. The purchase has not yet occurred although

the anticipation is that may still happen. Starpoint owns other property to the south with potential to buy some remaining property that would give them a potential area of land that would include everything north of Queen Creek to the north side of the Motorola Property. This could result in a high quality redevelopment of that property, with some city participation. Mr. Pentz said there is some money in the budget this year for strategic economic development opportunities. But there are other strategic opportunities too so there may be a need for decisions on what our role would be.

Mr. Pentz referenced a story in the Arizona Republic regarding a major solar project. He said the City was approached some time ago about a solar project that was not pursued, that would have taken about 80 acres along Price Road. This new project could be up to a 5 building campus along the Price Road corridor and if the project goes forward it would be between Portland, Oregon and Chandler. We would need to work a legislative strategy due to major issues with tax credits. Solar is one area that would allow us to pursue strategic alliances with the universities.

#### Review of Development Standards

Mr. Pentz said that while some work has been done, there is quite a bit to do. This does need to be a high priority. The Chairman of Planning Commission has expressed interest in pursuing this, as has Planning Staff. This would include not only Planning, but also parks and right of way. There is money budgeted in FY08-09 for consulting services.

COUNCILMEMBER ORLANDO asked if hiring a consultant, then how long to get the consultant on board. KEVIN MAYO replied that once on board, it might be 12 months as this is a very large and global task. He was not sure on the timeline to get the consultant on board.

COUNCILMEMBER ORLANDO said as the procurement process may take a while, is there a possibility to hire off of an exiting contract. MR. PENTZ commented that this might be a case where we want to competitively interview competing firms to see what their background is. Who we select as firm will be important in terms of the outcome. MR. PENTZ said funds have been included in the budget to hire a consultant.

COUNCILMEMBER WENINGER asked the amount of funding and what that included. MR. MCDERMOTT said he believed \$100,000 +/- . MR. PENTZ said the challenge is how to identify the standards to give us that unique design. A consultant would give an outside perspective and is will still take quite a bit of staff time to devote to this.

MAYOR DUNN commented that is also a process of getting other departments involved. Also to bring in the issues of sustainability and landscaping.

COUNCILMEMBER WENINGER said it would be important for Council and staff to define what they want. MR. PENTZ agreed it would be important to articulate and identify what is expected while being in synch with what Council wants to do.

COUNCILMEMBER ORLANDO stressed the need to have this as a high priority.

MR. MAYO commented that while the development standards work very well for a suburban City, but are lacking in standards for urban projects and mixed-use design standards.

COUNCILMEMBER ORLANDO noted that this is more reason to move ahead as this will also help Ms. MacKay in her policy development.

COUNCILMEMBER WENINGER said residential standards might need to be looked at as we promote shading and the standards don't necessarily support that.

#### South Arizona Avenue Corridor

MR. PENTZ referred to a handout. He reminded the Councilmembers that part of the CIP projects have been pushed out and the bond program has gone from 3 yr to a 5 yr program. Parts of this project most likely will come back in an amended CIP in the spring. The focus right now is on three areas - from Chandler Blvd to Frye; Washington Street from Boston down to Frye; and Fairview down to Pecos Road. There is about \$30 million dollars in property acquisition for this project. He stated that given the financial conditions, it would be prudent to look at this in phases and may want to tie remaining phases in with development opportunities.

Mr. Pentz added that internally, staff has had some "spirited" discussions regarding the width of Arizona Avenue. The issues being discussed are the use of medians, the width of Arizona Avenue and how pedestrian friendly to make it. He noted that Arizona Avenue probably needs to be four lanes. He cited the need to start involving some of the stakeholders after having discussions with staff.

COUNCILMEMBER ORLANDO referenced downtown Tempe. MR. ZEDER said the challenge is how dramatic of a change do you make. One of the things to look at is removing the median and widening the pedestrian access. This also may affect traffic flow and so there are discussions on how this may affect other roads. Mr. Zeder said staff would be visiting with other communities.

COUNCILMEMBER WENINGER commented his first reaction is to not to go lower than four lanes. He has moved his office from downtown Tempe. Some drive-by traffic will avoid the area if too cumbersome to get through.

COUNCILMEMBER ORLANDO asked if the timing of the buying of property is too fast. He commented that some of the property purchased years ago has not been developed. MR. PENTZ responded that property that would be needed for this plan, we should probably pursue. Other properties he has asked staff to back away from. He said there are some major properties that they could move forward on such as Pecos Lounge and Hontech as they are on the market. But staff is discussing that now.

COUNCILMEMBER WENINGER agreed on the purchase of property needed for projects, but does not support the buying of properties to assemble to used by a developer to develop.

MR. PENTZ referred to the corner occupied by Pecos Lounge. COUNCILMEMBER ORLANDO said that might be a priority to look at since it is a corner and has more value.

COUNCILMEMBER HARTKE stated that Pecos and Frye would seem worth pursuing especially if an intersection property.

MR. PENTZ reiterated the focus on those three areas. He noted they would probably not be pursuing purchase of the trailer court to the west, as that would be a huge financial acquisition.

MAYOR DUNN stated that if you want downtown to be different and walkable, the walk needs to be made a pleasant experience by installing trees and widening the sidewalks.

MR. PENTZ reiterated the intent of moving from 3 yr to 5 yr bond program and pushing out some of the CIP projects. He noted for the first time, the July sales tax revenue was below the July 2007 revenue. In the City's case, it is -1.7%. Mr. Pentz said he, Patrice and Mayor Dunn had a meeting with MAG representatives regarding a Prop 400 briefing. The issue is the sales tax that is funding Prop 400 is projected to be \$4 billion short of funding some of their projects. They will be looking at doing some major amendments. He commented the most disturbing issue is that the sales tax in Maricopa County that supports the funding is 11% below July 2007. Mr. Pentz said staff would be spending time this fall on budget and finance issues in looking toward an even tougher time next year.

COUNCILMEMBER WENINGER asked about funding reimbursement on the transportation projects. MR. PENTZ said we have to cover those costs ourselves. MS. KRAUS commented that one project would be receiving reimbursement early. MR. ZEDER said that if there is an opportunity that other cities or agencies that can't move their projects forward, that we are ready to step in. He said the same holds true in getting closeout money from the federal government. Mr. Zeder said this economy could certainly have an impact in future reimbursements. MR. PENTZ said in relation to the impact other cities are experiencing; we are about 9 months behind.

MR. PENTZ noted the recent briefings on the plan updates for water, wastewater and reclaimed water. He stated in another month or so, the 12-month cycle will be available to do a water rate comparison.

COUNCILMEMBER DONOVAN thanked Mr. Pentz for the comprehensive report. MR. PENTZ commented that this was very ambitious agenda. His hope is to be able to focus on a few when the agenda is reviewed with Council in February. He expressed his appreciation on the work of staff.

COUNCILMEMBER ORLANDO said the developers are expressing concern that on the infill projects, there are not enough incentives to offer particularly for affordable housing. He asked if staff was looking at a better formula. MR. MAYO responded that staff has had some meetings and they are looking at other ways to incent and are trying to revise the policy.

MR. MCDERMOTT added that the discussion includes ways of getting more creativity in the project too. COUNCILMEMBER ORLANDO questioned if that wouldn't drive the cost up especially on a small infill project.

MAYOR DUNN said while serving on an affordable housing task force, he saw some designs from California projects that were attached housing with very low setbacks, that were very good.

MR. MAYO said the policy now caters to the detached single-family house and the requirements would not encourage the unique developments. They are reviewing not only the financial incentive, but also what the policy encourages in development.

COUNCILMEMBER ORLANDO asked if feedback has been received by stakeholders or the housing industry. MR. MAYO responded he didn't believe so as the applicants for infill are not traditionally the big developers, but the smaller ones.

MAYOR DUNN said his concern with the development process is with the developer who wants to do small development; the process will drive them away. There is a streamlined process for the Intel's, but he suggested there is a need to come up with a process for these types too. He said it is not only the financial incentive, but the process too.

COUNCILMEMBER ORLANDO commented that the process does turn into a financial incentive for the developer.

MR. PENTZ clarified the two issues. One being design standards and consistency and then there is the process itself.

MR. DAVID NAKAGAWARA explained that most of Planning's process improvements have been geared to recognize that the current customers are different than the past. They are implementing a wireless system, and implanting this enterprise wide for integration between users. They are focused in helping the smaller project developers who are not accustomed to this process. Internally, staff has weekly meetings for review of proposals as a group. In follow-up, a letter is provided to the owner and arch/engineer. Mr. Nakagawara acknowledged room for improvement, but progress is currently being made and more effort is being made toward coordination between departments.

MAYOR DUNN acknowledged the progress of Neighborhood Services and asked Mr. Pentz about the direction of the division. MR. PENTZ agreed that this is a growth area as Chandler ages and the division was in need of assistance. He acknowledged the work of Ms. Register to bring the staff together and bring the division together.

COUNCILMEMBER WENINGER asked in light of the new City Hall building, is there a way to bridge the process of applying in two different buildings as in the case of a liquor license and a use permit. Mr. Nakagawara said this is another example of identifying and coordinating efforts between departments.

The meeting was adjourned at 7:00 p.m.

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

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Mayor

Approved: September 25, 2008

#### 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 9<sup>th</sup> day of September 2008. I further certify that the meeting was duly called and held and that a quorum was present.

DATED this \_\_\_\_\_ day of September 2008.

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City Clerk