

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, September 25, 2008 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
Kevin Hartke	Councilmember
Jeff Weninger	Councilmember

Also in attendance:

W. Mark Pentz	City Manager
Rich Dlugas	Assistant City Manager
Mary Wade	City Attorney
Marla Paddock	City Clerk

INVOCATION: The invocation was given by Pastor Rudy Paredes - Calvary Chapel of Chandler

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

SCHEDULED PUBLIC APPEARANCES:

1. Service Recognitions

MAYOR DUNN was joined by Acting Fire Chief Tom Carlson in recognizing Fire Marshal John Gardner for 20 years of service. John joined the City after a 20-year career in the Air Force in fire protection services. He began his service as a Fire Inspector and soon was appointed to the position of Fire Marshal. He has been involved with local industry, county emergency planning and national organizations and currently serves on numerous committees and has served as a principal member of the National Fire Protection Association's Technical Committee on Fire Marshal Professional Qualifications. John has a bachelor's degree in business administration and has earned the status of Executive Fire Officer by completing a 4-year program through the National Fire Academy. In 2005, John earned the Fire Department's prestigious Medal of Honor for his direct involvement in ensuring the safety of the residents of Autumn Years Nursing Home.

MAYOR DUNN was joined by Public Works Director R. J. Zeder in recognizing Charles Smith for 15 years of service with the City. He has worked with the development community on several projects and has always been anxious to provide outstanding customer service to internal staff as well as residents. He was recognized for working closely with residents in a Chandler community during their road replacement. Additionally, Chuck has had involvement on projects such as the Airport Park Improvement District, Surface Water Treatment Plant, McQueen Road interceptor sewer and the Willis Road improvement district. Chuck took the lead in preparing offsite deferral agreements and offsite development agreements. He ensured that all bonds and offsite agreements were kept current and prepared quarterly updates on the status of the agreements for tracking purposes. Chuck has served as the Public Works representative on the Employee Council. He has excelled in keeping all of the Public Works Staff updated on discussions held

during the Employee Council meetings. Chuck also provides oral reports at the quarterly Public Works business meetings and is always available for staff to ask questions or voice concerns. For many years, Chuck has been actively involved in the Kiwanis Club and has participated in many other humanitarian efforts.

2. Recognition – Everyday Heroes Award

MAYOR DUNN was joined by Fire Battalion Chief Dan Couch as he presented the Everyday Heroes Award to Chandler High School swimming coach Kerry Crosswhite. Coach Crosswhite has been coaching swimming since 1982. As part of his coaching duties, the Coach has also taken CPR classes in case the need arose. On the afternoon of September 2, his CPR skills were needed when student Candace Gillig was swimming laps in the pool and suffered a seizure and sunk to the bottom of the pool, unnoticed. When she was noticed, Coach Crosswhite assisted in removing her from the pool and began CPR. Because of his quick actions, Candace was unaffected by the incident. This is an example of the importance of learning CPR and how using those skills can assist emergency teams by administering aide immediately.

3. Proclamation – Fire Prevention Month

MAYOR DUNN was joined by Fire Battalion Chief Dan Couch as he read a proclamation proclaiming October 2008 as Fire Prevention Month in Chandler.

Chief Couch said that Fire Prevention Month began during Theodore Roosevelt's term as President. There was a fire at the School of Angels where several students were lost because of lack of fire code compliance. It began as Fire Prevention Week in Chandler, but the Fire Department found that a week was not long enough and asked for a month. They work all month getting the message out especially with school-aged children. He suggested that everyone check the batteries in their smoke detectors at home on a monthly basis and replace them annually and encourage families to practice exit drills.

4. Recognition – APRA Award

MAYOR DUNN was joined by Therapeutic Assistant Collette Prather while Assistant Community Services Dave McDowell announced that the Cities of Chandler and Mesa received the 2008 Outstanding Adaptive Program Award from the Arizona Parks and Recreation Association for the "You Look Marvelous" Fashion Show, which is the only fashion show for participants with physical and developmental disabilities in the valley. Both cities have a cooperative partnership in providing recreation programs for citizens with physical and developmental disabilities. Experts agree that the psychological benefit of the program exceeds its surface value. Mr. McDowell thanked Ms. Prather for her outstanding job with the adaptive recreation program.

5. Proclamation – Disabilities Employment Awareness Month

MAYOR DUNN was joined by Michael Williams, Chair of the Mayor's Committee for People With Disabilities, as he read a proclamation proclaiming the month of October 2008 as Disabilities Employment Awareness Month.

Mr. Williams thanked those employers who have hired employees with disabilities. There will be a golf tournament at Tumbleweed Golf Course on November 14th. All proceeds will go toward scholarships for those with disabilities.

6. Proclamation – Native American Recognition Day

MAYOR DUNN was joined by Emerson Quannie of Southwest Native American Promotions and Patty Ferguson, President of the Miss Indian Arizona Association as he read a proclamation proclaiming October 11 & 12, 2008, as Native American Recognition Days.

Ms. Ferguson thanked the Mayor and Council and City of Chandler for working with the Miss Indian Arizona Association. Each year they host a scholarship program and the City is very supportive. She invited everyone to come to the program on October 11th. The theme is “The Enduring Spirit of Indian Women”.

Kelly Jean Whitman, Miss Gila River, also thanked the City for their support.

Mr. Quannie thanked the Mayor and Council. This year they will hold the First Annual Native American Art Show in conjunction with the Miss Indian Arizona Pageant.

7. Proclamation – Domestic Violence Awareness Month

MAYOR DUNN was joined by Susan Stevens-Clark, Vice-Chair of Chandler’s Domestic Violence Commission, Commission Members Bob Blatz and Tammy Clow-Kennedy, Assistant Police Chief Joe Gaylord, Tesha Hensley-Brown, Victim Services Coordinator, and Assistant Fire Chief Jeff Clark as he read a proclamation proclaiming October 2008 as Domestic Violence Awareness Month.

Ms. Stevens-Clark said that this is a joint collaboration. The Commission could not assist the community at large without the assistance of the Police and Fire Departments and their Victims Services Department and Crisis Response Teams. This is the second year that they will be hosting an essay contest during the month of October. The theme will be “Justice for One, Justice for All”.

8. Proclamation – A Week Without Violence

THE MAYOR said that members of the Children’s Benefit Association could not attend the meeting to accept the proclamation and was joined by Ms. Stevens-Clark and members of the Domestic Violence Commission to accept in their behalf. THE MAYOR read the proclamation proclaiming October 5-12, 2008, as A Week Without Violence.

9. Lonnie Sorrell – Dog Attacks on City Streets

LONNIE SORRELL, 130 N. Hamilton St., Unit #10, spoke regarding three dog attacks with the first taking place January 6, 2003. The second was on August 4, 2005, and the third attack was on September 13, 2008. The attacks took place on the streets of the City of Chandler. The attacks occurred in the vicinity of his residence. He feels these attacks may be political and/or racially motivated and feels they were conspired intentionally. Mr. Sorrell requested the matter be resolved and the appropriate action taken.

MAYOR DUNN asked Mr. Sorrell if he has contacted the Police after each attack? Mr. Sorrell responded that he had. THE MAYOR directed the Police Department to investigate these claims and respond back to Mr. Sorrell.

UNSCHEDULED PUBLIC APPEARANCES:

None.

CONSENT:

MAYOR DUNN asked if Staff is recommending a specific motion on Item #23 (Artistic Land Management). Public Works Director R. J. ZEDER said that Staff is recommending that the agreement be approved as the City Attorney has included additional language in the contract that mandates that the contractor will comply with federal and state employment laws. The Arizona Illegal Workers Act is referenced in the agreement and there is also language that allows the City to inspect records of any contractor or subcontractor doing work under this agreement and any violations that are found may be grounds for termination of the contract.

MAYOR DUNN asked the City Attorney about specifics of the investigation and the purpose of her recommendations. CITY ATTORNEY WADE responded that Staff contacted the County Attorney and Sheriff's office and they would not provide further information regarding any ongoing investigations. The agreement also includes that, upon approval, it would become effective October 1st, which is the first date that the new E-Verify law would be in effect. There is an E-Verify law that is in effect for employers as of January 2008. On October 1, 2008, it allows cities to include language in contracts requiring the owner of the company to comply with E-Verify as a condition of the contract and to sign a document to that effect. Any time the owner fails to comply with E-Verify, the City can terminate the contract.

COUNCILMEMBER CACCAMO asked if the contract is structured so that if it is approved, it be contingent on results of any violations that may have occurred from January 2008 to October 1st. Ms. Wade said that it could be done. She explained there is general language that is applicable between January 1st and October 1st that if the contractor does not comply with federal and state employment law, the contract can be terminated. She noted that at this time, it is unknown the basis of any alleged investigation, the time period, or what the findings will be. If there is a finding or charge that is conclusive, we could go back during that time period.

Regarding Item #31 (TMCx Arizona, LLC), COUNCILMEMBER WENINGER asked if it is necessary to receive the LEED status. Assistant to the City Manager MARIAN NORRIS responded that in order to obtain LEED certification, whether it be certified, gold, silver or platinum, it is required that the building be commissioned, which ensures the mechanical systems in the building are functioning as they were designed and installed.

COUNCILMEMBER WENINGER asked if there needed to be another entity performing the test since there is a guarantee with any system that is installed. MS. NORRIS said that this is an independent outside agency that tests to ensure that as it has been designed and as it is installed, they make sure during the testing that it is functioning properly. It frequently happens with buildings that are not commissioned that problems with airflow are not detected until it is occupied. The building the City currently rents offices in has had an air flow issue since the City moved in. There is not a positive airflow in the building and we assume the builders did not commission the building to check the mechanical system. This is a safeguard to ensure that the systems are working properly once the building is occupied.

COUNCILMEMBER WENINGER asked in regards to this type of building cost, if the contractor wouldn't include system balances and providing that information to the occupants. Ms. Norris said that the contractors do a balancing and check to make sure the systems are working as they

should. That does not qualify for LEED certification. LEED certification specifies that commissioning services have to be provided by an outside third party.

COUNCILMEMBER WENINGER inquired when a business builds in the City and submits mechanical plans, does the City physically check the building or just check the plans. Acting Planning & Development Director JEFF KURTZ responded that there is an inspection of the equipment put into the building. There is no measurement of efficiency or output, but rather is that the equipment that was installed per the plans.

COUNCILMEMBER WENINGER asked about agenda Item #59 (Property Acquisition) and what the additional funds are for above the \$134,000. MS. JOYCE responded that the additional \$4,000.00 is a payment to the owner because the amount of their mortgage was higher than the appraised value of the home by \$4,000.00. Staff agreed, contingent on approval by Council, to pay the owner the additional \$4,000.00. COUNCILMEMBER WENINGER asked how many appraisals were done. Ms. Joyce said there was one appraisal performed by an outside appraiser hired by the City. In situations where the City acquires property, an outside appraiser is hired by the City. The appraiser will typically contact the property owner and meet with them at the property and discuss any existing situations with the property. The property owner may also obtain their own appraiser if they wish. COUNCILMEMBER WENINGER asked if there was any estimate on how much would be paid for relocation assistance. Ms. Joyce responded that, under federal rules, it's treated separately from the acquisition. Property owners are entitled, and the City is obligated, to pay those fees. Staff feels that relocations benefits in this case will be lower than previous cases because there are many available properties to choose from. The payment is a function of what the owner's property value is versus what they may have to pay for another property or in a rental situation, what they are paying versus what they may have to pay in rent.

COUNCILMEMBER WENINGER asked Ms. Joyce to review the formula used to calculate the relocation amount. MS. JOYCE said that it is a very long complicated regulation created by the federal government. Generally, it is based on in an ownership situation, what the value of the property is versus what the value of the available 'for sale' properties. It is also a "spend to get" program, which means that if someone chose to buy something that was not at the top end of the range, they would only be eligible to receive what they needed to acquire the property. There are other issues considered which are formulations derived from genders of the occupants of the property, family relationships and ages. In this situation, there will be a four-bedroom comparable that will be presented to them probably between one and three. Staff has not done the research to determine what is available on the market. There is no multiplier. In an ownership situation, it is based on the value of the property, the property that we are looking to acquire versus other properties available on the market. There is a multiplier in a rental situation. If an owner goes into a rental, you use as a base the differential in the ownership situation, which creates a not to exceed threshold. If they chose to go into a rental, the rental multiplier is used, which cannot exceed the ownership differential.

COUNCILMEMBER ORLANDO asked about agenda Item #11 (General Obligation Bonds) and Item #12 (Excise Tax Revenue Obligations) and confirmed that they are voter approved. Management Services Director DENNIS STRACHOTA confirmed that they are. The Excise Tax Bonds include approximately \$27 million for a single wastewater facility which was not voter approved.

COUNCILMEMBER ORLANDO asked if the bids could be rejected. Mr. Strachota responded that there are certain parameters stipulated in the Notice of Sale and we should accept the lowest bid. Should they be rejected, it is unlikely there would be a protest given the market conditions.

Bidders would be aware of our intent to go back in to the market since we will eventually need the money for cash flow purposes. COUNCILMEMBER ORLANDO clarified that they could reject the bids due to market conditions and go back out for bid when the market improves. Mr. Strachota responded that could be done, but we would more likely put off the sale as he has the authority to postpone the sale. The sale is currently scheduled for October 22nd and it is expected the market will calm down before then. There is some trading taking place even though the volume is down.

COUNCILMEMBER ORLANDO commented that it is important to clarify this because it is important that the voters understand that the City is taking a prudent approach to this sale.

COUNCILMEMBER HARTKE asked if there is a time line relating to when the bonds must be sold if they do not go on October 22nd. Mr. Strachota said there is none. The bonds will only be sold if the proceeds are needed as to not incur debt service costs. What could be done is the reliance on our own funds, which would otherwise be invested and be reimbursed with the bonds proceeds at a later date.

MOVED BY COUNCILMEMBER HARTKE, SECONDED BY VICE-MAYOR HUGGINS, TO APPROVE THE CONSENT AGENDA AS PRESENTED INCLUDING THE RECOMMENDED MOTION OF THE CITY ATTORNEY ON ITEM #23.

COUNCILMEMBER CACCAMO said he would be voting nay on Items #2 and 58.

COUNCILMEMBER WENINGER said he would be voting nay on Items #21, 31 and 59.

MOTION CARRIED UNANIMOUSLY (7-0).

1. MINUTES:

APPROVED, as presented, Minutes of the Council Special Meetings of September 8 & 9, and Regular Meeting of September 11, 2008.

2. ZONING AMENDMENT: Stellar Airpark Estates Ord. #4086

ADOPTED Ordinance No. 4086, DVR08-0028 Stellar Airpark Estates, to amend the PAD zoning to eliminate a zoning condition requiring copper supply plumbing for several undeveloped lots within a residential single-family subdivision located south of Chandler Boulevard and west of McClintock Drive off of Stellar Parkway.

COUNCILMEMBER CACCAMO voted nay on this item.

3. AGREEMENT: tw telecom of Arizona llc, Ord. #4087

ADOPTED Ordinance No. 4087 authorizing an agreement with tw telecom of Arizona llc for use of City right-of-way and public places to establish a communications system.

4. CITY CODE AMENDMENT: Chapter 38 Ord. #4092

ADOPTED Ordinance No. 4092 amending City Code Chapter 38, Sections 38-2, 38-10, 38-13 and 38-16 by adding new or modifying certain non-utility System Development Fees.

5. REZONING: Chandler Airpark Business Center Ord. #4096

ADOPTED Ordinance No. 4096, DVR08-0019 Chandler Airpark Business Center, rezoning from AG-1 to PAD for a business park development with aviation-related uses on approximately 19.2 acres at the NWC of Cooper and Queen Creek roads.

6. REZONING: 1850 E. Queen Creek Road Ord. #4097

ADOPTED Ordinance No. 4097, DVR08-0025 1850 E. Queen Creek Road, rezoning from AG-1 to Airport District (AP-1) on approximately 35.7 acres at 1850 E. Queen Creek Road.

7. LAND TRANSFER: Germann Road Ord. #4077

INTRODUCED AND TENTATIVELY APPROVED Ordinance No. 4077 authorizing the transfer of a parcel of land to the United States of America (USA) for the relocation of irrigation facilities along the north side of Germann Road between Alma School Road and Arizona Avenue, and accepting in exchange a Quit Claim Deed from the United States of America for its existing property in this area.

The City of Chandler is currently improving Germann Road between Dobson Road and Arizona Avenue. The project requires that the existing irrigation facilities owned by the USA along the north side of Germann Road between Alma School Road and Arizona Avenue must be relocated slightly to the north so that they will be outside of the new right-of-way. The existing open irrigation ditch will be piped and placed underground in this area. In order to complete the project, the City must transfer title to property it acquired for this purpose to the USA. In exchange, the USA will transfer title to its existing property in this area to the City of Chandler. The parcel being transferred to the City will become part of the City right-of-way for Germann Road. The parcel being transferred by the City to the USA contains approximately 65,093 square feet of land. The parcel being transferred to the City by the USA contains approximately 53,922 square feet. The difference is due to increased width requirements for the irrigation facilities that are now 20 feet (new standard) compared to 16 feet (old standard).

8. ZONING AMENDMENT: Serious Installs & Customs Ord. #4099

INTRODUCED AND TENTATIVELY APPROVED Ordinance No. 4099, DVR08-0027 Serious Installs & Customs, zoning amendment to allow an auto accessory and installation business within Planned Industrial District (I-1) with a PAD overlay, I-1/PAD zoning at 3265 N. Nevada Street, east of Arizona Avenue and north of Elliot Road. (Applicant: Rick Pettit.)

The subject site is located within the Arizona Corporate Park North (formerly Elliot Commerce Plaza) light-industrial business park. The 230-acre business park was rezoned from Agricultural District (AG-1) to Planned Industrial District (I-1) with a Planned Area Development (PAD) overlay in 1981. The PAD overlay established the permitted land uses throughout the business park and included I-1 uses, commercial uses and even multi-family uses at the park's northwest corner. The subject site is located on the east end along the railroad tracks within area designated for I-1 uses. The site has developed with one building, a portion of which is leased by a medical equipment distribution business, Magnum Medical. Serious Installs & Customs is an automotive-type business, which is not permitted in the I-1/PAD zoning without a zoning amendment. There have been prior approvals within this industrial park for other automotive-related businesses including a bed liner company and automotive repair.

Serious Installs & Customs works with automobile dealerships providing wholesale services versus retail sales to the public. The shop space includes vehicle lifts and various automotive equipment, parts and accessories storage. All vehicles are serviced within the warehouse space. There is no general mechanical automotive engine repair. There may be alignment and fluid removal occurring due to accessory parts installation only as the floor plan depicts an alignment and fluid storage area. Staff has advised the applicant that general repair is prohibited and the business owner has stated in writing repair will not occur.

This request was noticed in accordance with the requirements of the Chandler Zoning Code with a neighborhood meeting being held August 6, 2008. There were no residents or business owners in attendance. Staff has received no correspondence in opposition to this request.

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

9. REZONING: Santan Mixed Use Amended Ord. #4103

INTRODUCED AND TENTATIVELY APPROVED Ordinance No. 4103 DVR08-0033 Santan Mixed Use Amended, rezoning from PAD Mixed Use Amended to permit an educational facility within an office development on approximately 9.2 acres of an approximate 18.2-acre site located at the SWC of Ray Road and the Loop 101 Price Freeway. (Applicant: Jennifer Wittman, Planning Matters L.L.C.)

Ray Road borders the development to the north with the San Tan Corporate Center office development located north of Ray Road. To the west is the existing single-family residential neighborhood, D'Arcy Ranch. Adjacent on the south is the Pinnacle Terrace apartment complex, and to the east is the Loop 101 (Price Freeway). The Park at Santan most recently received zoning and Preliminary Development Plan (PDP) approval for the construction of a mixed-use commercial development consisting of the 5-story 220,000 square-foot office building, a 4-level parking garage, 35,000 square-feet of retail space and 27,000 square-feet of single-story office space. The majority of the site, with the exception of three freestanding retail pads along Ray Road, is currently developed.

This application will amend the existing PAD zoning for the five-story office building. The proposed amendment seeks to expand the permitted general office uses to include educational facilities in addition to the permitted office uses. The application does not propose any changes to the building or site as previously approved through a PDP.

The University of Phoenix seeks to occupy approximately 2,5000 square feet within the 220,000 square foot 5-story office building. The facility will include approximately 11 classrooms encompassing approximately 10,000 square feet as well as a 4,000 square foot student resource center and 6,000 square feet of administration offices. The administration offices generally operate Monday through Friday, 8 a.m. to 6 p.m. The student resources center is open Monday through Friday 8 a.m. to 10 p.m., and Saturday and Sunday 8 a.m. to 4 p.m. Classes will be offered onsite Monday through Friday 6 p.m. to 10 p.m. and Saturday 8 a.m. to 4 p.m.

The request was noticed in accordance with the requirements of the Chandler Zoning Code with a neighborhood meeting being held on September 4, 2008. There were no neighbors in attendance. Staff has received no correspondence in opposition to this request.

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

10. DRAINAGE EASEMENT: Lindsay / Ocotillo Res. #4201

ADOPTED Resolution No. 4201 authorizing the release of a temporary drainage easement located on the west side of Lindsay Road north of Ocotillo Road and accepting a new temporary drainage easement located on the west side of Lindsay Road north of Ocotillo Road.

Shea Homes is completing improvements to Lindsay Road as a result of developing their project at the NWC of Lindsay Road and Ocotillo Road. Due to these improvements, it was necessary for Shea Homes to improve a portion of roadway in front of the adjacent parcel to the north owned by North American Funding. These improvements made it necessary to relocate an existing temporary drainage easement approximately 86 feet to the south.

As a condition of granting the new easement, the City will release the existing temporary drainage easement that will no longer be needed.

Civil Planning has confirmed that the volume of water to be retained in the new retention area is adequate for the roadway drainage. Staff and outside utilities have been notified and have reviewed this request with no objections.

11. GENERAL OBLIGATION BONDS Res. #4219

ADOPTED Resolution No. 4219 ordering the sale and issuance of not to exceed \$260,000,000.00 General Obligation Bonds, Series 2008, on October 22, 2008.

A variety of the City's Capital Improvement Plan (CIP) projects require debt financing. This resolution authorizes the competitive sale through electronic bidding procedures, of not to exceed \$260 million in voter authorized General Obligation Bonds to provide funding for various projects. The debt service on the bonds for the airport, water and wastewater project is expected to be paid from net revenues from the respective enterprise funds, debt service for all other projects, and if any enterprise funds are insufficient, will be paid from secondary property taxes.

The City will utilize carry-forward balances for individual bond funds to offset project costs. As a result, the amount listed will not necessarily equal the total project cost proposed in the 2008-09 Annual Budget.

The following projects will be funded through these bond sales:

Parks:

Tumbleweed Park	\$7,271,268.00
Canal Park	\$1,484,569.00
Aquatic Facility Renovations	212,414.00
Existing Neighborhood Park Improvements	2,831,000.00
Existing Community Park Improvements	503,841.00
Nazomi Park	835,639.00
Paseo Vista Recreational Area	673,523.00
Boys and Girls Club Renovation	8,315,179.00
South Arizona Avenue Corridor	<u>460,000.00</u>
Sub-total	\$22,587,433.00

Library:
 Downtown Library Furniture Replacement \$ 300,000.00

Center for the Arts:
 Center for the Arts Improvements \$2,400,000.00

Public Safety – Police:
 Radio System Replacements \$3,000,000.00

Public Safety – Fire:
 Fire Administration Building \$ 719,441.00
 Fire Station #3 Expansion 1,045,095.00
 Training Center Expansion – Phase I 1,509,980.00
 Radio Infrastructure Upgrade 97,500.00
 Sub-total \$ 3,372,016.00

Streets:
 Street Construction/Improvements – Various Projects \$ 3,004,292.00
 Arterial Streets 41,682,924.00
 Intersections 17,152,544.00
 South Arizona Avenue 16,133,447.00
 Street Repaving 675,622.00
 Transit and Bicycle Projects 2,230,210.00
 Wall Upgrades and Repairs 2,044,854.00
 Traffic Engineering 2,356,480.00
 Sub-total \$87,776,087.00

Stormwater:
 Stormwater – Various \$ 2,495,714.00

Public Buildings:
 Public Parking Garage \$ 564,464.00

Airport:
 North Airport Apron \$ 201,000.00

Water & Wastewater:
 Water \$67,800,000.00
 Wastewater 63,486,000.00
 Sub-total \$131,286,000.00

12. EXCISE TAX REVENUE OBLIGATIONS and EXCISE TAX REFUNDING BONDS Res. #4220

ADOPTED Resolution No. 4220 providing for the sale and issuance of not to exceed \$35,000,000.00 Excise Tax Revenue Obligations, Series 2008, (Obligations) for wastewater projects and the refunding of bonds.

The current economic downturn has significantly reduced System Development Fee revenues available to otherwise finance a portion of the City's Water Reclamation Facility Expansion project. The City's bond counsel and financial advisor have recommended the use of Excise Tax Revenue Obligations for financing this portion of the project's costs, which amounts to approximately \$28 million. In addition, approximately \$7 million of the proceeds from the Obligations will be used to refund a comparable amount of the City's Water and Sewer Revenue Refunding Bonds, Series 1997, in order to reduce the City's debt service costs.

Wastewater system net revenues will pay the debt service on the Obligations. Excise taxes, defined as the City's "unrestricted excise, transaction, franchise, privilege and business taxes, state-shared sales and income taxes, fees for licenses and permits and state revenue-sharing," are pledged to assure payment of the debt should water and sewer revenues be insufficient to make those payments. The pledge of Excise Taxes is a stronger credit than a pledge of system revenues, thus the City should achieve lower debt service costs. The refunding of water and sewer bonds will also result in lower debt service costs.

13. GRANT AGREEMENT AMENDMENTS: ADOT Res. #4226

ADOPTED Resolution No. 4226 authorizing three grant agreement amendments with the Arizona Department of Transportation (ADOT), Aeronautics Division to extend the grant expiration dates to June 30, 2009, for grant numbers E5S64, E6F54 and E6F79.

Grant #E5S64 was awarded in 2005 for the Airport Master Plan update. Completion of this project is anticipated around the end of the summer. Grants #E6F54 and #E6F79 were awarded in 2006 for the Airfield Signs Project. This project is 99% complete with only a few sign faces needing to be installed.

The ADOT grant related to each of these projects expired June 30, 2008. ADOT has agreed to an amendment for each to extend the expiration date to June 30, 2009, which will allow adequate time to complete the remaining administrative work for which the grant was awarded.

The City has no financial responsibilities associated with these amendments.

14. COUNCIL MEETING DATES Res. #4229

ADOPTED Resolution No. 4229 setting the City Council regular meeting schedule for the 2009 calendar year.

15. PRELIMINARY DEVELOPMENT PLAN: Chapman BMW

APPROVED Preliminary Development Plan PDP08-0018 Chapman BMW for a freestanding freeway monument sign as part of an automotive sales and service development on approximately 6.51 acres west of the SWC of 54th Street and Orchid Lane. (Applicant: Brennan Ray, Burch & Cracchiolo, P.A.)

The subject site is bordered to the west by Interstate 10. Orchid Lane abuts the property's north side, with the Mercedes Benz, Lexus, Audi and Earnhardt Ford automobile dealerships located north of Orchid Lane. East of the site is the Chapman Chevrolet automobile dealership. South of the subject site is the existing Chandler Gateway West retail development.

The site received conceptual PAD zoning for automotive sales in May 1986. Construction of the Chapman Chevrolet automotive began in 1998 on the eastern 10.5 acres of the 17-acre site, leaving the western 6.5 acres (subject site) for the future development of another dealership. A Preliminary Development Plan for the BMW dealership was approved in March 2007 for the site plan and building elevations. Construction of the dealership is nearing completion. A freestanding freeway monument sign was not included with the approval. Staff supports the proposed signage finding it to represent a quality compatible addition to the BMW automotive dealership.

This request was noticed according to the provisions of the City of Chandler Zoning Code. Staff has received a letter from a neighboring property owner in opposition to this request. The property owner owns and manages the Chandler Pavilions commercial development south of the subject site. The owner states the concern of allowing additional signage along I-10 that makes the existing signage harder to read.

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

1. Development shall be in substantial conformance with the Development Booklet entitled "Chapman BMW" kept on file in the City of Chandler Planning Services Division in File No. PDP08-0018 except as modified by condition herein.
2. 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.
3. All raceway signage shall be prohibited within the development.
4. All future signage shall be consistent with the signage contained within the exhibits with regards to sign type and quality. Any deviations shall require separate Preliminary Development Plan approval.

16. CONTINUED REZONING: Chandler Airpark Village

CONTINUED TO OCTOBER 30, 2008, Zoning, DVR06-0022 Chandler Airpark Village, rezoning from AG-1 to PAD with PDP for a mixed-use development consisting of retail, medical/general office, and multi-family residential uses on approximately 30 acres at the SWC of Germann Road and the Consolidated Canal to allow the applicant additional time to evaluate design alternatives resulting from a follow-up neighborhood meeting. (Applicant: Ralph Pew, Pew & Lake, P.L.C.)

17. CONTINUED AREA PLAN AMENDMENT / ZONING: Parcland Crossing

CONTINUED TO OCTOBER 30, 2008, Area Plan Amendment, AP08-0005 Parcland Crossing, to amend the land use from medium density residential to high density residential located east of Alma School Road on the north side of Willis Road to allow the applicant additional time to work with neighbors regarding traffic concerns.

CONTINUED TO OCTOBER 30, 2008, Zoning DVR08-0016 Parcland Crossing, to amend the PAD zoning for a high-density residential development with PDP east of Alma School Road on the north side of Willis Road. (Applicant: Whitneybell Perry, Inc., and Withey Morris PLC.)

18. NON-UTILITY INFRASTRUCTURE IMPROVEMENT PLAN

ADOPTED the Non-Utility Infrastructure Improvement Plan.

Arizona Revised Statutes § 9-463.05 now requires the governing body of a municipality to adopt or amend an infrastructure improvements plan before the assessment of a new or modified development fee. An infrastructure improvements plan is defined as "one or more written plans that individually or collectively identify each public service that is proposed to be the subject of a development fee". Duncan Associates prepared the Non-Utility Infrastructure Improvements Plan.

The Advance Notice of Intent was published in the Arizona Republic on June 14, 2008, showing the date, time and place of the public hearing that occurred on August 14, 2008. In compliance with State Statutes, the Non-Utility Infrastructure Improvements Plan was filed with the City Clerk for public review beginning June 13, 2008. All issues communicated to City Staff regarding the Non-Utility Infrastructure Improvements Plan have been resolved to the satisfaction of the various stakeholders.

19. GRANT: Corona Village North Traditional Neighborhood

APPROVED a Grant to the Corona Village North-Traditional neighborhood for installation of a neighborhood entry sign in the amount of \$3,450.00.

The Corona Village North Traditional Neighborhood is located just north of Ray Road and east of Rural Road along Orchid Lane and encompasses approximately 50 homes. Corona Village North has applied for grant funds to install a neighborhood entry sign on the NEC of Ray Road and Terrace Street. Using a graphic artist from within the neighborhood, residents helped design the sign in hopes to foster community pride. In addition, they have also requested funds to assist with their monthly neighborhood meetings and host two community picnics.

Residents have a monthly newsletter that helps neighbors stay informed on events and meetings. They are a very active neighborhood, which has held neighborhood clean-ups, community garage sales and neighborhood picnics in the past. The residents have shown a commitment to the 250-hour neighborhood involvement requirement, and the application has met all requirements of the Traditional Neighborhood Grant program guidelines. Members of the Neighborhood Advisory Committee have reviewed the grant application and recommend approval.

20. TERMINATION: Purchase Contract and Property Acquisition

AUTHORIZED the Termination of the purchase contract and acquisition of that certain real property previously approved on June 26, 2008, and AUTHORIZED the City Manager or his delegate to take all steps required to terminate the purchase contract.

On June 26, 2008, Council approved a contract with ICP D100, LLC for the purchase of property located north of the NWC of Kyrene Road and the Loop 202 (Santan Freeway). At that time, Staff advised that the acquisition would allow the City to assemble the property with adjacent land already owned by the City in order to create a future economic development opportunity. Staff

has worked through several configurations to combine the subject property with Chandler's existing property to the southwest and has concluded that, when combined, it does not create a cohesive business park for future development.

The purchase contract was executed and escrow was opened. The contract provided for a 90-day inspection period, which Staff characterized as a "90-day option" period, during which the City could examine the physical condition and research the title status of the property and could approve or reject the condition of the property and the economic feasibility of the transition. The inspection period ends on September 29, 2008. With the challenges noted, Staff recommends that the contract be terminated.

Termination of the purchase contract will avoid the City having to pay the \$12+ million purchase price.

21. AGREEMENT: SumTotal Systems, Inc.

APPROVED an Agreement with SumTotal Systems, Inc., for consultant services to perform an upgrade to the Aspen Training Management System, sole source, in an amount not to exceed \$51,462.00.

Aspen is an aging citywide learning management software solution that was purchased approximately 5 years ago and has been upgraded once. It feeds off of a stand-alone SQL database and in its current configuration, requires some updates to be done manually, including updating basic personnel information. When originally purchased, the vendor installed data sync utility program that took information generated by Oracle and imported it into Aspen. This data sync utility program became non-functional with the major upgrade that was performed in-house approximately 3 years ago. In addition, the current version of the software is not compatible with much of the on-line course content that is available from on-line training content vendors such as SkillSoft. As of October 1, 2008, the vendor will no longer support the current version of Aspen making this upgrade a necessity.

The Aspen Training Management software is proprietary and can only be purchased through SumTotal Systems, Inc. Because SumTotal Systems originally installed the software, they are the only source that can perform this upgrade.

COUNCILMEMBER WENINGER voted nay on this item.

22. AGREEMENT: HVAC Repair and Maintenance

APPROVED an Agreement with Chandler Air, Inc., Crawford Mechanical Services, LLC, and Desert Comfort Refrigeration for HVAC repair and maintenance in a total amount not to exceed \$300,000.00 for a period of one (1) year with provisions for four (4) additional one-year extensions.

23. AGREEMENT: Artistic Land Management, Inc.

APPROVED an Agreement with Artistic Land Management, Inc., for landscape materials and service for one year with provisions for four (4) additional one-year extensions in an amount not to exceed \$75,000.00.

Since the original recommendation was drafted, questions arose regarding the ability of the vendor to appropriately staff the contract. The owner of the company has stated that he is currently staffed to provide the work as defined in the contract. The owner went on to state that he has participated in the State of Arizona's E-Verify Program as required by law since January 2008 and has and will continue to participate in the State of Arizona Program including complying with the requirements effective October 1, 2008.

As such, Staff is comfortable moving forward with the contract at this time. Should the vendor be unable to meet the requirements of this contract, there is language that will allow the City to terminate the agreement at any time.

24. AGREEMENT EXTENSION: Water/Wastewater Equipment Repair/Maintenance

APPROVED a six-month Agreement Extension with Weber Group, L.C., Gilbert Pump and Equipment Co., Layne Christensen Company, and Foster Electric/Arizona Pump Company, Inc., for water/wastewater equipment repair and maintenance in a total amount not to exceed \$659,000.00.

This agreement was originally awarded in March 2007 with provisions to extend for four (4) additional years. Staff plans to expand the scope of work requirements and is recommending a six-month extension through April 30, 2009, to allow time to re-bid.

25. CONTRACT AMENDMENT NO. 1: Wilson Engineers LLC

APPROVED Contract #WW0807-201, Amendment No. 1, to Wilson Engineers LLC for the design of the equipping of Ocotillo aquifer storage and recovery wells 5 & 6 in an amount not to exceed \$102,220.00, for a revised contract total of \$386,765.00.

This amendment will add the design work necessary to upgrade infrastructure at the Ocotillo Water Reclamation Facility to meet reclaimed water delivery obligations with both the Ocotillo Management Group (OMG) and the Gila River Indian Community (GRIC).

26. AGREEMENT: Clear Creek Associates, PLC

APPROVED Agreement #WW0807-451 with Clear Creek Associates, PLC for construction management of Ocotillo aquifer storage and recovery wells 5 & 6 in an amount not to exceed \$68,867.00.

27. AGREEMENT: Layne Christensen Co.

APPROVED Agreement #WW0807-401 with Layne Christensen Co. for drilling at Ocotillo aquifer storage and recovery (ASR) wells 5 & 6 in an amount not to exceed \$886,285.00.

28. AGREEMENT: Layne Christensen Co.

APPROVED Agreement #WW0701-401 with Layne Christensen Co. for drilling at Tumbleweed aquifer storage and recovery (ASR) well 8 in an amount not to exceed \$560,994.00.

29. AGREEMENT: Clear Creek Associates, PLC

APPROVED Agreement #WW0701-451 with Clear Creek Associates, PLC, for construction management to Tumbleweed aquifer storage and recover (ASR) well 8 in an amount not to exceed \$39,293.00.

30. AGREEMENT: Morrison-Maierle, Inc.

APPROVED Agreement #WA0901-201 with Morrison-Maierle, Inc., for design of an extension to the Chandler Joint Water Treatment Plant transmission line in an amount not to exceed \$54,840.00.

The new Santan Vista Water Treatment Plant joint project with the Town of Gilbert is scheduled for completion for the summer of 2009. Potable water from this plant will be delivered to the City of Chandler via a new 4.5-mile pipeline from the water plant located near Higley and Ocotillo roads to Gilbert and Ocotillo roads. It will connect to Chandler's water transmission main system for distribution to several of Chandler's existing water reservoirs.

31. AGREEMENT: TMCx Arizona, LLC

APPROVED Agreement #GG0502-110 with TMCx Arizona, LLC, for City Hall LEED Commissioning Services for consultant services in an amount not to exceed \$145,000.00.

The City moved into the Chandler Office Center in the fall of 1998 and is leasing approximately 38,000 square feet in the building for twelve years. In 2010, the City's current lease will expire. The City Hall will total approximately 120,000 square feet and is planned to be available by the time the City moves out of the Chandler Office Center.

The City has determined the City Hall should be an environmentally friendly building design, with design standards to achieve a gold certification level within the Leadership in Energy and Environmental Design (LEED)-NC Version 2.2 Green Building Rating System. Some of the elements that could be included in the new City Hall are sustainability issues such as construction activity pollution prevention, bicycle storage and changing rooms for employees, parking preferences for fuel efficient vehicles, shading, storm water design, water efficiency plans, energy efficient HVAC systems, and use of material that reduce indoor air contaminants.

Under this contract, TMCx Arizona, LLC will systematically verify and document the functionality of the building systems to confirm the performance meets the documented design intent and the city's operational needs, as required by the United States Green Building Council (USGBC) LEED rating system.

COUNCILMEMBER WENINGER voted nay on this item.

32. PURCHASE: Clean Harbors Environmental Services, Inc.

APPROVED the Purchase of medical and chemical waste disposal services from Clean Harbors Environmental Services, Inc., utilizing the State of Arizona contract, in an amount not to exceed \$140,000.00.

In August 2006, Chandler opened the household hazardous waste collection facility located at the Recycling-Solid Waste Collection Center. Throughout the year, this facility offers residents convenient service for proper and safe recycling and disposal of household hazardous waste.

In fiscal year 2007-08, the household hazardous waste collection facility diverted approximately 179,000 pounds of paint, pesticides, flammables, oxidizers and other hazardous waste. This is approximately a 20% increase compared to fiscal year 06-07. For proper disposal of household hazardous waste that cannot be recycled, Staff works closely with a contractor to ensure waste disposal is compliant with local, state and federal regulations. This professional service is required to ensure regulatory compliance at all levels.

33. AGREEMENT AMENDMENT: Universal Field Services, Inc.

APPROVED Agreement Amendment No. 1 with Universal Field Services, Inc., to provide real estate acquisition services needed in connection with the Riggs Road Improvements from Gilbert Road to Val Vista Road in the amount of \$15,000.00 for a revised contract total amount not to exceed \$105,000.00.

On May 25, 2006, Council approved the design contract for the Riggs Road Improvements from Gilbert Road to Val Vista Road. On June 22, 2008, Council approved the Professional Services Agreement for acquisition services with Universal Field Services, Inc. The project originally required acquisition of road right-of-way and easements for an estimated 18 parcels. Universal Field Services, Inc., bid \$5,000.00 per parcel with a not to exceed price of \$90,000.00. However, during the design of the project, it was necessary to add three (3) parcels to the total required for the project bringing the total to 21 parcels and increasing the contract amount to \$105,000.00.

34. PURCHASE: Lacor Streetscape, Inc.

APPROVED the Purchase of bus shelter furniture from Lacor Streetscape, Inc., sole source, for a total amount not to exceed \$37,923.00.

The City recently expanded bus service by adding four new bus routes. The City has several bus pullouts and bus stops that have shelter pads ready for bus shelters and accompanying furniture. This purchase is for fabrication and installation of 3 shelters and the rehabilitation of one shelter, three trash receptacles and three benches. The City's current bus shelter advertising contract, which expires in two years, includes installation and maintenance of shelters, but the City has completed all shelter installation identified under that contract. Additionally, the City must procure and install transit furniture in the Arizona Department of Transportation right-of-way, which does not allow advertising. The shelter maintenance contractor will maintain all bus shelters. This purchase and rehabilitation of shelters and accompanying furniture will help support those high ridership areas where we currently have only bus shelter concrete pads in place.

35. PURCHASE: Cemex Construction Materials

APPROVED the Purchase of asphalt concrete mix from Cemex Construction Materials, utilizing the Maricopa County contract, in the amount of \$50,000.00.

Maricopa County issued a cooperative bid for asphalt concrete mix in March 2007 with options to renew for two (2) additional one-year periods. This is the first renewal. In March 2008, City Council approved renewal of a current contract with Vulcan materials; however, in July 2008, they requested a price increase and Vulcan is refusing to sell material to the City at the contracted price. Since that time, the contractor has refused to sell asphalt to the City. By utilizing the Maricopa County contract, the City is able to expedite the services and save costs associated with the bid process as well as have the opportunity to participate in discounts not normally available to the City. A purchase order will serve as our contract.

36. PURCHASE: Fluoresco Lighting and Signs

APPROVED the Purchase of replacement illuminated street name sign faces from Fluoresco Lighting and Signs, sole source, in an amount not to exceed \$55,000.00. The City's illuminated street signs have a projected life of 10 years and, over time, some of the sign faces become faded and need to be replaced. This will be the third year of an on-going program to replace 10% of the existing sign faces. Fluoresco is currently the only sign company that meets the City of Chandler's specifications for illuminated street signs. The cost of each sign face is \$312.00, plus \$115.00 for installation. Based on a quantity of 120 sign faces at 15 signalized intersections, the total cost of this project is \$54,272.64.00

37. PURCHASE: Safety Supplies and Equipment

APPROVED the Purchase of safety supplies and equipment from Complete Safety, Fisher Scientific, Conney Safety and SWABS-AZ, utilizing the City of Tempe contract, in an amount not to exceed \$70,000.00.

38. PURCHASE: UniFirst Corporation

APPROVED the Purchase of laundry, uniform rental and entrance and hall mat rental from UniFirst Corporation, utilizing the State of Arizona contract, in an amount not to exceed \$60,000.00 for a period of one year.

39. PURCHASE: Painting and Drywall Services

APPROVED the Purchase of painting and drywall services for two years from Ghaster Painting, Work of Art Painting and A Real Deal Painting, in a total amount not to exceed \$100,00.00 per year with the option to renew for three (3) additional one-year periods.

40. PURCHASE: Vehicles

APPROVED the Purchase of vehicles, utilizing the State of Arizona and other cooperative contracts, in an amount not to exceed \$1,900,000.00.

An HPO committee is currently reviewing proposed vehicle purchases as part of a sustainability and fleet operations initiative. Only those vehicles recommended by the committee and authorized by the City Manager will be purchased.

41. USE PERMIT: 373 S. Dakota Street

APPROVED Use Permit UP08-0045, 373 S. Dakota Street, to allow construction of a new single-family home on a vacant lot zoned Multiple Family Residential (MF-1) at 373 S. Dakota Street, south of Frye Road and west of Arizona Avenue. (Applicant: Habitat for Humanity.)

Habitat for Humanity is a national non-profit organization that helps provide affordable housing to low-income families. The organization plans to construct a single-family home on a vacant lot located in an MF-1 (Multiple Family Residential) zoning district. Use Permit approval for a single-family home is required in MF-1 zoning districts.

The lot is located on the east side of Dakota Street just south of Frye Road. This block of Dakota Street is mainly characterized by single-family homes, although there are two duplexes on the west side of Dakota Street. Similarly, the surrounding area is mainly comprised of single-family homes, although there are some duplexes and triplexes as well.

The property falls within an area designated by the South Arizona Avenue Entry Corridor Study for Low Density Residential. This category encourages new single-family infill with a target density of 0-5.9 dwelling units per acre, although higher densities may also be considered.

Habitat for Humanity will construct an approximately 1,624 square foot (livable), four-bedroom, one-story single-family home. The home features frame and stucco construction, a two-car garage for off-street parking and front and rear patio spaces. Staff believes that the development of this new home will continue to enhance the existing neighborhood and encourage other property owners to improve and maintain their properties.

The applicant is pursuing funds for the City's Residential Infill Program. Eligibility for the Residential Infill Program requires two 15-gallon trees and six 5-gallon shrubs in the front yard, a 6-foot masonry wall enclosing the back yard, a 120-square foot storage enclosure and demonstration of financial need, among other requirements.

Included in this Use Permit is a request to deviate from the side yard setbacks required by the Zoning Ordinance. The required side yard setbacks for this lot are 5 feet on each side and a total of 15 feet. The application conforms to the minimum 5-foot side yard setback on each side, but the total of both side yard setbacks is approximately 12 feet. This lot and several other lots on the east side of this block of Dakota Street are only approximately 50 feet wide. As a result of the irregular lot sizes, many of the homes in the area do not meet the required side yard setbacks. Several other recently constructed single-family homes in the downtown area have also been granted relief from required setbacks through the use permit process.

This request was noticed in accordance with the requirements of the Chandler Zoning Code with a neighborhood meeting being held on August 27, 2008. There were no neighbors in attendance. Staff has received no correspondence in opposition to this request.

Upon finding consistency with the General Plan and the Downtown-South Arizona Avenue Corridor Area Plan, the Planning Commission and Staff recommend approval subject to the following conditions:

1. Development shall be in substantial conformance with the exhibits and representations.
2. Approvals by the Zoning Administrator of all project details required by Code or condition.
3. The rear yard of the property shall be enclosed with a six-foot high masonry wall.
4. Front yard landscaping will consist of at least two trees, 15 gallon in size or larger, with six shrubs, 5 gallon in size or larger, plus ground cover consisting of drought tolerant material with automatic underground irrigation.

42. AGREEMENT: Habitat for Humanity – Valley of the Sun – 373 S. Dakota

APPROVED an Agreement with Habitat for Humanity – Valley of the Sun authorizing \$5,000.00 as a financial incentive for in-fill development to be paid upon completion of a single-family

owner-occupied residence at 373 S. Dakota Street. (Applicant: Tana Nichols, Habitat for Humanity.)

The Residential In-Fill Program was adopted by Council in December 2001 and subsequently amended in December 2004 to encourage new construction of owner-occupied single-family dwellings on small parcels located within the northeastern section of the City (Resolution No. 3803, 12/16/04). Initially, the program enabled a qualifying in-fill development to receive \$2,500.00 per dwelling unit to recoup the cost of such items as development fees and other charges paid at the time of taking out building permits. The 2004 amendment increased the award to \$5,000.00/du and offered an additional \$5,000.00/du for the demolition of existing substandard dwelling(s).

This application is one of two submitted by Habitat for Humanity requesting awards for the construction of two single-family homes. On September 11, 2008, Council approved Residential In-fill Agreements to assist in the construction of three new homes (all three were Habitat homes) and the demolition of one existing substandard dwelling. In 2007, Council approved Residential In-fill Agreements for three new homes (all three were habitat homes) and one demolition. In 2006, the City issued residential in-fill awards for the construction of seven new homes (four of which were habitat homes) and the demolition of one existing substandard dwelling. Prior to 2006, the City issued \$2,500.00 awards for 85 dwelling units before the 2004 amendment.

Council approved \$250,000.00 in funding for the program for the current fiscal year. In June, Council reallocated \$75,000.00 to fund the Green Building Program, leaving the Residential In-fill Program with \$175,000.00 for the remainder of this fiscal year.

The financial incentive will be awarded to Habitat for Humanity upon completion of a 1,624-square foot, 4-bedroom, one story single-family home. The home will be constructed on a vacant 7,492-square foot lot located on the east side of Dakota Street, south of Frye Road. The home meets all of the qualification criteria and general requirements as set forth in Section I of the Residential In-fill Program (parcel size, location, existing infrastructure), as well as the development standards contained in Section III (front yard landscaping, two car garage, etc.)

Upon finding consistency with the Chandler General Plan and the Residential In-fill Program, Staff recommends approval.

43. AGREEMENT: Habitat for Humanity – Valley of the Sun – 283 E. Kesler Lane

APPROVED an Agreement with Habitat for Humanity – Valley of the Sun authorizing \$5,000.00 as a financial incentive for in-fill development to be paid upon completion of a single-family owner-occupied residence at 283 E. Kesler Lane. (Applicant: Tana Nichols, Habitat for Humanity.)

The Residential In-Fill Program was adopted by Council in December 2001 and subsequently amended in December 2004 to encourage new construction of owner-occupied single-family dwellings on small parcels located within the northeastern section of the City (Resolution No. 3803, 12/16/04). Initially, the program enabled a qualifying in-fill development to receive \$2,500.00 per dwelling unit to recoup the cost of such items as development fees and other charges paid at the time of taking out building permits. The 2004 amendment increased the award to \$5,000.00/du and offered an additional \$5,000.00/du for the demolition of existing substandard dwelling(s).

This application is one of two submitted by Habitat for Humanity requesting awards for the construction of two single-family homes. On September 11, 2008, Council approved Residential In-fill Agreements to assist in the construction of three new homes (all three were Habitat homes) and the demolition of one existing substandard dwelling. In 2007, Council approved Residential In-fill Agreements for three new homes (all three were Habitat homes) and one demolition. In 2006, the City issues residential in-fill awards for the construction of seven new homes (four of which were Habitat homes) and the demolition of one existing substandard dwelling. Prior to 2006, the City issued \$2,500.00 awards for 85 dwelling units before the 2004 amendment.

Council approved \$250,000.00 in funding for the program for the current fiscal year. In June, Council reallocated \$75,000.00 to fund the Green Building Program, leaving the Residential In-fill Program with \$175,000.00 for the remainder of this fiscal year.

The financial incentive will be awarded to Habitat for Humanity upon completion of a 1,325 square foot, 3-bedroom, one story single-family home. The home will be constructed on a vacant 8,539-square foot lot located on the south side of Kesler Lane, east of Arizona Avenue. The home meets all of the qualification criteria and general requirements as set forth in Section I of the Residential In-fill Program (parcel size, location, existing infrastructure), as well as the development standards contained in Section III (front yard landscaping, two car garage, etc.)

Upon finding consistency with the Chandler General Plan and the Residential In-fill Program, Staff recommends approval.

44. USE PERMIT: Sandstone Cafe

APPROVED Use Permit UP08-0043 Sandstone Café, Series 12, for the sale of alcohol for on-premise consumption only within a restaurant at 4959 W. Ray Road, Suite #38, within the Corona del Sol Plaza. (Applicant: Jeff Burgos, Owner.) No live entertainment is proposed.

The site is located at the SEC of Ray and Rural roads in the Corona del Sol Plaza at the southwest end of the shopping center. North of the subject site is a Hollywood Video, and south is a hair salon. South of the shopping center is the Daybreak Vista single-family residential subdivision.

This request was noticed in accordance with the requirements of the Chandler Zoning Code with a neighborhood meeting being held on August 26, 2008. 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 subject to the following conditions:

1. The Use Permit is granted for a Series 12 license only and any change of license shall require reapplication and new Use Permit approval.
2. 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.
3. The Use Permit is non-transferable to other store locations.

45. LIQUOR LICENSE: Sandstone Cafe

APPROVED a Series 12 Restaurant Liquor License (Chandler #120046 L12) for Jeffrey Keith Burgos, Agent, Sandstone Café LLC, dba Sandstone Café, 4959 W. Ray Road #38. A recommendation for approval of State Liquor License #12077697 will be forwarded to the State Liquor Department. The Police Department reports no obligations 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.

46. USE PERMIT: Murphy's Law

APPROVED Use Permit UP08-0042 Murphy's Law, Series 12, for the sale of liquor for on-premise consumption only within a restaurant and pub at 58 S. San Marcos Place in Historic Downtown Chandler. (Applicant: Roger Baldwin.)

The subject business, expected to open in October 2008, is an Irish restaurant and pub that will occupy the former Devlin's Marketplace tenant space in Historic Downtown Chandler. Adjacent businesses are the Mind Over Splatter pottery painting store and The Country Clipper Barbershop. There are no plans for an outdoor patio.

This request was noticed in accordance with the requirements of the Chandler Zoning Code with a neighborhood meeting being held September 9, 2008. There were no citizens in attendance. The Police Department has been informed of the application and has not responded with any issues or concerns.

Upon finding consistency with the General Plan and City Center District (CCD) zoning, the Planning Commission and Staff recommend approval subject to the following conditions:

1. The Use Permit 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 (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.
5. The area adjacent to the establishment shall be maintained in a clean and orderly manner.

47. LIQUOR LICENSE: Murphy's Law

APPROVED a Series 12 Restaurant Liquor License (Chandler #120887 L12) for Roger Buffington Baldwin, Agent, Murphy's Law 58 LLC, dba Murphy's Law, 58 S. San Marcos Place. A recommendation for approval of State Liquor License #12077699 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.

48. SPECIAL EVENT LIQUOR LICENSE: Phoenix Film Foundation

APPROVED a Special Event Liquor License for the Phoenix Film Foundation for the International Horror and Sci Fi Film Festival October 24-26, 2008, at the Chandler Cinemas movie theatre, 2140 N. Arizona Avenue. A recommendation for approval will be forwarded to the State Liquor

Department. 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.

49. TEMPORARY EXTENSION OF PREMISES LIQUOR LICENSE: Red White & Brew

APPROVED a Temporary Extension of Premises Liquor License (Chandler #113139 L12) held by RWB II LLC, dba Red White & Brew, 4850 S. Gilbert Road, Building D, Suite 4, for an Oktoberfest Celebration, October 3, 4 & 5, 2008. A recommendation for approval of a temporary extension of premises for State Liquor License #12077039 will be forwarded to the State Liquor Department. The Police Department has no objections to this extension and the applicant has applied for a Temporary Sales and Promotional Event Permit through Neighborhood Resources.

50. PRELIM PLAT & PRELIM CONDOMINIUM PLAT: Coppertree Village

APPROVED Preliminary Plat and Preliminary Condominium Plat, PPT08-0012 Coppertree Village, for a commercial retail, general/medical office and flex warehouse development located on 11.48 acres north of the NEC of Germann Road and Arizona Avenue. (Applicant: D&M Engineering, Duran Thompson.) The Preliminary Plat establishes property boundaries, necessary easements and dedicates the required rights-of-way. The Preliminary Condominium Plat creates the units and tracts for Buildings 1,2 and 3 and establishes the necessary easements.

51. FINAL PLAT: Fulton Ranch Promenade Phase II

APPROVED Final Plat FPT08-0023 Fulton Ranch Promenade Phase II, for an existing commercial retail development creating out-parcels the for second phase development on 14.29 acres located at the NEC of Alma School and Chandler Heights roads. (Applicant: Olsson Associates.) The plat creates the lots, tracts and easements necessary for the property's development.

52. CONDOMINIUM PLAT: Centre Pointe Professional Office Condominium-Building A

APPROVED Condominium Plat CPT08-0006 Centre Pointe Professional Office Condominium – Building A, for Building A only within the Centre Pointe Office condominiums development within a 6-acre site located east of the SEC of Arizona Avenue and Ocotillo Road off of Centre Pointe Parkway. (Applicant/Developer: SIG, Inc., / Gerczyk Investments.) The plat creates four offices within Building A.

53. CONDOMINIUM PLAT: The Presidio – Replat of a Condominium Plat

APPROVED Condominium Plat CPT08-0009 The Presidio – Replat of a Condominium Plat for a replat of Building A of the Presidio development located south of the SWC of Pecos and Dobson roads. (Applicant: Scott Carrick, Olsson Associates.) The replat creates the individual condominium units (500).

54. CONTINUED USE PERMIT: Cooper/202 Verizon

CONTINUED TO OCTOBER 30, 2008, Use Permit UP08-0035 Cooper/202 Verizon to install a 55-foot monopalm wireless communication facility at the NEC of Cooper Road and the Loop 202 Santan Freeway to allow requested information from the applicant to be provided and analyzed.

55. On Action.

56. AGREEMENT / CONTINGENCY TRANSFER: Illinois Truck and Equipment Co., Inc.

APPROVED an Agreement with Illinois Truck and Equipment Co., Inc., for the purchase of a used motor grader in an amount not to exceed \$102,960.00.

APPROVED a Contingency Transfer in the amount of \$102,960.00 from the General Fund Non-Departmental Contingency account to the General Fund, Streets, Motor Vehicles account.

This grader will replace a 1976 John Deere motor grader the City has had for 32 years. This piece of equipment would cost \$150,000.00 to repair and is currently not useable.

The grader recommended for purchase is a 2002 John Deere 670CH that has been in a rental fleet for two years. The City will use this motor grader to maintain alleys and shoulders and for street repair when necessary.

57. BOARD AND COMMISSION APPOINTMENTS

APPROVED the following Board/Commission appointments:

Architectural Review Committee:

Scott Clapp
Peter Sciacca

Mayor's Youth Commission:

Akunna Iheduru
Mark Peng

Alternates:

Sharae DeWitt
Brisa Marquez
Jorge Tenorio
Andy Tran
Pauline Tran

58. PAYMENT: Agresti v. City of Chandler

APPROVED Payment in the amount of \$70,000.00 as set forth in the offer of judgment submitted to plaintiffs in *Agresti v. City of Chandler* and AUTHORIZED the Risk Manager to sign any necessary documents consistent with this approval and in such form as is approved by the City Attorney. The plaintiffs have accepted this offer of judgment and their acceptance of this offer in effect settles the lawsuit against the City.

COUNCILMEMBER CACCAMO voted nay on this item.

59. PROPERTY PURCHASE: 789 S. Washington Street

Res. #4230

ADOPTED Resolution No. 4230 authorizing the purchase of property located at 789 S. Washington Street at a cost, including closing and associated costs, not to exceed \$145,500.00 and AUTHORIZED relocation assistance as may be required by law.

Jesus Tehran, the owner of a residential property located at 789 S. Washington Street, has agreed to sell his property to the City for the appraised value of \$134,000.00 plus an amount not to exceed \$4,000.00 to cover the shortfall necessary to pay off the owner's loan mortgage balances. The property consists of an 11,000 square foot residential lot that is improved with a single-family residence that totals approximately 1,026 square feet. Because the property is available for sale and because it will be impacted by future road improvements proposed by the South Arizona Avenue Corridor Project, City Staff recommends the purchase of this property.

COUNCILMEMBER WENINGER voted nay on this item.

ACTION:

55. CITY HALL CAMPUS PLAN

APPROVED the City Hall Campus plan and architectural drawings.

MAYOR DUNN commented that this is the longest standing project for consideration before Council. He explained a city hall has been planned since deciding to partner with the private sector to put the issue aside in the mid-1980's. City offices were rented in the Rocky Mountain Bank building for approximately 10 years. Consideration was also given to purchasing the Rocky Mountain building for city hall, but the decision was made to rent space in the Western International University building.

Mayor Dunn added that care had been taken in raising necessary funds through impact fees and other sources to be able to pay for the City Hall complex. A significant public process was completed with numerous meetings for site selection and plans. It has been a top goal of Council for two years to proceed with construction of city hall. Homes and businesses have been acquired for that purpose.

VICE-MAYOR HUGGINS said that the Rocky Mountain building was built to generate interest in the downtown area and then the Boyer Building was constructed. Those who made those decisions were very visionary as to what would be happening in the downtown area.

ASST. TO THE CITY MANAGER MARIAN NORRIS said that the City entered into an agreement with SmithGroup, Inc., in December 2007 to provide architectural and design services for the proposed city hall. Since that time, City Staff and the SmithGroup have been working diligently on the programming and site layout for the City Hall, which will include parking, Council Chambers and administrative offices. In July 2008 the City also entered into a contract for pre-construction services with Sundt Construction.

She explained that Council approved the site layout entitled "Urban Edge" in June. This site plan supports a strong synergy between the site and pedestrians. By pushing the buildings to the street edges, it created a more pedestrian oriented experience along Arizona Avenue and Washington Street, while creating a plaza in the center of the complex. The plaza provides and internally protected space for civic functions and a variety of spaces for pedestrians moving to and from City Hall. Employees and visitors have multiple routes through and around the complex. These shaded and pedestrian-friendly links encourage people to walk along Arizona Avenue, Washington Street, Chicago Street and a pedestrian mall located north of the complex as they connect with adjacent neighborhoods, other civic buildings and the Historic Downtown core. The City Hall site will act as a central node for the downtown by connecting functions and

activities. It will be a modern, efficient and environmentally appropriate building. Flexibility within the building will allow for change as both the community and technology needs evolve.

According to the architectural concept as developed by SmithGroup, City Hall will include a low-to-mid-rise complex consisting of administrative offices, public television studio, Council Chambers, a parking garage and surrounding site improvements. The building complex will accommodate approximately 120,000 square feet located along Arizona Avenue and Washington Street just north and south of Chicago Street.

Ms. Norris explained that during the schematic design process, a number of alternatives were reviewed for possible inclusion in the City Hall site. The alternatives include the Vision Gallery at the corner of Arizona Avenue and Chicago Street which would have gallery and community space. The estimated cost for this addition is \$1,500,000.00. The lease for the Vision Gallery is up January 2010 and, if this plan were approved, the Vision Gallery would enter into a month-to-month lease with the landlord until construction was complete.

A second alternative was to create a terrace on the mezzanine level above the City Clerk's office located off the main lobby. This space could be used for community or civic special events and functions. The cost estimate for this alternative is approximately \$1,540,000.00.

Another alternative was to elevate the Council Chambers creating a gallery space below. The cost estimate for this alternative is approximately \$3,000,000.00.

Based on the cost analysis, Staff is recommending adding the Vision Gallery space to the overall City Hall complex. This would add an additional \$1,500,000.00 to the budget.

With the approval of the Urban Edge site layout, a number of unique elements have been added to the City Hall site that will impact the approved budget. The Urban Edge layout utilizes a multi-building design that will increase various costs, such as HVAC, restrooms, building skin and others. There are additional phone, data and security systems as well as off-site work at Washington Street and at the south end of the site. There is a LEED premium that needs to be included along with a materials cost escalation premium. This increase is \$3,500,000.00.

There were seven meetings at various locations for citizen presentations and to obtain citizen input.

As part of the pre-construction services phase, Sundt Construction is responsible for developing a conceptual estimate for the City Hall construction. Sundt and SmithGroup met to finalize design elements and develop the schematic design cost estimate. Through their work, they have determined that the total construction budget for the approved Urban Edge strategy is \$48,000,000.00. With the addition, of the Vision Gallery, the total construction budget is \$49,500,000.00. Should there be any additional construction costs, they will be covered by project contingency funds. Currently, the City has budgeted \$44,500,000.00 for the construction of the building.

COUNCILMEMBER ORLANDO asked how many buildings and how much space are we leasing. Ms. Norris responded that four different locations would be consolidated into the City Hall complex. Space is being leased in the Boyer Building and the Rocky Mountain Financial Building. Administrative Services (print shop) and the Purchasing Department will be moved from the yard. Currently, approximately 45,000 square feet of space is being rented. She added that in looking

at the amount of space we are currently housed in and what will be housed in the new City Hall, it is approximately 60,000 square feet of space.

COUNCILMEMBER ORLANDO asked if the current Council Chambers area would be redesigned for more public use. Ms. Norris said that the Library staff is considering what the space could be used for.

MARK RODDY, Architect with the SmithGroup, referred to the overhead renderings as he made his presentation. At the last presentation, they spoke of five strategic design goals they were working toward in developing the new City Hall design:

1. The City Hall would promote and establish a standard for future development in the downtown area.
2. It could potentially enhance Arizona Avenue by creating a southern gateway to the historic downtown.
3. The new City Hall would build upon the current urban condition that is unique to the City of Chandler.
4. It would be an extremely energy efficient building with LEED gold certification.
5. The new location would have a strong connection to the existing civic campus.

The site is on Arizona Avenue, Washington Street and Chicago Street. There was concern regarding the location in relation to other civic functions so the design was developed allowing for a 5-minute walk to get anyone to the existing historic core as well as all of the civic functions to the east.

The Urban Edge concept was presented to Council as trying to establish the synergy of pedestrian interaction as well as creating the plaza with southwest characteristics of the protected courtyard in the center of the complex. The core of the concept was to create an urban condition unique to Chandler where people are moving from retail, restaurants, etc. down Arizona Avenue and making the connection to Chandler City Hall.

Mr. Roddy pointed out some of the pedestrian connections achieved by pushing the buildings to the edge so that Arizona Avenue potentially becomes more of a pedestrian area as well as Washington and Chicago streets becoming pedestrian corridors and acting as a gateway into the complex. There is also a concept for a pedestrian mall just north of the site book-ended by Serrano's restaurant.

Other concepts include parking in the parking structure during the off-hours and having the opportunity to move through the site underneath the building connecting with the pedestrian mall or an alleyway to A. J. Chandler Park.

The goal of the design is for a high-performance and energy-efficient building that would meet a LEED gold certification. He noted that energy efficiency is the backbone to any LEED certification and includes high-performance HVAC systems, proper insulation, high-performance glass, shade fins, shading elements and proper building orientation.

Mr. Roddy displayed the basic project plan noting that there is a gallery at the corner of Chicago Street and Arizona Avenue, which is an option Staff requested they review. It is not included in the current basic design.

On the southern end of the site is a three-level parking structure with over 360 parking spaces with one floor on ground level, two above and the main entrance off of Washington Street. There are one-story offices along Arizona Avenue to help buffer the parking structure, which will house Community Services and Neighborhood Resources. There is a covered arcade providing shade for the offices as well as creating a pedestrian experience along Arizona Avenue. The CAPA print shop is along the southern side with the main entry off of Washington Street. The intent is to activate all streets and not create the effect that there is a "back door" to the complex.

Chicago Street will be very well landscaped and narrowed down to one lane of traffic in each direction with parallel parking and shade trees as well as a paved speed table that would slow traffic for pedestrians. Pedestrians are a major factor in the design of the complex.

Management Services/Utilities will be on the north end of the site along with the core of the building allowing people to move vertically either by elevator or stairs. The main lobby and the City Clerk's department will be off of the main lobby. To the east is the Council Chambers and CAPA video. There is a breezeway approximately 60' wide underneath the building that allows people to link with the pedestrian mall on the north end.

Mr. Roddy pointed out entrances to each department. There is an entrance from the parking structure into Neighborhood Resources and Community Services and a main entry off of Arizona Avenue. There are entrances to the lobby of the Council Chambers to accommodate the public as they are coming in and out during functions. They were also asked to review a second option involving an event terrace above the City Clerk's office. Because the location of the Clerk's office and is in a one-story building and the second floor is higher, there is the possibility of designing a covered outdoor space.

Mr. Roddy showed sectional drawings of the complex and explained some of the design features. In describing the water wall feature from the cooling tower, Mr. Roddy reiterated that no water would be wasted.

CITY MANAGER MARK PENTZ thanked Mr. Roddy for his work and creativity. He recognized representatives on the project team from Abacus, other members of the SmithGroup and representatives from Sundt Construction contractors for the project. The architects will proceed with the detailed plans and specifications that Sundt will use to estimate costs. He anticipates the construction contract will come to Council in early spring with construction beginning in April 2009 and ready for occupancy in the fall of 2010. The lease for the Boyer Building expires in December 2010 and the City's goal has been to occupy the new building before the lease expires. Mr. Pentz noted that tonight's presentation is the design concept. As the plans and design move forward, there may be some changes, which will come back to Council.

The projected cost, including \$1.5 million for the Vision Gallery, is \$49.5 million. The lease on the current Vision Gallery space will be expiring in early 2010. The Vision Gallery, as proposed for the new complex, is more of a public meeting space and the project is being designed to maximize that meeting space by allowing it to open out onto the plaza complimenting the Council Chambers on the opposite side of the plaza.

COUNCILMEMBER ORLANDO said that the bids over the last year have come in over Staff's estimation. He asked what the options are if this project comes in over budget. MR. PENTZ responded the Staff is comfortable with the estimates at this point, but there are contingency funds available. Sundt Construction is planning to bring in the subcontractors early as most of the cost over-runs come from subcontractors. As a comparison, the new City Hall Complex is

currently priced at \$316/sq. ft. compared to the Fire Admin Building at \$305/sq. foot. He gave assurance that everyone would be working diligently to ensure the project is kept at the budget level and that any major changes will come back to Council for discussion.

MAYOR DUNN clarified that the base project plus 3 alternatives is what is being presented tonight. He outlined that currently we have a city hall that is office only and is locked at night. This new proposal addresses the need for additional meeting space by providing four different venues, both inside and out. The Council Chambers is also designed for other events and not just Council meetings. MR. RODDY added that they have designed council chambers for other communities for outside events. The way the Chambers is configured, there is space to accommodate other activities.

COUNCILMEMBER CACCAMO said he likes the options, but is concerned about planning far enough ahead so as to not outgrow the facility too soon. He agreed the terrace offers a good meeting space now, but it is also viable office space in the future. Mr. Roddy said that the terrace would be outdoor space and would include infrastructure such as an elevator stop, toilet facilities, etc. The space could be enclosed in the future if there was a need for additional office space. If it were not planned now to have a floor-loading capacity and it was developed as a roof, it would be much more expensive to add office space in the future. There would have to be restructuring of the roof and additional retrofitting. COUNCILMEMBER CACCAMO asked if there are other areas that have potential for additional space now rather than retrofitting later. MR. RODDY said that by doing the Vision Gallery now rather than later, there would be some savings for the capital investment because of the infrastructure changes that would need to be made later without it looking like an add-on.

COUNCILMEMBER ORLANDO asked why the gallery space is more per square foot than the terrace. MS. NORRIS said that the \$1.5 million for the gallery also includes the construction costs, staffing costs, cost of permits, architectural services and all other "soft costs". The \$48 million cost for the city hall complex itself only includes construction costs and does not include soft costs. COUNCILMEMBER ORLANDO said he was comparing the \$1.5 million cost for the terrace with the \$1.5 million for the gallery. Ms. Norris responded that in order to build the terrace, an elevator stop, a stairwell landing and the bridge connecting the core element with the terrace area and toilets would need to be included. The majority of the costs for the terrace are hard costs for things that would need to be added. The costs for the Vision Gallery would be for additional square footage. Mr. Roddy explained that the difference in cost is because one space is enclosed and the other is not. It could cost 50-70% more.

MOTION BY VICE-MAYOR HUGGINS, SECONDED BY COUNCILMEMBER CACCAMO TO APPROVE THE CITY HALL COMPLEX PLANS AND THE ARCHITECTURAL DRAWINGS FOR THE CITY HALL COMPLEX TO INCLUDE THE VISION GALLERY OPTION AND TERRACE ON THE MEZZANINE LEVEL OPTION AT A TOTAL CONSTRUCTION BUDGET OF \$51,040,000.00.

MAYOR DUNN asked where the funding would come from for the additional construction costs if the terrace were added. MR. PENTZ responded that it would come from one-time money in the general fund for capital projects.

COUNCILMEMBER ORLANDO commented that the City is spending approximately \$1 million for the LEED material and asked when the City could expect a payback on the initial investment. Mike Medici, with the SmithGroup, responded that there is generally an eight-year payback on the

investment, which is mainly in the energy systems. As the energy costs continue to rise, the payback may occur before eight years.

COUNCILMEMBER ORLANDO said that he has heard costs of \$75 million to \$77 million mentioned and asked where those figures came from. MS. NORRIS said the total budget cost is \$74 million, which includes construction costs, architectural fees, project management fees, pre-construction services, acquisition costs, remediation, demolition of the property, and other costs. COUNCILMEMBER ORLANDO asked if soft costs were added, what would the total cost be. Ms. Norris said the soft costs are not included for the terrace and Vision Galley, but have already been included and approved for the main complex.

COUNCILMEMBER ORLANDO asked about the difference in savings between continuing to lease and building a facility. MANAGEMENT SERVICES DIRECTOR DENNIS STRACHOTA said that in doing a present value analysis with two options of either building now or leasing for another five years before building, the net present savings of building now is approximately \$12 million less than if we were to wait. He added that leasing prices could also increase.

MAYOR DUNN added that operation and maintenance costs of a new City Hall would be comparable, the same or slightly less than what is paid in rent. MR. PENTZ said that the operation and maintenance costs estimated for the new complex are approximately \$100,000 less than what is currently being paid to lease space in various facilities. The intent is to apply part of the \$100,000 toward operation and maintenance costs for the museum.

MAYOR DUNN asked about the current lease with the Vision Gallery. ARTS CENTER MANAGER KATRINA MUELLER said that the current lease is \$18,000 annually and expires in January 2010. MAYOR DUNN asked about current space needs of the Vision Gallery and if it is adequate. Ms. Mueller responded that space is limited and there is opportunity to increase the circulation of artwork on display with expansion. She stated that Visual Arts Coordinator Eric Faulhaber has developed an artist pool of more than 400 artists who could provide more visual arts. There is a high demand for meeting space and there are 17 local groups that currently use the gallery. Groups looking for meeting space are turned away daily. Having the Council Chambers serve as a theater would also compliment the Vision Gallery.

COUNCILMEMBER HARTKE said that he was recently at an event held at the Vision Gallery and, even though the space was adequate, there are great possibilities in doubling the size. He agreed this would be a dynamic campus.

NEILS KREIPKE, 101 W. Commonwealth, Vice-President of the Downtown Community Partnership and President of Desert Viking Properties, complimented the Mayor, Council and City Staff for developing this project. He was also complimentary of the meetings that were held to gather community input. Strong pedestrian connections and urban design were included in the project as a result of those public meetings. He reported the Downtown Community would like to see the project move forward. The City Council has supported the downtown's redevelopment efforts and invested time and money in that redevelopment. It is important to keep the momentum going and this will help the process and give developers and lenders confidence that the City Council is continuing the effort and supporting the redevelopment efforts of downtown. Mr. Kreipke continued that the inclusion of the Vision Gallery into the complex is essential. He encouraged Council to move forward with the project and bring it to fruition.

RICK HEUMANN, 4310 W. Dublin Street, said the proposed complex would be another jewel in the downtown area. Chandler's downtown is being recognized by other valley cities. Now is the

time to keep the vision of a vibrant downtown on track. He stated that by setting the example of a LEED certified building, this would encourage the private sector to come back to the Arizona Avenue corridor. It is important that the vibrant urban-edge be set apart from the historic district. Adding the Vision Gallery to the complex is essential for additional meeting space. He urged Council to approve the plan.

COUNCILMEMBER WENINGER said he feels the design is great, but given the state of the current economy, the options are a luxury at this point. He feels he has a fiduciary responsibility to the citizens. He stated he was cautious during the budget sessions, and the economy was not as bad. He is hesitant to go forward with the plan given the current condition of the economy. He stated he would be voting “nay” on the plan.

COUNCILMEMBER DONOVAN asked where the funds are coming from and what is being spent. MR. PENTZ responded that the City began setting aside money for this project years ago. It has been accumulating using one-time money and drawing interest. The money is current revenue plus an impact fee for public buildings. He explained that to move ahead on the project, we will be using some one-time general fund money to loan ourselves impact fee money that will be paid back to us from future impact fees. As indicated by Mr. Strachota, with the present value analysis of leasing for another 5 years and then building, it would cost an additional \$12 million. We have used a variety of revenue sources for other City projects, but in this case we have been setting the funds aside. To date, there has been approximately \$16 million invested.

MAYOR DUNN added that we are one of the few cities that have impact fees for city hall. MR. PENTZ said that this financing plan is very conservative with no debts being issued. This money has been accumulated with one-time funds. There are cities across the country that wish they could do something like this. He acknowledged the result coming from the restraint and conservative character of this governing body and those before that has enabled us to do the project.

COUNCILMEMBER CACCAMO asked if this project is viewed as “priming the pump” and being an incentive for the private sector to develop downtown. Mr. Pentz said it would energize Site 6 and what might happen on the site as a result of the new complex along with anticipation of new development on Washington Street south to Frye Road.

COUNCILMEMBER DONOVAN asked Mr. Pentz about the addition of the terrace space. MR. PENTZ responded that Staff supports the terrace space as it is a unique space and which is needed more in Chandler. The architect developed the option. He acknowledged the sensitivity to the added cost. He explained that as the add-ons were prioritized, the absolutely essential option was the Vision Gallery. The terrace space was second and there is money to do it, but staff chose not to make the recommendation.

VICE-MAYOR HUGGINS said that Chandler owned its own city hall years ago. After moving to rented space, we started saving “to buy our own home”. He noted that Chandler would be 100 years old soon and he would like to see us have “our own home” before the City turns 100.

COUNCILMEMBER ORLANDO reiterated that Council is all very prudent with the finances of Chandler. He asked Mr. Strachota about his analysis over a 5-year period being a \$12 million savings present-day value and what it would be over a 10-year period. Mr. Strachota responded that the inflation rates over time are unknown. What is known is that the costs will increase at ten years because there would be more space needs. COUNCILMEMBER ORLANDO said that he could see that this project will be a long-term decision that will save money in the future. Once

the City offices move from this building, private business will be leasing space adding to the impact on downtown. Even though it is hard in the short-term, there is a long-term gain.

COUNCILMEMBER WENINGER asked Mr. Strachota if he modeled a scenario if we did not build a city hall. MR. STRACHOTA responded that he did not. Space need assumptions would have to be made for 10 years out. COUNCILMEMBER WENINGER said that he did not understand going from 60,000 square feet to 120,000 square feet with the same amount of employees. The space is doubling while approaching build out. He felt there should be a leveling off with the number of employees and space needed when approaching build out. Mr. Strachota said that the lease rates included in the analysis were only for the existing lease space. It does not reflect 120,000 square feet, but at a smaller number. The lease costs would have to be increased in the model to determine what the lease costs would be over 30-40 years.

COUNCILMEMBER WENINGER asked what the money could be used for if the City Complex was not built. MR. PENTZ responded that it could be used for any legitimate local government expenditure. COUNCILMEMBER WENINGER said he did not feel that a government building should be built to spur development in a downtown. He added it didn't seem prudent to spend \$300 for every man, woman and child in Chandler on a government building when we are leasing one and could use the \$50 million for other purposes.

COUNCILMEMBER CACCAMO said he views the budget as two sections with the capital budget of one-time funds and an operations and maintenance budget. The O & M budget has to be protected. Rental fees come out of that budget where we have to develop tax rates and taxes increase to protect the O & M. We have been saving from the O & M to one-time monies to build City Hall. We will actually be saving money on the O & M by building and not paying rent. He stated it is fiscally a wise decision and announced his support.

MOTION CARRIED BY MAJORITY (6-1) WITH COUNCILMEMBER WENINGER VOTING NAY.

SPECIAL ORDERS OF THE DAY

A. Mayor's Announcements:

MAYOR DUNN announced that the Hightown exhibit will open on Friday, September 26th, with a reception at the McCullough-Price House from 6-8 p.m. and will run through November 28th. The exhibit tells the story of a unique Chandler Mexican American and Yaqui neighborhood in which generations of original families still live.

MAYOR DUNN announced the dedication of Fire Station #10 on Saturday, October 4, from 9 – 11 a.m., at 5211 S. McQueen Road.

THE MAYOR announced that the Chandler Day of Play will be held October 18th at Playtopia at Tumbleweed Park 9 a.m. to 1 p.m. The Day of Play is a community celebration in recognition of Chandler being selected as one of the 100 Best Communities for Young People.

The Chandler Howlin' Halloween Spooktacular will be held on October 31st from 5:30 p.m. to 8:30 p.m. at the Library plaza in downtown Chandler.

THE MAYOR reminded everyone that early voting begins October 2nd for the November 4th General Election. The last day to register to vote is October 6th.

