

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, June 11, 2009, at 7:07 p.m.

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

The following members answered roll call:

Boyd W. Dunn	Mayor
Bob Caccamo	Vice-Mayor
Rick Heumann	Councilmember
Trinity Donovan	Councilmember (telephone)
Matt Orlando	Councilmember
Jeff Weninger	Councilmember
Jack Sellers	Councilmember

Also in attendance:

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

INVOCATION: Pastor Michael Downing – Chandler United Methodist Church

PLEDGE OF ALLEGIANCE: Councilmember Matt Orlando

SCHEDULED PUBLIC APPEARANCES:

1. Dennis Minchella Arizona Avenue and Downtown Parking

Mr. Minchella said that just a few years ago, Arizona Avenue was widened and that was appreciated; but now there is talk of narrowing it for long-term business development and pedestrian friendliness. He cautioned that the models of Tempe, Gilbert, Glendale and Mesa should be looked at. He cited concerns with vagrancy, drugs, traffic problems, parking issues and empty buildings. He expressed the concern that the area on Arizona Avenue between Frye and Pecos was being ignored in this process along with the problem with parking in the downtown area. Almost 100% occupancy has been achieved in the downtown area in the past 8 years he has been located there. There are merchants that have invested their life savings and invested their family's future and he asked for Council's consideration that they be protected during this process. He supports the improvements, but asked that consideration be given to the merchants in the way of tax abatements, zero interest operating loans, the scheduling of construction at off-peak and off-season times, and assistance in correcting the parking problem downtown. He asked for help between the Pecos and Frye area as it is a decaying eyesore and seems to have it's own standards. He thanked the City staff and consultant who have listened and responded to all the concerns.

Mayor Dunn thanked Mr. Minchella for his comments. The Mayor announced that Council would be discussing the options for Arizona Avenue on Monday, June 22, 2009.

COUNCILMEMBER ORLANDO asked how the temporary fencing due to the new City Hall construction is working. Mr. Minchella said that he received many complaints last weekend and

there were traffic issues. He stated that any assistance would be greatly appreciated to help the traffic flow. Councilmember Orlando asked that issue be looked at. Mayor Dunn suggested additional directional signage for the area.

2. Tony DiBonito – The Problem with this Country – Mr. DiBonito was not present.
3. Kaye Lunsford – Residential Rental Property Sales Tax

Ms. Lunsford asked Council's consideration in altering the current privilege sales tax to allow an exemption for one residential rental property as approximately 30 other Arizona cities do. She explained that especially in these turbulent times, this tax penalizes individuals that are attempting to do the right thing to keep their properties from going into foreclosure. She stated that while during the 5-month construction on her current home in Gilbert; the value plummeted on her Chandler home, so she rented it. She stated that she is not an investor, renting was not a business decision; it was the responsible thing to do. She felt the City should allow the exemption, as one rental property does not make a business. The rent they receive does not cover their mortgage. She said filing the quarterly tax is a burden and penalties add insult to injury. She said this tax does not provide any additional service. She suggested allowing the exemption or to have a reasonable tax-deductible annual registration fee for one rental property.

COUNCILMEMBER ORLANDO asked if other cities have this. He commented the first thing he thought of was that someone would setup a limited partnership for each of the properties to circumvent the fee. He asked if there could be more research done. City Manager Pentz agreed.

4. Casey Cullings – Home Businesses

Mr. Cullings, 5052 Fairview Street, spoke about the Planning and Development Department Policy that requires home business owners in order to get a business license to promise they will never allow a single customer to come their home business. He asked the Council to change the policy or to instruct the department to change that policy subject to Council's approval. He cited the two reasons for change. One is that it is not required by the Chandler City Code. He did check with staff and confirmed with his own research that it is not required. Secondly, he argued this policy is unreasonable and unduly burdensome on home business. He cited an example of a piano teacher who wants to teach lessons in his/her home. Under this policy you would not be allowed to do that either. He asked for reasonable policies and not zero-tolerance policies. One person coming to the home should not be considered excessive traffic. He suggested a policy that would allow 5 people per week visit the home.

VICE MAYOR CACCAMO asked if there were employees at the home business. Mr. Cullings said it is his wife's business and she will not have employees. The City Code says you cannot have employees live at the home, but it doesn't say anything about employees visiting the home. Vice Mayor said in his neighborhood there is a home business with employees parking on the street. He asked if that is legal. MR. KURTZ responded that if there are employees reporting to the home, then it's not a legal home business.

MAYOR DUNN added that if located in an HOA, many times that is prohibited. Mr. Cullings said he does live in an HOA, but there is not a restriction. Mayor Dunn said the home businesses they see most often is daycare and those businesses are regulated. MR. KURTZ added there is an option. The code discusses not changing the character of the neighborhood and one of the defining factors is no employee reporting to the home, no customers coming to the home. The business owner could go to the customers' homes or business places to have those services

performed. The owner could also get a use permit. There is a process to gauge the compatibility of this particular home business. Mr. Cullings said a concern would be the \$300 use permit application fee and is not financially worth it. He agreed that if 20 people came per day, that would change the character of the neighborhood and he doesn't suggest that. He explained that his wife is a seamstress and while it was a hobby for a while, she recently took on responsibility for making the outfits for the Chandler Childrens' Choir and that has pushed her to become an actual business. She said when she was doing this as a hobby, she did occasionally have people coming to the home and there was no policy against this. Mayor said conversely, it's when homes have businesses and the neighborhood is affected is what they are trying to prevent. Mayor Dunn asked staff to present further information.

COUNCILMEMBER WENINGER agreed and believed that Mr. Cullings makes some good points. He asked for flexibility.

COUNCILMEMBER HEUMANN said there might be a need to get more definition especially for those uses that may be very low intensity.

#### UNSCHEDULED PUBLIC APPEARANCES:

None.

#### CONSENT:

MAYOR DUNN reported that Item 25 (Waste Management) and Item 27 (United Fibers) are being withdrawn by staff.

MAYOR DUNN asked if there was further information in response to Councilmember Heumann's questions on Item 3. NEIGHBORHOOD SERVICES DIRECTOR JUDY REGISTER apologized for the misunderstanding as she thought it would be prior to the initiation of this provision. Councilmember Heumann said he had suggested doubling the fees and Councilmember Weninger asked how many calls and repeat inspections had occurred, and the nature of those. Councilmember Heumann stated he was comfortable with leaving this on the agenda.

MAYOR DUNN noted several grant applications for funding through the Gila River Indian Community. He acknowledged Letha Lamb of the Gila River Indian Community in the audience.

The Mayor asked if there was any person in the audience wishing to address the Council. There was none.

MOVED BY COUNCILMEMBER HEUMANN, SECONDED BY COUNCILMEMBER SELLERS, to approve the Consent Agenda with the changes noted. COUNCILMEMBER WENINGER VOTED NAY ON ITEM NO. 4. MOTION CARRIED UNANIMOUSLY WITH THE EXCEPTIONS NOTED. (7-0)

#### 1. MINUTES:

APPROVED, as presented, Minutes of the Regular and Special City Council Meetings of May 28, 2009.

2. CITY CODE AMENDMENT: Chapter 27 Ord. #4162

INTRODUCED AND TENTATIVELY APPROVED Ordinance No. 4162 amending City Code Chapter 27 by adding a new Section 27-8 relating to fire training facility fees and training fees.

Over the last several months, Staff conducted an extensive review of the City's existing fees and charges and reviewed recommended changes with the Management Services Subcommittee and full Council. These fee recommendations were revised with input from the City Council. Most of the resulting changes to the City's Fee Schedule were approved by the City Council through Resolution No. 4299 adopted on May 28, 2009. Other recommended fees and charges required additional action to amend the City Code to allow for the inclusion of the new fees and charges.

This amendment to the City Code will provide for the implementation of Fire Training Facility fees. These fees would allow the City to recover the staff time and supply costs associated with outside agencies' training and use of the facility. A resolution to add these fees into the City's Fee Schedule will be brought back to Council following adoption of this ordinance.

3. CITY CODE AMENDMENT: Chapter 30 Ord. #4163

INTRODUCED AND TENTATIVELY APPROVED Ordinance No. 4163 amending City Code Chapter 30, Section 30-6.8 relating to re-inspection fees pertaining to notice of violations and/or abatements.

Over the last several months, Staff conducted an extensive review of the City's existing fees and charges and reviewed recommended changes with the Management Services Subcommittee and full Council. These fee recommendations were revised with input from the City Council. Most of the resulting changes to the City's Fee Schedule were approved by the City Council through Resolution No. 4299 adopted on May 28, 2009. Other recommended fees and charges required additional action to amend the City Code to allow for the inclusion of the new fees and charges.

This amendment to the City Code will clarify the language in Chapter 30 relating to re-inspection fees. A resolution to add the proposed fees for non-compliance/re-inspection into the City's Fee Schedule will be brought back to Council following adoption of this ordinance.

4. CITY CODE AMENDMENT: Chapter 47 Ord. #4164

INTRODUCED AND TENTATIVELY APPROVED Ordinance No. 4164 amending City Code Chapter 47, Section 47-6 relating to the calculation of off-site and civil improvement plan fees and specifications.

Over the last several months, Staff conducted an extensive review of the City's existing fees and charges and reviewed recommended changes with the Management Services Subcommittee and full Council. These fee recommendations were revised with input from the City Council. Most of the resulting changes to the City's Fee Schedule were approved by the City Council through Resolution No. 4299 adopted on May 28, 2009. Other recommended fees and charges required additional action to amend the City Code to allow for the inclusion of the new fees and charges.

The majority of the City's land is built out and the acreage basis is no longer appropriate as a cost recovery fee model for a city approaching build-out with an increasing number of infill projects. This amendment to the City Code would revise the language in Chapter 47 to change the basis of

calculation of off-site and civil review fees from acreage and lot counts to the number of sheets reviewed.

Further evaluation by the City Attorney's Office determined that other Planning and Development fees, as well as Public Works fees for disposition of roadway or easement, did not require an ordinance to proceed. A resolution to add these and the proposed fee for off-site and civil review into the City's Fee Schedule will be brought back to Council following approval of this ordinance.

COUNCILMEMBER WENINGER VOTED NAY ON THIS ITEM.

5. CITY CODE AMENDMENT: Chapter 15 Ord. #4165

INTRODUCED AND TENTATIVELY APPROVED Ordinance No. 4165 amending City Code Chapter 15, Section 15.11 relating to fees for pawnbroker reports.

Over the last several months, Staff conducted an extensive review of the City's existing fees and charges and reviewed recommended changes with the Management Services Subcommittee and full Council. These fee recommendations were revised with input from the City Council. Most of the resulting changes to the City's Fee Schedule were approved by the City Council through Resolution No. 4299 adopted on May 28, 2009. Other recommended fees and charges required additional action to amend the City Code to allow for the inclusion of the new fees and charges.

This amendment to the City Code would revise the language in Chapter 15 to allow for the collection of a \$3.00 fee for each pawnbroker report. A resolution to add the proposed fee into the City's Fee Schedule will be brought back to Council following approval of this ordinance.

6. No Item.

7. GRANT APPLICATION: Seton Catholic High School Res. #4277

ADOPTED Resolution No. 4277 authorizing the submittal of a \$500,000.00 Pass-Through Indian Gaming Grant application by Seton Catholic High School for construction of a multi-phased classroom building, to the Gila River Indian Community. The application requests that payments be disseminated over a five-year period, which could tie up funding for other requesters in future years.

8. GRANT APPLICATION: East Valley Jewish Community Day School Res. #4278

ADOPTED Resolution No. 4278 authorizing the submittal of a \$200,000.00 Pass-Through Indian Gaming Grant application by the East Valley Jewish Community Day School to fund teacher and staff salaries, school supplies and marketing efforts, to the Gila River Indian Community. This request is identical to the application being submitted by East Valley Jewish Community Day School to the Fort McDowell Yavapai Nation Tribe. Additionally, the application requests that payments be disseminated over a two-year period, which could tie up funding for other requesters in future years.

9. GRANT APPLICATION: Chandler Education Foundation Res. #4279

ADOPTED Resolution No. 4279 authorizing the submittal of a \$778,554.00 Pass-Through Indian Gaming Grant application by the Chandler Education Foundation, to the Gila River Indian Community. The grant will be used to assist in funding the construction of the new Chandler

CARE Center to be located at Galveston Elementary School. Additionally, funds are requested for the financial management of the grant according to the Service Agreement between the Chandler Education Foundation and The Chandler Unified School District #80. The application also requests that payments be disseminated over a two- or three-year period, which could tie up funding for other requesters in future years.

10. GRANT APPLICATION: Chandler Education Foundation Res. #4280

ADOPTED Resolution No. 4280 authorizing the submittal of a \$100,000.00 Pass-Through Indian Gaming Grant application by the Chandler Education Foundation to fund scholarships and programs related to the VISION: College Bound and Destination College programs, to the Gila River Indian Community. An identical grant request is being made to the Ak-Chin Indian and Salt River Pima Indian communities. The application requests that payments be disseminated over a four-year period, which could tie up funding for other requesters in future years.

11. PROJECT SUBMITTALS: Arizona's 2010 Highway Safety Plan Res. #4288

ADOPTED Resolution No. 4288 pertaining to the submission of projects for consideration in Arizona's 2010 Highway Safety Plan from the Governor's Office of Highway Safety (GOHS).

In the past, the Police Department has experienced success in obtaining awards from GOHS including four awards under the FY 2009 program for DUI Overtime, Occupant Protection Overtime, Speed Detection Devices and DUI Vehicle Equipment.

The following requests will be submitted to GOHS for consideration in their 2010 budget:

1. Accident Reconstruction Training - \$11,395.00
2. DUI Enforcement Overtime and DRE Conference - \$83,516.00 (OT is salary and benefits)
3. Seatbelt Enforcement Overtime - \$21,544.00 (salary and benefits)
4. Phlebotomy Supplies for DUI Enforcement - \$5,000.00
5. Preliminary Breath Test Equipment - \$7,854.00
6. Moving Radar Equipment - \$24,426.00

12. LICENSE AGREEMENT: SRP Res. #4295

ADOPTED Resolution No. 4295 accepting a license agreement for the installation, maintenance and use of Salt River Project (SRP) property for roadway, water lines, landscaping and improvements for the water production facility located near the SWC of Alma School and Knox roads.

Previously, the City constructed a Water Production Facility along the Knox Road alignment south of Brooks Crossing Park and adjacent to the Freescale (formerly Motorola) facility located at the SWC of Alma School and Knox roads. During a recent meeting with City of Chandler and SRP Staff, it was confirmed that the City has facilities at this site located within the USA fee property. Since SRP has no record of the City acquiring the necessary easement, this license will give the City permission to use the USA fee property consisting of approximately 6,440 square feet on which the City facilities are located. The facilities involved include a wall and concrete slope, driveway, water, landscape irrigation, landscape lighting and drainage.

13. ARIZONA DIVISION OF EMERGENCY MANAGEMENT DESIGNATION Res. #4296

ADOPTED Resolution No. 4296 authorizing the submission of an Arizona Division of Emergency Management Designation of Applicants' Agent Form designating Marc Walker, Assistant Fire Chief, as the City of Chandler's Agent authorized to file an application for disaster relief funds.

14. GRANT FUNDING: Child Car Seat Safety Clinics Res. #4298

ADOPTED Resolution No. 4298 requesting grant funding from the Governor's Office of Highway Safety and the National Highway Traffic Administration for conducting Child Car Seat Safety Clinics, purchasing and distributing child safety seats and certifying car seat technicians.

The Fire Department has applied for a Highway Traffic Safety Grant in the amount of \$48,058.00 which is specific to the areas of Occupant Protection/Child Safety Seats. A requirement of the grant process is to have the City Council approve a resolution approving the submittal of projects and appointing Fire Chief Jeff Clark as agent for the City of Chandler to conduct all negotiations and execute and submit all documents.

15. INTERGOVERNMENTAL AGREEMENT: Town of Gilbert Res. #4300

ADOPTED Resolution No. 4300 authorizing an Intergovernmental Agreement (IGA) with the Town of Gilbert for Chandler to provide a Crime Scene Technician for evidence collection at major crime scenes and a Criminalist to perform blood alcohol and controlled substance testing.

The Town of Gilbert will pay Chandler 100% of the mid-range salary and benefits for one Crime Scene Technician II (\$75,514.00), 150% of the mid-range salary and benefits for one Criminalist II (\$150,317.00) and \$15,000.00 for testing supplies utilized by the Criminalists. In exchange, the Chandler Police Department will process major crime scenes and perform blood alcohol and controlled substance testing for the Town of Gilbert. Chandler has been providing this service for several years.

Both positions and ongoing costs related to the positions are included in the budget. The Police Department will pay the amount, if any, above the salary and benefits amounts paid for by the Town of Gilbert for each position and for other incidental costs related to these positions. In the event the IGA is cancelled or not renewed, the positions will be eliminated.

16. GRANT APPLICATION: Chandler Education Foundation Res. #4302

ADOPTED Resolution No. 4302 authorizing the submittal of a \$100,000.00 Pass-Through Indian Gaming Grant application by the Chandler Education Foundation to be used to fund scholarships and programs related to the VISION: College Bound and Destination College programs, to the Ak-Chin Indian Community. An identical grant request is being made to the Gila River and Salt River Pima-Maricopa Indian communities. The application also requests that payments be disseminated over a four-year period, which could tie up funding for other requesters in future years.

17. GRANT APPLICATION: Chandler Education Foundation Res. #4303

ADOPTED Resolution No. 4303 authorizing the submittal of a \$100,000.00 Pass-Through Indian Gaming Grant application by the Chandler Education Foundation to fund scholarships and programs related to the VISION: College Bound and Destination College programs, to the Salt River Pima-Maricopa Indian Community. An identical grant request is being made to the Ak-

Chin and Gila River Indian communities. The application also requests that payments be disseminated over a four-year period, which could tie up funding for other requesters in future years.

18. AREA PLAN AMENDMENT/REZONING: The Crossroads Res. # 4304, Ord. #4161

ADOPTED Resolution No. 4304, Area Plan Amendment, The Crossroads, amending the Santan Freeway Corridor Area Plan, re-designating a 3-acre parcel located west of the NWC of Dobson Road and the Loop 202 Santan Freeway, from Public/Semi-Public Facilities to Commercial/Office/Business Park.

INTRODUCED AND TENTATIVELY APPROVED Ordinance No. 4161, DVR08-0004, The Crossroads, rezoning from PAD for church uses to PAD amended along with PDP for the construction of a general/medical office development. (Applicant: Michael Gustafson, VP Commercial LLC.)

The Santan Freeway Corridor Area Plan, adopted in October 1999, previously designated the subject site as Commercial/Office/Business Park, along with the adjacent parcels to the north and east. The Commercial/Office/Business Park designation denotes areas for office and business complexes that promote a campus environment. An Area Plan amendment was approved in July 2002 re-designating an 11.5-acre parcel (of which the 3-acre subject site is a part) to Public/Semi-Public Facilities subsequently permitting the Wellspring Church rezoning approval.

The Wellspring Church master plan originally identified the subject 3-acre site for future outdoor recreational fields. The church has since elected not to develop the outdoor fields. The proposed Area Plan Amendment seeks to re-designate the 3-acre site back to the original Commercial/Office/Business Park category to allow for an expansion of the adjacent office campus.

The subject site is a remnant undeveloped piece of the original church campus. Through the development of three office developments, the applicant has established a strong working relationship with the church. In fact, through a shared parking model and cross parking agreements, The Presidio general/medical office development utilizes a portion of the churches parking for daytime parking needs, while the church has the ability to utilize the office parking for night and weekend parking needs. That same cross-parking concept is proposed for the subject site. The office developer has offered to construct the balance of the western parking field for the church including the pedestrian sidewalk.

Access to the subject site from Dobson Road will be provided through The Presidio's full-access movement that aligns with Springfield Way. Traffic will then travel through The Presidio site and ultimately through the church property via the drive labeled Fire Lane located north of the church buildings. A secondary fire access will be provided along the south side of the remaining church property through an all-weather fire lane. Additionally, the northern church driveway cut access on Dobson will be removed with additional parking spaces provided. This driveway cut removal is required to maintain safe traffic movements on Dobson Road.

The proposal also includes a comprehensive sign package. The building-mounted signage is proposed to reflect the signage at The Presidio. Due to the site's limited street visibility, a single two-tenant freestanding monument sign is proposed along Dobson Road at the southern end of The Presidio's site.

This request was noticed in accordance with the provisions of the City of Chandler Zoning Code with a neighborhood meeting being held on May 8, 2008. There were two neighboring unit owners within Santan Dobson Business Park Phase I in attendance opposed to the proposed access north of the proposed building. A second neighborhood meeting was held as a follow-up with additional unit owners voicing a similar concern. In response, the applicant removed the proposed access drive and maintained the access drive through the church property ultimately through The Presidio.

Staff has received correspondence from the neighboring unit owners voicing their opposition to the northern access drive, which has since been eliminated. Staff also received an email in opposition from a resident located south of the Loop 202 Santan Freeway. The resident is opposed to any further expansion of commercial uses in the area.

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

19. GRANT APPLICATION: Junior Achievement of Arizona Res. #4307

ADOPTED Resolution No. 4307 authorizing the submittal of a \$150,000.00 Pass-Through Indian Gaming Grant application by Junior Achievement of Arizona to fund curriculum materials, staff and other program costs, to the Gila River Indian Community. The application also requests that payments be disseminated over a three-year period, which could tie up funding for other requesters in future years.

20. AGREEMENT: Enhanced Municipal Services Res. #4308

ADOPTED Resolution No. 4308 authorizing the Enhanced Municipal Services Agreement for fiscal year 2009-10 with the Downtown Chandler Community Partnership (DCCP) and AUTHORIZED payment in the amount of \$132,004.00.

At the City Council meetings on April 23 and May 28, 2009, the Mayor and City Council took all actions necessary to renew the Downtown Chandler Enhanced Municipal Services District (EMSD). Currently, Staff is requesting approval of an Enhanced Municipal Services Agreement with the Downtown Chandler Community Partnership (DCCP). Through this action, the DCCP is designated as the entity that will manage and operate programs in the District.

Based on discussions with the DCCP, the agreement remains very similar to the FY 2008/09 agreement. The primary functions of representing District rate payers, developing the annual district budget and work plan, and monitoring the performance and provision of District services have been retained. The working committees continue and the agreement outlines the general responsibilities of each committee. The agreement also describes a clear work program to be performed by the District for the period beginning July 1, 2009, and ending June 30, 2010, and insurance coverage the DCCP needs to carry related to District activities.

The changes made for FY 2009/10 include changing the way reserves are calculated, addressing the method for programming unused funds at year-end and clarifying police coverage to be provided.

This agreement also details the City's responsibilities to the District. From a financial perspective, the \$132,004.00 represents the amount the City would pay into the District as a property owner during the fiscal year. The contract also identifies how payments will be made from the City to

the DCCP, both for City funds and for funds obtained through the assessment of private property owners through the Maricopa County Assessor's Office. Finally, the agreement outlines the City provided services that will be provided for the term of the agreement.

The DCCP participated in the development of the agreement, including providing a budget, developing a work plan and reviewing all proposed changes. The DCCP Executive Board has officially approved the content of this agreement and is willing to continue as administrator of the District.

Assessments for privately owned property in the District is \$142,474.00. Staff will forward the assessment roll to Maricopa County for inclusion in the fall property tax bills. The City's voluntary contribution of \$132,004.00 has been included in the Downtown Redevelopment budget for FY 2009/10. The total amount of the District budget for FY 2009/10 is \$274,478.00.

21. PRELIMINARY DEVELOPMENT PLAN AMENDMENT: Dollar Self Storage

APPROVED Preliminary Development Plan Amendment, PDP09-0007, Dollar Self Storage, for building signage on an existing building located on 5.34 acres east of the SEC of Arizona Avenue and Ocotillo Road. (Applicant: Doug Atkins with Skyline Signs for Ocotillo Members LLC.)

The self-storage warehouse facility is located adjacent to a condominium storage facility and the Union Pacific railroad tracks on the east, and a retail shopping center anchored by Home Depot to the west. North of the site is Ocotillo Road and vacant land planned and zoned for industrial use. South of the property is land that is a part of the planned South Shore mixed-use development.

Dollar Self Storage is part of Southshore Towne Center Phase II. In July 2004, the property received Planned Area Development (PAD) zoning as a part of the adjacent Home Depot-anchored Southshore Town Center retail development. The PAD zoning allowed for storage facility uses adjacent to the Union Pacific railroad track. In March 2007, the property was approved a zoning amendment to allow the addition of a condominium storage business in conjunction with a Preliminary Development Plan (PDP) for the self-storage warehouse, condominium storage, and a future pad. The self-storage facility developed and opened for business in 2008.

The zoning approval in 2007 included building signage and a monument sign. The building signage for the self-storage warehouse facility's office/caretaker building was approved as reverse pan channel aluminum letters. There was a zoning condition to have the monument sign lettering be redesigned to incorporate individual pin-mounted or reverse pan channel letters to be similar to the lettering on the office/caretaker building since the monument sign's location was across from the self-storage facility. The intent was to have signage on the office/caretaker building and the monument sign be similar. The monument sign is built and designed with routed-out opaque letters in which the letters are backlit and appear as reverse pan channel letters.

The application requests to modify the approved Development Booklet representation of reverse pan channel lettering on the office/caretaker building, Pad C, to allow pan channel lettering. The design of the business name lettering, Dollar Self Storage, includes a logo integrated into the lettering. The exhibits' vicinity map incorrectly notates signage is proposed for the west building elevation. Building signage is proposed only on the office/caretaker building's north and east elevations. The request for pan channel lettering allows an illuminated face visible from the street

whereas a reverse pan channel sign or individual pin-mounted signage does not have face illuminated letters, instead having backlit signage similar to the routed-out letters on the monument sign.

This request was noticed in accordance with the requirements of the Chandler Zoning Code with a neighborhood meeting being held on April 16, 2009. 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. Development shall be in substantial conformance with the Development Packet for Dollar Self Storage, kept on file in the City of Chandler Planning Services Division, in File No. PDP09-0007, except as modified by condition herein.
2. Compliance with original conditions adopted by the City Council as Ordinance No. 3896 in case DVR06-0060, except as modified by condition herein.

22. ZONING EXTENSION: Ray Road Industrial Center

APPROVED a 3-year Zoning Extension for DVR08-0043 Ray Road Industrial Center for I-1/PAD office/warehouse uses on approximately 7 acres at the NWC of Ray Road and the Union Pacific Railroad east of Arizona Avenue. (Applicant: Ray Road Business Center LLC.)

The Planned Industrial District/Planned Area Development (I-1/PAD) zoning approval was granted for a period of three (3) years, which expired on December 15, 2008. The three-year extension would be calculated to begin from the previous approval's expiration date, resulting in an extension to December 2011.

Immediately west of the site is a retail center anchored by Food City; to the east is Valley Recycling Works; to the north is an agricultural site approved for the Tre Vicino residential development and across Ray Road to the south is an apartment complex.

The site received its zoning and Preliminary Development Plan (PDP) approval in 1999. The zoning was extended in 2002 and 2005.

No substantive changes have been made to the development plans that were approved by Council in 1999. The proposal is to construct three office/warehouse buildings on the site, one of which faces Ray Road and will house office/warehouse uses with limited showroom display space. The remaining two buildings, which face outward to the east and west, will contain strictly office/warehouse uses. The display space in the middle building is to be utilized by wholesale cabinet shops or similar uses.

The property had previously been zoned from AG-1 to C-3/PAD for automotive-related commercial services in 1987. In 1988, the zoning was amended to reduce the amount of automotive services and add an industrially oriented office/warehouse structure. No construction occurred under this zoning.

This request was noticed in accordance with the requirements of the Chandler Zoning Code with a neighborhood meeting being held on April 23, 2009. There were no citizens 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 a zoning extension for three (3) additional years with all of the conditions in the original approval remaining in effect.

23. PROJECT SUBMITTAL: American Recovery and Reinvestment Act

AUTHORIZED projects to be included in the City of Chandler application for the American Recovery and Reinvestment Act of 2009 (Recovery Act) Energy Efficiency and Conservation Block Grant Funds.

The City of Chandler is eligible to receive Energy Efficiency and Conservation Block Grant (EECBG) Funds under the Recovery Act of 2009 in the amount of \$2,274,500.00. The purpose of the Act is to stimulate the economy and create jobs. In order to receive EECBG funds, the City must develop and submit an Energy Efficiency Strategy and an Implementation Strategy by June 25, 2009. Funds provided under the grant require obligation within 18 months of grant award and expenditure within 36 months of award. The Department of Energy (DOE) is the provider of funds made available under this portion of the Recovery Act and DOE will also be the contracting and auditing agency for these funds. The purpose of EECBG funds is to assist eligible entities in creating and implementing strategies to reduce fossil fuel emissions, reduce total energy use of eligible entities and to improve energy efficiency in the building, transportation and other appropriate sectors.

The City's Green Team has been working for over 18 months to quantify the energy costs and emissions of City activities and has developed a Sustainability Strategy for 2009 that focuses on the goal of energy efficiency. Through these efforts, the City is well positioned to take advantage of EECBG funds in a timely fashion. The City's Strategy and Implementation Plan for its allocation of EECBG funds focuses on several of the key desired outcomes of the EECBG program. These outcomes include increasing energy efficiency and consumption through efficiency improvements in the building sector, reducing fossil fuel emissions and accelerating the deployment of renewable technologies. The City's most important sustainability goal for 2009 focuses on reducing energy consumption in City buildings and facilities.

A team of Staff from the Buildings and Facilities Division, the Municipal Utilities Department and the City Manager's Office has developed these projects. They have been reviewed by the Buildings and Facilities Team and approved by the City's Green Team. Proposed projects fall under two of the Eligible Activity areas as outlined by the Department of Energy and include a) Energy Efficiency Retrofits, and b) Renewable Energy Technologies on Government Buildings.

The City proposes seven unique activities to retrofit City facilities to move Chandler toward the goal of reduced energy consumption and a decrease in the carbon footprint. These activities include:

1. **Replacement of inefficient HVAC units in seven City buildings** including the Development Services building, the Main Library, the Center for the Arts, the Fire Support Building which houses the Emergency Operations Center, the Information Technology Building and Fire stations 2 and 4. The total square footage of these buildings is 211, 277. The type of work to be performed varies by building but includes replacing air handlers (circa 1970) with chilled water air handlers, replacing electric heat with hot water piping from the boiler, replacing dated variable frequency drives with new energy efficiency models and replacing Seer 6 units with new Seer 13 heat pumps. It is anticipated that these improvements will result in significant reductions in the City's energy consumption. (\$1,056,000.00.)

- 2. Replace chilled water motors in City buildings and facilities.** The City of Chandler proposes to replace chilled water pump motors at the Community Services/Senior Center, Main Library, Development Services and Police/Courts buildings. Work will consist of replacing outdated chilled water pump motors with high efficiency motors. (\$40,000.00.)
- 3. Replace interior lighting in the Community Center and Senior Center Buildings.** The City of Chandler is proposing the replacement of interior lighting fixtures in the Community Services and Senior Center Buildings. The work will consist of replacing T-12 fluorescent bulbs with T-8s and replacing all incandescent or CFL lights with Light-emitting Diodes (LEDs) where applicable. (\$50,000.00.)
- 4. Replace exterior windows at the Chandler Municipal Court and Development Services/Public Works Buildings with dual pane high efficiency windows with solar reflective film.** The City's Municipal Courts Building is a 32,000 sq. ft. building. The building's orientation is facing south; therefore, the building is exposed to sunlight all day. This fact, combined with the fact that the windows of the building are not energy efficient, creates an energy consumption challenge for the City. The City proposes to replace the exterior windows at the Court Building with dual pane high efficiency windows with solar reflective film. The windows at the Development Services Building are single pane, circa 1970s, windows. Staff proposes to upgrade the windows and install solar reflective film at this building as well. (\$271,000.00.)
- 5. Installation of LED lighting in the area outside of the Main Library, Senior Center and Community Center.** EECBG funds will be utilized to replace 58 metal halide fixtures with LED fixtures resulting in decreased energy consumption, as well as decreased maintenance costs. The types of lights to be installed include parking lot area lights, walkway area lights, bollard lights and flood lights. The life expectancy of the new fixtures is 10-11 years, which results in savings in labor to replace the fixtures as well as energy savings. (\$60,000.00.)
- 6. Installation of KVAR Energy Controller at Manganaro Sewage Lift Station.** The KVAR energy controllers will be installed on the speed pumps at the Manganaro lift station. The Manganaro lift station collects gravity flow sewage from the northern part of Chandler, pumps the sewage and sends it down a force main that joins the gravity flow sewer lines from west and east central Chandler. These mains deliver raw sewage to Chandler's Ocotillo Water Reclamation Facility and Airport Water Reclamation Facility. KVAR has patented an apparatus and methodology for determining to an exact science, the amount of capacitance that is needed to optimize inductive motors for maximum savings. This is a pilot project to test the efficacy of this simple energy controller device. If the device performs well, its installation may be replicated at other City lift stations. (\$12,000.00.)
- 7. Installation of solar PV on 15 Neighborhood Stabilization Program (NSP) homes.** The City of Chandler proposes to utilize a portion of its EECBG funds to participate in a program with the Affordable Solar Partnership to install photovoltaic arrays on the 15 NSP homes in Chandler. The Affordable Solar Partnership is not an incorporated entity, but a group of Arizona entities led by the Alliance for Innovation. (\$112,500.00.)

The balance of City projects to be funded by the EECBG focuses on installing solar technology on City buildings and facilities. Again, the purpose of these installations is to decrease the energy consumption of City buildings, reduce the City's carbon footprint and provide opportunities to showcase and employ solar technology. The three solar projects proposed to be included in the City's Implementation Plan are:

**1. Installation of 350 kW Photovoltaic Generating System on the parking garage of Chandler City Hall.** In order to reduce the energy consumption of the new City Hall, EECBG funds are being requested to incent the installation of a 350 kW system, which will incorporate a single axis, elevated tracking system on the roof of the garage. The inclusion of a tracking system will produce approximately 1950 kW hours per kW per year, as opposed to the standard 1500 kW. This installation will reduce the energy consumption of the City and serve as a highly visible example of a commercial solar installation in Chandler. (\$500,000.00.)

**2. Installation of a 3.28 kW Solar PV at Appleby Road Potable Water Site.** The City of Chandler's Municipal Utilities Department wishes to utilize EECBG funds to install a grid-tied 3.28 kW photovoltaic array at the new Appleby Road potable water well site. 3.28 kW is the amount of power required to run the lights inside the facility. The well will use 100 kW. The array will be grid-tied and the utility, Salt River Project (SRP), will purchase excess solar from the array. The goal of this installation is to save energy and to insulate the City from future rate increases. The PV array has a 30-year life expectancy, so ongoing energy and emissions savings will be realized. (\$15,000.00.)

**3. Installation of solar thermal at the Tumbleweed Recreation Center and Fire Stations #3 and #6.** One of the most cost-effective ways to include renewable technologies into a building is by incorporating solar hot water. A solar water-heating system reduces the need for conventional water heating by about two-thirds. It minimizes the expense of electricity or fossil fuel to heat the water and reduces the associated environmental impacts. Staff is proposing the installation of solar thermal for hot water heating at the Tumbleweed Recreation Center and Fire Stations #3 and #6. These stations were selected as they house the highest number of fire staff per shift on a regular basis and, therefore, utilize the most hot water. (\$158,000.00.)

All costs associated with projects outlined in the City of Chandler's application for Energy Efficiency and Conservation Block Grant funds will be paid by the U. S. Department of Energy. Of the \$2,274,500.00 in funds available to the City, Staff is requesting \$45,000.00, or less than 2%, in administrative costs; \$25,000.00 in administrative costs for consultant fees associated with the solar project at City Hall; and \$20,000.00 in administrative costs to cover professional services associated with recouping all utility incentives available to the City through the expenditure of these grant funds.

24. AGREEMENT EXTENSION: Traffic Signs

APPROVED a one-year Agreement Extension with Safeway Sign Company and Zumar Signs for the purchase of traffic signs and related items in a total amount not to exceed \$85,000.00. This is the third of four one-year optional extensions.

25. AGREEMENT AMENDMENT: Waste Management

WITHDRAWN Agreement Amendment No. 2 for a 12-month extension with Waste Management for residential refuse collection.

26. AGREEMENT AMENDMENT: Recycling Services

APPROVED Agreement Amendment No. 1 for a 12-month extension with American Metals Company and Westech Recyclers Incorporated for recycling services. This is the first of four one-year optional extensions.

Since 1995, Solid Waste Services has implemented numerous recycling programs for waste materials with market value. Waste that can be recycled helps to offset costs associated with landfill disposal.

Waste required to be recycled at the Recycling-Solid Waste Collection Center (RSWCC) is typically self-hauled to this facility by residents. Currently, waste recycled includes, but is not limited to, scrap metals, electronics and small appliances.

During the first year for both agreements, tonnage for scrap metal, electronics and small appliances has remained steady. Approximately 1,000 tons of scrap metal and 230 tons of electronics and small appliances have been recycled to date. In comparison to the previous fiscal year, revenue has decreased due to the decline in market value for these materials in the current economy. Costs associated with landfill disposal and the ongoing environmental benefits continue to justify recycling these materials.

27. AGREEMENT: United Fibers

WITHDRAWN an Agreement with United Fibers for material recovery facility services (recycling processing) for curbside collection.

28. AGREEMENT: Catholic Healthcare West

APPROVED an Agreement for an Emergency Base Station with Catholic Healthcare West for on-line medical supervision and administrative control for the Chandler Fire Department's emergency medical program.

By Arizona law and rule, all Certified Emergency Paramedics must work under the license of a physician for on-line medical supervision. Administrative medical control must also be provided by a physician for the Department's emergency medical program. This agreement satisfies the requirement for oversight and direction with regards to on-line medical supervision and administrative medical control. There are no financial implications associated with this agreement.

29. CONTRACT: Salt River Project

APPROVED Contract #ST0708-301 to Salt River Project (SRP) for design and construction of a meter to accommodate the Thude Park pump station in an amount not to exceed \$32,526.00.

The western area of the drainage basin at Thude Park, near Galveston and Price roads, has an area that does not drain, creating standing water. To address health concerns associated with standing water, a pump station will be used. The pump station will automatically operate when water is present and return to standby once water has been removed. The pump station is 90% designed and will be bid in August or September.

30. AGREEMENT AMENDMENT: Tri-Core Engineering

APPROVED Agreement #WA0401-201, Amendment No. 6, to Tri-Core Engineering for design of water main replacements in an amount not to exceed \$88,137.00 for a revised contract total of \$646,292.00.

Some of the existing water mains in the older sections of the City are undersized and/or deteriorating, resulting in a high number of repairs to broken water mains, interrupted water service, numerous citizen complaints and property damage. In November 2003, Council approved an engineering contract that provided for the design of approximately nine miles of small diameter water main replacements in several residential neighborhoods. During the plan review process, Staff identified a benefit to relocating the new water mains into the road rights-of-way to eliminate significant reconstruction in alleys, alongside other utilities. Relocation of the new water mains in the roadways, near the lip of gutter, is also consistent with the work completed during Phase II of this project. This amendment provides for the additional services required for these design modifications.

31. USE PERMIT: Stellar Autoplex Sales and Leasing LLC

APPROVED Use Permit UP09-0008 Stellar Autoplex Sales and Leasing LLC, for automotive sales within an I-1 Planned Industrial zoning district at the SEC of Milky Way and 79<sup>th</sup> Street. (Applicant: Justin Umbs.)

The subject site is surrounded by I-1 zoned properties. In 2004, the property received Use Permit approval for three years to operate an automotive sales and customization business that has since expired. The current request is for a different user, but is similar in scope, size and layout to the previous use; however, there are some minor changes primarily relating to additional storage of inventory and the type of vehicles for sale.

Overall, the facility will include an inventory of approximately 15-20 vehicles, which will be housed either under roof, in the rear warehouse area or in the rear storage yard. Stellar Autoplex is proposing to sell late model highline vehicles, specialized boats, classic cars and other specialty vehicles. All maintenance will be performed off-site, with only minor detailing occurring on site. The building provides both showroom and warehouse space.

Currently, a sign package is not included in the request. However, the applicant has indicated that the proposed signage will be similar in size as the previous signage.

This request was noticed in accordance with the requirements of the Chandler Zoning Code with a neighborhood meeting being held on April 13, 2009. There was one neighbor in attendance in support of the request. Staff has received no correspondence in opposition to the request.

Upon finding consistency with the General Plan and the I-1 zoning district, the Planning Commission and Staff recommend approval subject to the following conditions:

1. The Use Permit shall be extended for a period of three (3) years, at which time re-application shall be required. Continuation of the Use Permit beyond the expiration date shall require re-application to and approval by the City of Chandler.
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. On-street parking will be prohibited. All vehicles must be parked within designated parking spaces inside the paved parking lot, fenced yard, or inside the building.
4. Any future signage shall meet current Sign Code requirements.
5. Sign packages, including free-standing signs as well as wall-mounted signs, shall be designed in coordination with landscape plans, planting materials, storm water retention requirements, and utility pedestals, so as not to create problems with sign visibility or prompt the removal of required landscape materials.

6. Raceway signage shall be prohibited within the development.
7. The site shall be maintained in a clean and orderly manner.
8. The signage shall be limited to metal pan channel halo or non-illuminated lettering.

32. LIQUOR LICENSE: China King

APPROVED a Series 12 Restaurant Liquor License (Chandler #124785 L12) for Ping Yi, Agent, Green Techo International LLC, dba China King, 1050 W. Ray Road. Recommendation for approval of State Liquor License #12077987 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.

33. LIQUOR LICENSE: Fired Up Grill

APPROVED a Series 12 Restaurant Liquor License (Chandler #124896 L12) for Joseph Vincent Busone, Agent, Fired Up Grill LLC, dba Fired Up Grill, 7131 W. Ray Road, Suite 45. Recommendation for approval of State Liquor License #12077998 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.

34. CONTINUED LIQUOR LICENSE: Courtyard/Fairfield Inn & Suites by Marriott

CONTINUED TO JUNE 25, 2009, as requested by the Applicant, Liquor License, Series 11, for Christopher Joseph O'Donnell, White Lodging Services Corporation, dba Courtyard/Fairfield Inn & Suites by Marriott at 1100 S. Price Road to allow the applicant time to complete the requirements for a new Use Permit.

35. SPECIAL EVENT LIQUOR LICENSE: Chandler Lions Club

APPROVED a Special Event Liquor License for the Chandler Lions Club for the Chandler 4<sup>th</sup> of July Spectacular on July 4, 2009, from 3:00 pm until 12:00 midnight at 2250 S. McQueen Road, Tumbleweed Park. 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.

36. CONDOMINIUM PLAT: Warner Business Center Office Condominiums

APPROVED Condominium Plat CPT09-0003 Warner Business Center Office Condominiums, for 31 condominium suites at the Warner Business Center Office Condominiums at the NEC of Warner Road and Nevada Street. (Applicant: Falcon Airpark LLC.) The plat crates the lots and tracts, construction phasing lines, establishes the necessary easements and dedicates the required right-of-way.

PUBLIC HEARING:

PH1: INCREASE OF CERTAIN WATER, RECLAIMED WATER AND SEWER FEES

MAYOR DUNN OPENED THE PUBLIC HEARING AT 7:38 P.M.

The Mayor thanked staff for being responsive to the Council's concerns. Councilmember Orlando asked for a summary on Options B and D with an explanation of what the differences are. Mayor Dunn commented that the responses from the public have been strongly against Options A and C.

MR. STRACHOTA noted that there was an additional ordinance that covered the late fee charge and meter installation and those items could be discussed too.

MR. RICK GIARDINA, Red Oak Consulting. Mr. Giardina reviewed his PowerPoint presentation. He reminded the Council that there are two charges. The base charge is paid by all customers and varies by meter size and it's paid regardless of water use. The second rate is based on metered water consumption. The goal is to generate 6% more revenue for the water utility in order to meet certain financial criteria. Absent concerns that were raised regarding the impact of the rate structure on large volume single-family residential water users, there is a 6% across the board increase. But that wouldn't address the concerns about the large volume single-family users. Option B includes a 20% increase in that base charge and would affect all customers regardless of class. But then when they sought to restructure the rates for single-family residential customers, to mitigate the impact on the large volume user. The restructuring had to do with a greater quantity allowance in Block 3. Increasing that to 60,000 gallons from 40,000.

That same allowance applies under Option D. For the balance of the customers, still proposing a uniform increase in the volume charge. As the base charge was going up 30% under Option B, the uniform increase in the rate for other customers, only needed to be 5%. The increase in the volume rate averaged about 17% for Blocks 1 and 2 and about 46% decrease for Blocks 3 and 4. That was the decrease necessary in order to address the concerns for the large volume users. Contrasting that with Option D, the base charge is also going up 30%. There are the same relative changes in Blocks 1 and 2 and Blocks 3 and 4 for single family residential but under Option D they sought to maintain the same cost of service relationships that were determined in 2007.

Mr. Giardina explained that both options, in his opinion, could be adopted without concerns regarding legal principles or subsidization across classes. They both approximate the definition of cost of service that was created back in 2006. Option D is a closer approximation of that, but had there not been concerns about the impacts on large volume residential customers, Council probably would have looked at a 6% increase in everyone's rates. Keeping in mind both options generate the same amount of total revenue, the biggest difference is Option B provides a closer approximation to the cost of service value in the last comprehensive rate study. In turn, there are some larger increases to certain classes of customers.

MAYOR DUNN referred to a chart attached to the memo that breaks down the classes. He said the main option he sees between Option B and D is not with single family, multi-family, or non-residential, but with the industrial and irrigation. He sees a significant increase in Option D for industrial and sees a decrease in irrigation. He expressed his concern on how these percentages would affect the employment base. He expressed his appreciation to Councilmember Heumann's suggestion of Option D in attempting to get closer to the actual use of service.

COUNCILMEMBER HEUMANN noted that single family is about a 1% below the cost of service in Options B and D. The multi-family would pay about 6% more than it's class of service. Non-residential would pay about 9.5% more than it's cost of service. The difference under industrial is that under Option B it would pay 19% below the cost of service and under Option D it would be paying 9% below it's cost of service. In irrigation, it is 11% above it's cost of service under Option B and 5% above it's cost of service in Option D. He asked why industry under the other plans would not be to the level of cost of service as some of the other classes.

Mr. Giardina said the primary factor had to do with the estimated usage by customer class that was used in the cost of service study and the actual usage that is seen. That's probably the single most important explanation for these differences. He asked Council to keep in mind that for this update, there was not a detailed cost of service study. He said it would be unusual to conduct a cost of service study each year. There are not usually significant changes from one year to next. For that reason, most communities just look at an across the board increase. Option D was intended to try to narrow that gap and produce rates by class that more closely approximated that relationship from 2-3 years ago.

MAYOR DUNN asked about the second ordinance. MR. STRACHOTA reminded the Council during the budget briefing one of the ideas was a late fee on utility bills to hopefully reduce the number of delinquencies. The proposal is a 2% late fee assessment after the 21 days that lapse between issuance of the bill and the receipt of the bill. Comparisons are comparable to what other cities have done. Mr. Strachota said while there was discussion on the dais whether it is 1.5% or 2%, staff is proposing 2%.

COUNCILMEMBER ORLANDO confirmed the residents could use automatic bill payment. MR. STRACHOTA replied yes. Mr. Strachota said if the amount due is less than \$60.00, they would not proceed with a disconnect because it would cost as much to do that. Councilmember Orlando asked about a level fee as some of the other utility companies offer. Mr. Strachota said they do not, but believed the biggest issue there would be with the variance in usage across the year especially in single family, as it may raise some cash flows issue.

COUNCILMEMBER HEUMANN said SRP does have a billing like that and could be something that the City explores. He clarified when the 21 days begins. Mr. Strachota said the date on the bill is the date that it is printed and typically goes out the next day. The 21 days start when the bill is printed. There is a lapse of time before they would face a disconnect situation. Utility Services Manager Jim Crocker said when they bill they put the due date on it which is the 21 days. On the 22<sup>nd</sup> day a penalty would be assessed. He stated that from read time to bill time it's typically 2-3 days. On the 30<sup>th</sup> day, the next bill is being generated and that is when you would see the late fee. In response to questions from Councilmember Heumann, Mr. Crocker said the lock box is cleared daily.

There was additional discussion on when the penalty would be assessed.

COUNCILMEMBER ORLANDO said if this was a rationalization to try to encourage payment and it can't be paid, then you are only increasing the debt.

VICE MAYOR CACCAMO asked how many people pay by auto pay and how many people are paying electronically. Mr. Crocker said that about 42,000 people pay electronically out of 74,000. Mr. Crocker said you never want to get past the 28 days or it will become a billing cycle issue. The ordinance has been written as a minimum of 21 days. If we were to use that as an incentive,

and we were to make payment arrangements it also gives the ability that if they do comply with the payment arrangement, then there is an option to reduce some of the fees.

MAYOR DUNN clarified that most of the cities add the late fee to the next bill.

COUNCILMEMBER DONOVAN noted that most of the bills she pays have a 21-day period and she is comfortable with that.

COUNCILMEMBER WENINGER said he supports a late fee. He confirmed with Mr. Crocker that the bill would have a due date printed on it. Mr. Crocker confirmed.

COUNCILMEMBER HEUMANN asked if the simple solution would be if it were not paid by the next bill is generated, then the 2% is added. Mr. Crocker said that in any case they don't want to stretch it past the 28 days.

Mayor Dunn asked for public comment.

MR. DENNIS DELANEY, 2131 E. Birchwood Place, current Circle G HOA Board President. The majority of their concerns are on the tilting of the rates that occurred in October of 2007 and that impact on large lots. He explained that their area does not have a lot of greenbelts. It is the owners' own landscaping that provides that amenity. He said his community would like to work with the city in adjusting the blocks. He stated in his case the water rates went up 84% for the last 20 months. Option A would drop that to 74%. Option B & D drop it to 46%. Option C would drop that further. He added that on the other discussion, the number of days is something you should be concerned about. He has had read cycles that are as low as 25 days and as long as 34 days.

When the rates were put in place and the blocks were developed, he didn't think appropriate consideration was given to the harm it did to some of the large lot owners.

MAYOR DUNN and Councilmember Orlando expressed their appreciation to the residents for their input. COUNCILMEMBER ORLANDO asked if the HOA was "OK" with Options B or D. MR. DELANEY said he would like greater consideration towards the large lots. He said Option C provides the best relief to the large lot homes, but it has other issues.

COUNCILMEMBER HEUMANN said that he and Asst. City Manager McDermott have been discussing over the last several weeks about doing an analytical pilot program over the next year.

MR. TONY BRADLEY, 154 W. 5<sup>th</sup> Street in Tempe representing the Az Multihousing Association stated they were in opposition to Option C.

MR. JERRY BUSTAMONTE representing the Chandler Chamber of Commerce stated that certainly business is willing to pay their fair share especially for critical infrastructure. He said while they are not here to oppose the rate hikes, they would encourage the Council to maintain the cost of service principle and not here to endorse any of the options, but did want to state the opposition to Option C.

MR. JASON BAGLEY representing the Intel Corporation stated Intel works very hard in working at being a responsible contributing member of the Chandler Community and the State as a whole. Of the daily water use at Intel, they have been success in conserving an average of about 75% of that water. In partnership with the City at the R/O (reverse osmosis) plant, they have been able

to recharge over 3 billion gallons of drinking water back in to the aquifer. Intel takes pride and takes measures and working to improve our use and responsibilities for water. He said the difference of a 5.5%-6% increase versus over 18% increase, that is a significant number. As they strive to maintain competitiveness as a site, the small decisions factor into the overall cost of what they produce in Arizona. It is a factor of many decisions of what go into future investments and how much it costs to do business in Arizona. He encouraged the Council to be sensitive to that.

MAYOR DUNN noted the letter received from Orbital Sciences stating similar concerns.

MR. MICHAEL SCHRUGG said he wished he would have known of his 9% increase a year and a half ago, like everyone is being made aware of now. The reason they support C is that they are getting caught back up for being hit for 80%. He asked for fairness. Option C puts in more in line in being fair to large lot owners. He does not agree with people who characterize them as large water users as there is no large green belt in their housing development. He stated he is on a program with the city that is controlled by satellite. He sees a little bit of an advantage but not enough in what their usage was.

MR. ROB BARNEY, 1617 E. Glacier Place spoke about some of the principles when talking about the water rate structures. He said water rates are very much a fixed cost business, they aren't variable costs and related that to examples of having a year round tenant versus and a tenant only present a certain time of the year. He said another misconception is that five 1/5-acre lots should be charged the same as the amount of one big acre lot. He displayed an aerial photo and noted that there may be 5 houses to about an acres worth, but there is less greenery. Mr. Barney said his order of preference on the Options would be A,B,D,C.

MAYOR DUNN asked Economic Development Director Chris Mackay about the two options being discussed. MS. MACKAY said when looking at rates, she is always concerned about Chandler's competitiveness not only regionally, but worldwide. In Arizona the property and corporate income tax is not as competitive as it could be. When working with companies, they put together a matrix that shows all of the factors, including water consumption. Solar users are very large water users and may use 1-3 millions of gallons of water per day. Anything that can hurt competitiveness is a great concern for her.

COUNCILMEMBER HEUMANN asked if water availability was one of the biggest factors in bringing some of these industries in. MS. MACKAY said there is an ample water supply to bring these industries in and a strong buildout model for the water that makes us the envy of a number of cities due to the water availability. In response to additional questions, Ms. Mackay stated that Oregon is more expensive on the water side, but they follow a different model. Texas is less expensive in looking at the Austin and Houston cities as that is where who we are competing the most with. However, the calculations are done different with the different classes, although either Option B or D would be close.

MAYOR DUNN CLOSED THE PUBLIC HEARING AT 8:32 P.M.

MAYOR DUNN TOOK ITEM 37 AND 38 OUT OF ORDER FROM THE PRINTED AGENDA.

COUNCILMEMBER SELLERS noted that in the subcommittee meetings most of the concern expressed was over the unfairness in the rates being charged to the large lot owners. Options B and D are very similar for the large lot owners. He expressed his concern that the industrial users are doing a job that may not be reflected in the cost of service rates by their reuse and recharge

of water to add to their efficiency of water use. He stated his objection to them being charged with a 20% increase.

VICE MAYOR CACCAMO said while in subcommittee he did not like any of the options, the issue kept coming back to cost of service. The most important driving force of the committee was cost of service in talks of raising industrial rates. In looking at the cost of service for increases, he noted that everyone has been hit with an increase. Option D the cost of service is 9.5% less than their cost of service. No matter what the increase, they are benefiting. Option B the HOA's seem to be subsidizing business and he would like to get closest to the cost of service as possible.

COUNCILMEMBER DONOVAN said cost of service was included with Option A and B based on the rates in the past and asked if this was another extrapolation on cost of service. She asked for clarification.

MR. GIARDINA agreed with that assessment. Cost of service is not an absolute science. All options approximate cost of service. Option D gets closer to the estimates that were made, the values that were made in the 2007 cost of service study. He stated his support any challenge with all options except C which has a distinct and significant variation from cost of service. MAYOR DUNN added his thought that there needed to be further refinement of those categories especially between industrial and irrigation.

COUNCILMEMBER HEUMANN said he felt there was such a discrepancy between industrial and everyone else. MR. GIARDINA said it is probably safe to say that Intel, as the single largest industrial customer, when looking at the usage characteristics of the industrial class, it's their usage pattern that most significantly influences that. The real benefit to Intel in regards to their efforts they have put in place are certainly on the amount of water they use, but also in the wastewater bill that they pay.

MAYOR DUNN commented that what impresses he is what conservation Intel has done for years. MR. GIARDINA said that might apply to most of the industrial and non-residential users that because of their bottom line focus, they have a built in incentive to conserve. For some, a great deal of their water use is probably end product. He explained that is often contrasted with what is considered to be discretionary use with irrigation that occurs in a lot of other classes and that is one of the primary reasons we don't typically see as strong a conservation rate structure in industry and non residential business when compared to residential because they don't typically have that degree of discretionary use and they are already looking at ways to conserve water.

COUNCILMEMBER HEUMANN said in saying that industrial is 12% of the cost of service, that is factored in there in terms of the constant use. The single family which is about even in the cost of service uses a lot less water but because the level of cost of service you factored that in. In any of the rate structures, single-family is paying almost even amount of the cost of service.

COUNCILMEMBER DONOVAN asked about Mr. Barney's reference of irrigation and industry. MR. GIARDINA said he believes Mr. Barney's point was you have customers that use a relatively constant amount of water and we build facilities and bill operational costs to meet that demand and we do so daily and that is typically the industrial class. We contrast that with irrigation users and single family users and they have peak demands that occur and we have to provide facilities and incur costs to meet those demands and even though that may only occur during a certain time of year, we don't have the opportunity to recover those costs in the other times of year. On a per unit basis, even though they may be using less water, the cost of that water is substantially

higher because of the peaking element of it and that is directly reflected in the cost of service study.

COUNCILMEMBER SELLERS said one of the goals that was set when establishing the rate was water conservation. He agreed with Councilmember Heumann that what has been done this year does not go far enough yet to correct what we did to the large lot owners and there needs to be more work on that in the coming year. He struggled with the goal of having a tiered system to increase water conservation and increasing the largest industrial customers cost by 20% does absolutely nothing for water conservation.

COUNCILMEMBER HEUMANN thanked staff and said that Option D is not perfect and there still are some discrepancies but at the same time it moves it a little closer to the cost of service. Single family is close to it's cost of service.

MOVED BY COUNCILMEMBER HEUMANN, SECONDED BY VICE MAYOR CACCAMO TO INTRODUCE ORDINANCE NO. 4158 AMENDING SECTIONS 50-11 THROUGH 50-12 OF THE CODE OF THE CITY OF CHANDLER TO CHANGE CERTAIN WATER, RECLAIMED WATER AND WASTEWATER FEES WITH OPTION D.

VICE MAYOR CACCAMO said when in subcommittee there was discussion about higher rates creating an incentive to save water. He thinks that applies to industry as well as houses.

COUNCILMEMBER WENINGER said the industry, while not the end all, has been the lifeblood of Chandler and from recent Senate action, there might be a move to attract the solar industries here. He could not support an 18% increase when Option B seemed fairer at 5% across the board. He expressed his appreciation for the work as it is nice to have more options.

COUNCILMEMBER ORLANDO said he has been looking at this issue for the last three years and stated that the rates should reflect not only what is in the plan now but also the future. He stated his disagreement with the consultant on his methodology and that has been his concern all along. He stated his intent to vote no on all of the options as he does not agree with the methodology and criteria that were put together.

VICE MAYOR CACCAMO said he has served on the subcommittee and the first time the adjustments and increases were astronomical for residential, irrigation and what we are doing now is correcting them. If there is an increase that looks disproportionate now, it's really correcting what happened two years ago. He voted against it then because he couldn't support the increases, but thinks there should be support for something now as it is better still than what we have.

MAYOR DUNN said the difference between Option B and D is very slight. He expressed his appreciation to Councilmember Heumann in staying true to his principle of cost of service. Mayor said that this is necessary in improving the system and an adjustment needs to be made. A citizen's process was used and all angles were looked at. He said he felt uncomfortable in the industrial rates in Option D as our industry is what makes this city unique in the east valley. There has been great success in being able to compete with much larger cities. Our ability to deliver at a fair price is key. He said we need to continue with our job creation and he could not take the risk, especially with the efforts in getting solar into this city. Mayor Dunn declared he would not be supporting Option D.

COUNCILMEMBER WENINGER confirmed that increases would continue to be needed in the future. CITY MANAGER PENTZ responded that there are water and wastewater rate increases planned for the foreseeable future. Councilmember Weninger asked that if in the future, a Councilmember could offer a different option as what occurred this year. Mr. Pentz said that much of this comes back to the fact that Chandler had not had rate increases for a number of years so in 2007 the study was complete and we are continuing to work the "kinks" out of the system. He believed this was a healthy debate and discussion and we are making progress in getting a rate structure in place that is workable. Mr. Pentz said that any Councilmember could make recommendations next year, but he believed that within the next few years they might want to do another cost of service study.

WHEN THE VOTE WAS TAKEN, MOTION FAILED FOR LACK OF MAJORITY (2-5) . WITH MAYOR DUNN AND COUNCILMEMBERS DONOVAN, ORLANDO, WENINGER, AND SELLERS VOTING NAY.

MOVED BY COUNCILMEMBER WENINGER TO INTRODUCE ORDINANCE NO. 4158 AMENDING SECTIONS 50-11 THROUGH 50-12 WITH THE CODE OF THE CITY OF CHANDLER TO CHANGE CERTAIN WATER, RECLAIMED WATER AND WASTEWATER FEES UTILIZING OPTION B. COUNCILMEMBER SELLERS SECONDED THE MOTION.

COUNCILMEMBER HEUMANN stated he had put his option forward and this was also a good option and some good changes were made in addition to the City Manager's comments about a cost of service study.

WHEN THE VOTE WAS TAKEN, MOTION CARRIED BY MAJORITY (6-1) WITH COUNCILMEMBER ORLANDO VOTING NAY.

37. CITY CODE AMENDMENT: Chapter 50

Ord. #4156

Background:

Staff is recommending Item 37 City Code changes related to the installation of water meters and the establishment of a late fee for unpaid account balances. The City does not currently charge a late fee on past due utility bills and proposes to implement a late fee of two percent of the bill.

Historically, meters larger than two inches were purchased and installed by the developer based upon specifications provided by the City. To insure proper installation, Staff would like to have the City perform these large meter installations for a fee and be reimbursed for the cost of the meter depending on the type installed. Additionally, installation fees for all meter types will be updated to recover the cost of providing the service.

Outside City fees will continue to be calculated using the same differentials calculated in the 2007 rate study: 1.4 times the Inside City rates for water and reclaimed water fees.

The Notice of Intension was published in the Arizona Republic newspaper on May 19, 2009, showing the date, time and place of the public hearing on June 11, 2009. In compliance with State Statutes, a copy of the documents supporting the water and reclaimed water fees was filed with the City Clerk for public review. In addition, a notice regarding the public hearing has been included in monthly utility bills.

Staff estimates that a two percent late fee on past due utility bills could generate \$300,000.00 in revenue that would be shared among the water, wastewater and solid waste operating funds. The meter installation fees would cover the cost of providing the service.

MOVED BY COUNCILMEMBER ORLANDO TO INTRODUCE AND TENTATIVELY APPROVE ORDINANCE NO. 4156 AMENDING SECTION 50-5, 50-9 OF THE CODE TO CHANGE CERTAIN WATER, RECLAIMED WATER AND WASTEWATER FEES AND AMENDING THE VERBIAGE TO 24 DAYS FROM 21 DAYS. COUNCILMEMBER HEUMANN SECONDED THE MOTION.

COUNCILMEMBER DONOVAN asked if staff was agreeable with this change. Management Services Director Strachota said the change would be acceptable.

MAYOR DUNN asked what the average water bill was and what that would mean in terms of a penalty. MR. CROCKER said after 24 days, a late fee would be assessed and that would appear on the next bill. Mayor Dunn asked for clarification. MS. JULIE BUELT said that with Option B the average summer bill for 12,000 gallons would be about \$27.00 for water, in addition to about \$19.00 for wastewater and \$15.00 for solid waste for a total of \$61.00. The 2% penalty would be \$1.20 late fee. Mayor Dunn said he was still uncertain about "days" vs. "next bill".

COUNCILMEMBER ORLANDO asked what the longer time period was. A 21-day period or the next bill. Ms. Buelte responded that it was her understanding that next bill was longer in the time frame.

MAYOR DUNN AMENDED THE MOTION TO ADD "NEXT BILL" IN PLACE OF THE 24 DAYS. COUNCILMEMBER ORLANDO SECONDED.

COUNCILMEMBER WENINGER asked staff if that was accomplishable with the current system. Mr. Crocker said the system is setup and generated by days. He recommended keeping it with a set day. MAYOR DUNN withdrew his amendment.

WHEN THE VOTE WAS TAKEN, MOTION CARRIED UNANIMOUSLY (7-0).

#### SPECIAL ORDERS OF THE DAY

##### A. Mayor's Announcements:

Mayor announced the Santan Vista Water Treatment Plant dedication on June 27, 2009 at 8:30 a.m. The \$102 million plant is a joint partnership between the City of Chandler and the Town of Gilbert. The City was able to save over \$22 million in capital costs and \$600,000 in operating costs by joint operation of the facility. The facility is located near Higley and Ocotillo Roads.

Mayor Dunn announced the Water Challenge sponsored by the employees of S.E.I.U chapters of Chandler, Tempe and Gilbert. The goal for Chandler is to collect 1,500 cases of water. Those will be distributed to individuals in need especially in the summer months.

Mayor Dunn announced his attendance at the Arizona convention of Veteran's of Foreign Wars. Chief Kiyler was a speaker.

