



## Minutes Regular City Council Meeting March 3, 2016

Minutes of the Regular Council Meeting of Thursday, March 3, 2016, held at 6:00 p.m. in the Harry E. Mitchell Government Center, Tempe City Hall, City Council Chambers, 31 E. Fifth Street, Tempe, Arizona.

### **COUNCILMEMBERS PRESENT:**

Mayor Mark W. Mitchell  
Councilmember Robin Arredondo-Savage  
Councilmember Lauren Kuby  
Councilmember David Schapira

Vice Mayor Corey D. Woods  
Councilmember Kolby Granville  
Councilmember Joel Navarro

### **STAFF PRESENT:**

Andrew Ching, City Manager  
Ken Jones, Deputy City Manager – Chief Financial Officer  
Steven Methvin, Deputy City Manager – Chief Operating Officer  
Ryan Levesque, Deputy Community Development Director - Planning  
Various Department Heads or their representatives

Judi Baumann, City Attorney  
Brigitta M. Kuiper, City Clerk  
Renie Broderick, Internal Services Director

**Mayor Mitchell called the meeting to order at 6:05 p.m.**

1. Councilmember Schapira stated that in lieu of giving an invocation, he will pray to himself and encouraged others to pray to themselves in the manner in which they are accustomed.
2. Mayor Mitchell led the audience in the **Pledge of Allegiance**.

### **3. MINUTES**

#### **A. Approval of City Council Meeting Minutes**

**Motion by Councilmember Kuby to approve agenda item 3A1; second by Vice Mayor Woods. Motion passed unanimously on a voice vote 7-0.**

1. City Council Work Study Session - December 3, 2015

#### **B. Acceptance of Board, Commission and Committee Meeting Minutes**

**Motion by Councilmember Kuby to accept agenda items 3B1 – 3B4; second by Vice Mayor Woods. Motion passed unanimously on a voice vote 7-0.**

1. Development Review Commission - January 26, 2016
2. Development Review Commission Study Session - January 26, 2016
3. Hearing Officer - February 2, 2016
4. Parks, Recreation, Golf and Double Butte Cemetery Advisory Board - January 20, 2016

#### 4. REPORTS AND ANNOUNCEMENTS

##### A. Mayor's Announcements

Mayor Mitchell invited community members to attend the Dementia Friendly Tempe Kickoff Summit on Saturday, March 19, 2016, at the Tempe Center for the Arts. Event information is available online.

##### *1. Tempe 2016 Bike Hero Award Recipients*

Mayor Mitchell acknowledged the contributions that the Bike Saviours organization and Catherine Brubaker have made in promoting bicycling in the City of Tempe and presented them with the Tempe Transportation Commission's 2016 Tempe Bike Hero Award.

##### *2. Alexander Scholarship Presentation*

Mayor Mitchell invited Carmen Bermudez and Antonio Chavez to the podium and presented them with the Tempe Professional Development Network James L. Alexander Scholarship for Excellence Award.

##### *3. Tempe Police Explorer Day Proclamation*

Mayor Mitchell read a proclamation declaring March 3, 2016, as Tempe Police Explorer Day in Tempe, Arizona. Mayor Mitchell invited Interim Police Chief, John Rush, to the podium to accept the proclamation.

##### B. City Manager's Announcements

##### *1. Open Book\$ Introduction*

Andrew Ching, City Manager, stated that Renie Broderick, Internal Services Director, will be providing a presentation regarding Open Book\$, which is a new financial transparency tool that is available on the City's website.

Renie Broderick, Internal Services Director, provided a demonstration and discussed various features of the Open Book\$ website tool that is the first step of the City's financial transparency initiative. Open Book\$ is an online navigation tool that is located on the City's homepage; it provides the public and staff access to the City's summarized financial data and detailed transactions, beginning with fiscal year 2014-15. Staff is in the process of uploading current fiscal year data and is promoting this online tool on the City's Facebook page. Statistics are tracked on the number, and length of time, of visits made to the website.

Councilmembers voiced support for this financial transparency tool and thanked City staff involved in the implementation of Open Book\$. Councilmember Kuby was acknowledged for presenting this public transparency tool to the City to ensure that information is accessible to the public. Councilmembers noted that over time, additional system capabilities can be added to Open Book\$.

##### *2. Update from Tempe federal lobbyist - Steve Palmer, Van Scoyoc Associates*

Andrew Ching, City Manager, stated that the City's federal lobbyist, Steve Palmer, Van Scoyoc Associates, will provide an update on lobbying activities on behalf of the City of Tempe.

Mr. Palmer stated that his role as Tempe's federal lobbyist began within the past year. He noted that because this is an election year, the U. S. Congress and President have passed several bills prior to the new administration taking office. He discussed the timing of activities for Congress, and reviewed various bills and their impacts.

Mr. Palmer stated that he has been working with the National League of Cities and Towns and the U.S. Conference of Mayor's on the City's legislative principles regarding public safety, sustainability, transportation, human services, and water environmental issues. He will be meeting with City staff to review issues of interest to the City.

Mr. Palmer then discussed how federal lobbyist activity is impacted by the upcoming federal election. He feels confident about the Streetcar Project moving forward and stated that he will be providing information to the City regarding aviation issues.

5. **CONSENT AGENDA**

All items listed on the Consent Agenda will be considered as a group and will be enacted with one motion by the City Council unless an item is removed for separate consideration. Members of the public may remove public hearing items for separate consideration. Public hearing items are designated by an asterisk (\*). Councilmembers may remove any item for separate consideration.

Councilmember Schapira gave special recognition to agenda item 5C1, an intergovernmental agreement between the City of Tempe and the Tempe Union High School District to jointly administer the Tempe Youth Transit Pass Program.

**Motion by Councilmember Schapira to approve the consent agenda; second by Councilmember Arredondo-Savage. Motion passed unanimously on a roll call vote 7-0.**

A. **Miscellaneous Items**

- \*5A1. Held a public hearing and recommended the approval of an acquisition of control of a Series 07 beer and wine bar liquor license for Nello's 5 Inc., dba Nello's, 1806 East Southern Avenue.

*Fiscal Impact: N/A*

- \*5A2. Held a public hearing and recommended the approval of a series 12 restaurant liquor license for TDZ LLC, dba Lucky Star Asian Dinning, 1743 East Broadway Road, Suite 1.

*Fiscal Impact: N/A*

- \*5A3. Held a public hearing and recommended the approval of a series 12 restaurant liquor license for SMP Entertainment LLC, dba Sharky's Taco's & Tequila, 825 West Baseline Road, Suite 1-2.

*Fiscal Impact: N/A*

- \*5A4. Held a public hearing and recommended the approval of a series 06 bar liquor license for Casey Moore's Ltd., dba Casey Moore's Oyster House, 850 South Ash Avenue.

*Fiscal Impact: N/A*

- \*5A5. Held a public hearing and recommended the approval of series 06 bar liquor license for Legends Sports LLC, dba Tempe Diablo Stadium, 2200 West Alameda Drive.

*Fiscal Impact: N/A*

- \*5A6. Held a public hearing and recommended the approval of an acquisition of control and agent change of a Series 07 beer and wine bar liquor license for Legends Sports LLC, dba Tempe Diablo Stadium, 2200 West Alameda Drive.

*Fiscal Impact: N/A*

- 5A7. Approved a fiscal year 2015-16 Capital Improvements Program (CIP) budget appropriation transfer from project number 6705621, City Hall HVAC Piping Replacement; to project number 6707899, inTempe, to provide fiscal year 2015-16 funding for renovations at the Tempe Public Library. (Related to Agenda Item 5B4)

*Fiscal Impact: \$200,000 of the fiscal year 2015-16 appropriations will be transferred from CIP project No. 6705621, City Hall HVAC Piping Replacement; to CIP project No.*

6707899, inTempe. The City Hall HVAC Piping Replacement project is in the final phase of the project. The project budget which was re-appropriated from fiscal year 2014-15 to fiscal year 2015-16 is more than is necessary to complete the final phase; and allows for the transfer of appropriation to the inTempe project.

- 5A8. Approved fiscal year 2015-16 Capital Improvements Program (CIP) budget appropriation transfers from project number 6705621 (City Hall HVAC Piping Replacement) and from project numbers 6707588 and 6707589 (City Hall Exterior Renovation) to project number 6707239 (Primary Electrical Service – City Hall) to provide additional funding for the recommended award of a construction contract to Builders Guild, Inc. for replacement of the electrical distribution system at the City of Tempe Municipal Building Complex. (Related to Agenda Item 5B7)

*Fiscal Impact:* \$100,000 of the fiscal year 2015-16 appropriations will be transferred from CIP project No. 6705621, City Hall HVAC Piping Replacement, to CIP project No. 6707239, Primary Electrical Service – City Hall. Additionally, \$12,390 and \$42,204 will be transferred from project No. 6707588 and 6707589 (City Hall Exterior Renovation) respectively, to project No. 6707239, Primary Electrical Service – City Hall. The total combined transfer is \$154,594.

B. Award of Bids/Contracts

- 5B1. Approved the utilization of a joint National Intergovernmental Purchasing Alliance Company/The Cooperative Purchasing Network contract with Sun Mechanical Contracting, Inc. for HVAC equipment, installation, service, and related products through the remainder of the contract term ending on September 30, 2016.

*Fiscal Impact:* Total combined cost of these contracts will not exceed \$54,000 during the remaining contract term. Sufficient funds have been appropriated in the Park Improvement/Recreation Capital Improvement Project fund cost center 6304999 (Aquatics Infrastructure and Equipment Replacement) for the anticipated expenditures in the current fiscal year.

- 5B2. Approved a two-year renewal of the contracts with Recon Restoration, Inc., East Valley Disaster Services, Inc., Copper Sun Construction, LLC, Femcon, Inc., Boyjin Development LLC, G and G Specialty Contractors, Inc., Royal Covers of Arizona, Inc., Champion Built Contracting, Inc., and Imperial Restoration and Contracting, LLC for housing rehabilitation services for use by the Human Services Department.

*Fiscal Impact:* Total cost of these nine contracts shall not exceed \$300,000 during the two-year renewal period. Sufficient funds have been appropriated in the Community Development Block Grant/HOME fund – cost center 2875 (CDBG CY) for the anticipated expenditures in the current fiscal year. All funds for these projects are federal and will not impact the City's General Fund.

- 5B3. Approved the one-year renewal of a contract with Devau Human Resources for temporary contract employees to officiate a variety of sporting events as sponsored through the Community Services Department.

*Fiscal Impact:* Total cost of this contract will not exceed \$350,000 during the one-year renewal period. Sufficient funds have been appropriated in the General Fund cost center 2528 (Recreation – Sports Officials) for the anticipated expenditures in the current fiscal year. The vast majority of the cost of this contract represents a pass through expense to pay the sports officials per the City's established rates. Devau Human Resources will be paid approximately \$75,000 per year for their services.

- 5B4. Approved the use of two State of Arizona cooperative contracts with Goodmans, Inc., for the purchase of furniture products and a glass partition system to outfit the new InTempe Entrepreneur and Business Center located at the Tempe Public Library. (Related to Agenda Item 5A7)

*Fiscal Impact:* Total amount shall not exceed \$122,674.33. Sufficient funds have been appropriated in General Governmental Capital Improvement Projects Fund cost center 6707899 (InTempe) for the anticipated expenditures in the current fiscal year.

- 5B5. Approved a one-year sole source contract renewal for annual software maintenance and support services with the Active Network, LLC., for the City's Class software system utilized by Community Services, Public Works, and other City departments.

*Fiscal Impact:* Total cost of this one-year contract will not exceed \$70,000. Sufficient funds have been appropriated in cost centers (General Fund) 1991 - IT - Administration and 2521 - Recreation Administration, and (Golf Fund) - 2513 - Ken McDonald Business Operations and 2517 - Rolling Hills Business Operations for the anticipated expenditure in the current fiscal year.

- 5B6. Approved the Second Amendment to the 20-year Solar Services Agreements and Performance Guarantee and Limited Warranty Agreements with SolarCity Corporation for the development, construction, and maintenance of the Tempe Public Library Complex solar photovoltaic electric generating system. (Contract #2015-20B; #2015-20.1B; #2015-32B; #2015-32.1B)

*Fiscal Impact:* There is no fiscal impact related to Amendment #2.

- 5B7. Awarded job order no. 4 to Builders Guild, Inc. for replacement of the electrical distribution system at the City of Tempe Municipal Building complex. (Related to Agenda Item 5A8)

*Fiscal Impact:* The total job order amount is \$711,259.25 and the project contingency amount is \$72,000. Funds to cover this job order contract and related costs are appropriated for fiscal year 2015/16 in Capital Improvement Project No. 6707239, City Hall Primary Electrical Service Entry, and 6705159, Electrical Improvements.

## C. Resolutions

- 5C1. Adopted **RESOLUTION NO. R2016.17** authorizing the City Council to approve and the Mayor to execute an Intergovernmental Agreement between the City of Tempe and the Tempe Union High School District to jointly administer the Tempe Youth Transit Pass Program. (Contract #2016-50)

*Fiscal Impact:* The Tempe Youth Transit Pass Program costs the City approximately \$500,000 per year in usage and \$500 per participating school with a maximum of \$2,500 per year within the Tempe Union High School District to administer. Sufficient funds are available in cost center 3915, account 6642.

- 5C2. Adopted **RESOLUTION NO. R2016.18** amending Resolution No. R2014.61 and authorizing the transfer and subsequent restoration of additional funds from the Water/Wastewater Enterprise Fund to the Golf Enterprise Fund. (Related to Agenda Item 6A3)

*Fiscal Impact:* A maximum of \$825,000 will be transferred in fiscal year 2015/16 for the purpose of designing and constructing infrastructure to allow use of untreated water supplies for irrigating the course at Rolling Hills Golf Course. The funds will be repaid beginning June 30, 2017, over a 20-year period. This is an additional appropriation bringing the total project budget to \$3,316,725.76 which includes all engineering and design costs, construction observation services, fees to SRP and project contingency.

6. NON-CONSENT AGENDA

All items listed on the Non-Consent Agenda will be considered separately. Agenda items scheduled for Introduction and First Public Hearing will be heard, but will not be voted upon at this meeting. Agenda items scheduled for Second Public Hearing and Final Adoption will be voted upon tonight.

A. Miscellaneous Items/Bids/Contracts/Resolutions

- 6A1. Increase in the contract amount with Oracle Corporation for additional software support fees and licenses.

There was no discussion on agenda item 6A1.

**Motion by Councilmember Kuby to approve agenda item 6A1; second by Vice Mayor Woods. Motion passed unanimously on a roll call vote 7-0.**

- 6A1. Approved an increase in the contract amount with Oracle Corporation for additional software support fees and new licenses for the City's enterprise level applications that include PeopleSoft Financials, Human Resources Management, and Enterprise Learning Management.

*Fiscal Impact:* Increase the contract amount by \$23,015.79 from \$4,467,083.41 to \$4,490,099.20 during the five-year contract period. Sufficient funds are available in General Fund cost center 1991 (IT Administration) for the anticipated expenditures.

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- 6A2. Contract with Allegiance Benefit Plan Management, Inc. /CIGNA to provide a Preferred Provider Organization medical network, Flexible Spending Account administration, and Consolidated Omnibus Budget Reconciliation Act administration services.

There was no discussion on agenda item 6A2.

**Motion by Councilmember Granville to approve agenda item 6A2; second by Vice Mayor Woods. Motion passed unanimously on a roll call vote 7-0.**

- 6A2. Approved the one-year renewal of a contract with Allegiance Benefit Plan Management, Inc. /CIGNA to provide a Preferred Provider Organization medical network, Flexible Spending Account administration, and Consolidated Omnibus Budget Reconciliation Act administration services for eligible City employees and dependents.

*Fiscal Impact:* Total cost of this one year renewal will not exceed \$12,000,000 during the contract period beginning July 1, 2016. Sufficient funds will be appropriated in the Health Fund – cost centers 4167 (Employees) and 4169 (Cobra Participants) – for the anticipated expenditures in fiscal year 2016/2017. The sources of the funds include both City and employee contributions to the Health Fund. The employee contribution for fiscal year 2016/2017 is estimated at \$3,000,000.

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- 6A3. Contracts with Valley Rain Construction Corporation and Aqua Engineering, Inc. for renovation to the irrigation system at Rolling Hills Golf Course, 1415 North Mill Avenue.

There was no discussion on agenda item 6A3.

Motion by Vice Mayor Woods to approve agenda item 6A3; second by Councilmember Arredondo-Savage. Motion passed unanimously on a roll call vote 7-0.

- 6A3.** Awarded a construction manager at risk construction services contract to Valley Rain Construction Corporation (**Contract #2016-51**) and a professional services consultant contract to Aqua Engineering, Inc. (**Contract #2016-52**) for renovation to the irrigation system at Rolling Hills Golf Course located at 1415 North Mill Avenue. (Related to Agenda Item 5C2)

*Fiscal Impact:* The construction services GMP contract amount is \$2,384,044.67, the professional services post design construction observation contract amount is \$67,656, and the project contingency amount is \$238,000. Funds to cover this contract and related costs are appropriated for fiscal year 2015/16 in Capital Improvement Project No. 6405929, Rolling Hills Irrigation System. The total project budget for all activities is \$3,316,725.76.

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**B. Ordinances and Items for Introduction and First Hearing**

- \*6B1. Ordinance for an Amended Planned Area Development Overlay and a Development Plan Review for LOT 1 @ FARMER ARTS DISTRICT – PARCEL 1, 707 South Farmer Avenue.**

Mayor Mitchell introduced the ordinance.

Charles Huellmantel, applicant representative for agenda items 6B1 and 6B2, stated that he would like to first discuss the items together. He provided historical background information regarding the various land uses within the Farmer Arts District area. He then introduced his business partner for the residential project on Parcel 1, Todd Marshall; and, his business partner for the proposed office building project on Parcel 2, Matt Mooney.

Mr. Huellmantel delivered a PowerPoint presentation illustrating what the Farmer Arts District used to look like, and discussed transformations that have been made to improve the area. Prior to area improvements, a parking garage was built that has expansion capabilities. Using an aerial map, he outlined various area improvements that have been made by the applicants including: landscaping, wide sidewalks, shade, lighting, upgraded paving materials, water harvesting, on-street parking, and shaded parking. He discussed the character of the area and the user groups of two existing buildings in the area in relation to the Culinary Dropout restaurant site. He noted that the two buildings have solar on their rooftops; these buildings serve as the basis for the proposed project.

The Development Review Commission (DRC) voted 6-1 in support of the proposed projects for Parcels 1 and 2. Staff also supports both projects. Mr. Huellmantel thanked staff for their work on the project stipulations, which improved both projects.

Mr. Huellmantel stated that Lot 1 (agenda item 6B1) is located at University Drive and Farmer Avenue. He displayed a rendering of the proposed residential project that will be located between 6<sup>th</sup> and 7<sup>th</sup> Streets. The building has a Z shape design to create visual interest. Project elements include visual cues for pedestrians, pathway landscaping, and wide sidewalks.

Councilmember Granville requested a status update regarding grant funding for transportation projects in this area. Mr. Huellmantel stated that there is a Maricopa Association of Governments grant for planning and he believes that there is also a Farmer Avenue transportation grant funded plan for a project running from University Drive to the City of Chandler with an alignment would connect in a southbound direction. A transportation project could eventually run eastbound connecting to Apache Boulevard. He is unsure of the status of a future transportation project along Apache Boulevard, extending to the City of Mesa. Extending transit to various parts of Tempe creates connectivity. Councilmember

Granville noted the importance of ensuring connectivity from University Drive to Rio Salado Parkway. Mr. Huellmantel noted that the developer will continue to be responsible for maintaining the existing bike path.

Mayor Mitchell opened the public hearing.

Merrill Darcey, Tempe, stated that he wishes to speak on agenda item 6B2.

Scott Marohnic, Tempe, spoke in support of this project. He stated that he owns property that is located across the street from Parcel 2.

John Kane, Tempe, spoke in support of the project and stated that Architekton developed the first project in the Farmer Arts District approximately 12 years ago. Mr. Kane commented on how well the apartment and condominium developments turned out; their scale of approximately 55' is appropriate to the surrounding area. He also voiced support of Huellmantel & Affiliates for being the developer of choice for the proposed Farmer Arts District projects.

Mr. Kane stated that he views this area as a transition zone between the neighborhood and the downtown. He discussed the importance of ensuring that buildings support the scale and character of streets, when reviewing projects. He is concerned that the approved Planned Area Development allows for up to 92' for this project; project scale and density are issues. He stated that he would like to see the projects stepped down to a 60' scale. Buildings that are not the same height increase the intensity and do not seem appropriate for this area. Keeping buildings to the same approximate height creates a good environment for streets.

Mayor Mitchell stated that he was a member of the City Council when this project went through the Request for Proposals (RFP) bid award process. At the time, the items that helped secure approval of this RFP were that the developer proposed installing a continuous bike path throughout the entire project, and the proposed size and scalability of the project were appropriate. In his opinion, this site should serve as a transition between the downtown and the neighborhood. He is not comfortable with the proposed 13 stories, which exceeds the intent of the awarded contract; 203 du/ac (dwelling units per acre) exceeds the density that was approved by the City Council in 2007. He also does not support spreading density over the entire project. He discussed a neighborhood meeting where a lot of opposition to the project was expressed; he encouraged Mr. Huellmantel to reach out to the neighbors. As proposed, he does not support the project.

Councilmember Arredondo-Savage voiced appreciation for the design and quality of the proposed project. Her preference is to have a housing project that provides home ownership opportunities, such as condominiums. She is concerned about the project density, intensity, height, traffic flow, reduction in parking, pedestrian experience, and number of dwelling units. The project is currently approved for 50 du/ac, but the proposed project is 204 du/ac; the height of the project is approved for 92', but the proposed project is 147'; parking has been reduced by 100 spaces from what was originally required. She confirmed with staff that the Whole Foods building located next to the proposed project has been approved for 258' in height, which is the result of entitlements from a prior project. She suggested that Mr. Huellmantel seek additional neighborhood input with the goal of working out a compromise to the concerns raised.

Vice Mayor Woods stated that he supports the building height of 13 stories facing the street and then stepping down to lower scale buildings towards the neighborhood. After reviewing the staff report and talking with the City Attorney's Office, staff has indicated that they are fine with spreading density out over entire parcel; density for the entire area was approved at 46.9 du/ac. The DRC voted 6-1 to approve the project. DRC members were in support of more affordable housing, versus luxury apartments. Many of the DRC meeting attendees did not have the same level of concerns after they left the meeting, including the neighbors that would be immediately affected by the project. Parkway Properties Inc., (Parkway) is a valued community partner and has built many iconic projects in Tempe. He voiced support for the project design and his appreciation that Matt Mooney is involved in this project.

At the request of Councilmember Arredondo-Savage, Mr. Huellmantel clarified that Parkway has been involved in the planning of the Farmer Arts District and that they are financial partners in the office building project (Parcel 2), but they are not financial partners on this item, the residential project (agenda item 6B1; Parcel 1). The applicant has worked with Parkway on securing more residential products.

Vice Mayor Woods noted that the two projects create synergy. The office building is within walking or biking distance from the residential project. Councilmember Arredondo-Savage stated that she supports synergy; however, she also believes there is room for compromise regarding density and impacts to the neighborhood. It is important to ensure that the City is being consistent among projects for traffic flow and density. Her concern is about the proposed 204 du/ac.

Councilmember Navarro agreed with Vice Mayor Woods and voiced support for this project. This is a very important area in the City; there should be a buffer between the project and the residential neighborhood to the west. The proposed residential development fits the character of the area and serves as a boundary to the downtown. The City Council supports the pathway and connectivity to the Town Lake, with eventual connectivity to Kiwanis Park. He is not opposed to the project height or the project design; it is important that the project be done well. The proposed height is appropriate for the area. He would have been supportive of building the existing buildings in the Farmer Arts District higher. The variety of areas and types of buildings in the downtown create vibrancy and are within walking distance to residences; buildings that provide shade for pedestrians are important. This project is located in a transit district that provides multi-faceted transit options; there will be traffic in the area. There is currently adequate parking in and around the area. He encouraged the applicant to seek additional neighborhood input.

Mayor Mitchell stated that the City Council approved this project in 2007 at 50 du/ac. In 2014, the voters approved General Plan 2040, which calls for a maximum of 65 du/ac; the proposed project is 203 du/ace and does not conform to the General Plan 2040. It is his opinion, if the developer had originally proposed a 13 story building the developer would not have been selected to develop this parcel. In 2007, the City Council was interested in a buffer to the neighboring residences to the west.

Councilmembers questioned the density and number of dwelling units, if spread out over the entire parcel. Ryan Levesque, Deputy Community Development Director – Planning, confirmed that the Parcel 1 configuration does not conform to the General Plan 2040. The proposed project increases density from 50 du/ac to 204 du/ac. If the entire Farmer Arts District masterplan is taken into account, the overall density would be less than 65 du/ac, at approximately 46-47 du/ac. The remaining lot to be developed is Lot 4 of Parcel 1, which is the northern portion on the south side of 5<sup>th</sup> Street. If Lot 4 is developed at its current density of 50 du/ac, there would be approximately 55 du/ac in the total Farmer Arts District Master Plan. From a zoning standpoint, staff reviews individual lots at the request of an applicant. The current request is about individual lots, versus the overall masterplan.

Councilmember Kuby agreed that the proposed density and height does not conform to the General Plan 2040 that was approved by the voters. She attended a neighborhood meeting approximately six weeks ago where there was diversity of neighborhood residents, including homeowners and renters, who expressed opposition to the proposed project. It is her hope that the applicant has subsequently met with neighbors to discuss what the residents would like to see in this development. As currently proposed, she stated that she does not support this project; she would like the density reduced to meet the General Plan 2040 requirements. It is important that projects conform to the General Plan 2040.

In response to Councilmember Granville's request, Mr. Huellmantel discussed the building step-down process and the height of buildings to the east and west of the site. Mr. Huellmantel stated that the request being considered is for 13 stories. The Whole Foods site was previously approved for 258'; construction on this site stopped during the economic downturn. The parking garage immediately behind that Whole Foods site is 7 stories with expansion capacity of up to 10 stories; there have been discussions over the years about adding floors to the parking garage. The same applies to a parking garage to the east. Centerpoint has buildings ranging from 22 to 30 stories; an additional building has been approved for the Centerpoint site that will replace several restaurants near Mill Avenue. To the west of the proposed site, the height is reduced.

Mayor Mitchell stated that he does not support basing the number of dwelling units on the entire Farmer Arts District versus parcel by parcel. There will not be dwelling units on most of the acreage; there will also be parking garages that take up acreage. He questioned what the intent is for dwelling units per acre on the vacant parcels.

Mr. Huellmantel noted that there are two public hearings for the proposed project. He will be prepared to discuss the concerns raised at the next hearing, including the intent of dwelling units per acre on the vacant parcels.

Councilmember Schapira acknowledged the concerns discussed regarding density and height in this area and noted that the City does not have a lot of room to grow outward. In his opinion, it would be appropriate to have density and height on the north side of University Drive between Farmer and College Avenues or Farmer Avenue to Rural Road. The proposed project is not as tall as some of the buildings to the east; the proposed building is not a big enough step down, but it is the appropriate place for this type of density. He supports the proposed project and is concerned about running out of space because of the desire to keep height and density down.

Councilmember Arredondo-Savage discussed the original density anticipated in the masterplan versus the density of individual parcels. She stated that she never envisioned, and does not support, combining the parcels to come up with an average density. She requested that staff research if this has been done before, or if this would set a precedent. The proposed density does not conform to what residents approved (General Plan 2040). She discussed recent changes to the Transportation Overlay District (TOD) parking requirements and is concerned that the proposed number of parking spots are significantly fewer than what has been required of others to do. She requested additional information on like-type projects regarding if the City has made exceptions on parking requirements and if so, are those projects under parked or over parked.

Councilmember Granville talked about the applicant potentially combining the parcels and asked whether or not that would be in conformance with the development agreement or an administrative rule. Mayor Mitchell requested that the applicant reach out to neighbors.

Mayor Mitchell closed the public hearing.

- \*6B1. Introduced and held the first public hearing to adopt an ordinance for an Amended Planned Area Development Overlay and approve a Development Plan Review for a 13-story mixed-use development, containing 281 dwelling units and 1,641 square feet of retail for LOT 1@ FARMER ARTS DISTRICT – PARCEL 1, located at 707 South Farmer Avenue. The applicant is Charles Huellmantel, Huellmantel & Affiliates. The second and final public hearing was scheduled for March 17, 2016. (Ordinance No. O2016.17)

*Fiscal Impact:* While this ordinance change does not directly impact revenue, the planned development will result in collection of the standard development fees, calculated according to the approved fee structure at the time of permit issuance.

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- \*6B2. **Ordinance for an Amended Planned Area Development Overlay and a Development Plan Review for FARMER ARTS DISTRICT – PARCEL 2, 401 South Farmer Avenue.**

Mayor Mitchell introduced the ordinance.

Charles Huellmantel, applicant representative, stated that the applicant is partnering with Parkway Properties (Parkway) on this project, which is located north of 5<sup>th</sup> Street. He delivered a PowerPoint presentation illustrating various perspectives of the office buildings and site lines, on the site. This location is part of the office district and is located within walking distance to a light rail station, a future streetcar stop, and to various other Parkway buildings in the area. Pedestrian areas are located on all four sides, and in the middle, of the building. One of the buildings has a wedge shape that opens into the downtown. The project includes on-street parking.

Mayor Mitchell opened the public hearing.

Merrill Darcey, Tempe, stated that every great city has inadequate parking. His concern is that this project eliminates the possibility of a commuter rail station at this location, which is an anticipated need within the next ten years. He requested that a traffic review be done to look at how ingress and egress will be impacted by bus routes, the streetcar, and a 700-car parking garage, for vehicles traveling along Rio Salado Parkway at First Street, on Ash Avenue at the light rail, and

the Union Pacific Railroad crossing. This project does not resemble the Farmer Arts District or the Transportation Overlay District.

Scott Marohnic, Tempe, stated that he is a developer and owns a couple of units at Mill Stone, which is located directly across the street from the proposed project. It appears that there is a consensus regarding parking and traffic issues in downtown Tempe. He does not object to the project, but he is concerned about the loss of parking. He discussed the potential traffic on Farmer Avenue and Fifth Street and projected trips generated from the 200,000 square foot project; these are two-lane roads. When he purchased his Mill Stone units it was with the understanding that the lot across the street would eventually be developed. On-street parking is currently available on Wilson Street and on Farmer Avenue. For the Mill Stone project, staff considered the availability of on-street parking to satisfy the overall parking requirements for that project; without on-street parking, the Mill Stone project is under parked. Since The Yard (Culinary Dropout) and The Lodge restaurant have been developed, there has been an increase in parking on Farmer Avenue and a loss of parking in the public parking lot. The project will be an amenity for the community; however it may be too dense for that location. In his opinion, the proposed project is under parked by as many as 100-150 spaces. The proposed parking is insufficient and needs to be addressed. He requested that the City Council consider stipulating that parking spaces be provided off-site and that the parking garage be made available to the public after office hours. He noted that parking requirements that are established by communities in terms of parking density, and are based on square foot or per unit, are insufficient.

John Kane, Tempe, stated that he is concerned that the project review does not include a critical evaluation of building heights relative to the streets and to the neighborhoods. Technology is available to assist with this process. He supports office and residential in this location, but asked that the scale of the project be evaluated to determine if it is appropriate. The General Plan 2040 indicates that this area is mixed-use; one of the criteria for mixed-use development is that buildings need to have a relative scale to one another. Farmer Avenue is the narrowest street in Tempe. This area is a pedestrian center; it is not about vehicles. It is important that the scale be appropriate for the area. The proposed office is 30,000 square feet and is the type of development that typically occurs on Rio Salado Parkway. When the project was originally presented, it was for smaller boutique offices for the creative class; the original Planned Area Development and plan was approved for 220 cars, with underground parking. The proposed development relates to a different kind of environment; parking and traffic are issues. The proposed project estimates that there will be 700 cars to meet the office needs. He noted that the developer is getting a deal on the land and asked what the City is getting in return for this project.

Todd Green, Tempe, spoke in support of the project and stated that he owns property to the east of the proposed project. He stated that much has been done to preserve the single family character of the Riverside neighborhood; many residents have lived in this neighborhood for a long time. The Riverside neighborhood has been declared a historic district. 90% of Riverside residents are saying by their actions that they want redevelopment, density, and synergy. Valley cities are looking for opportunities such as the City of Glendale's stadium and the City of Mesa's redistricting efforts. The City should take advantage of a good economy to create density and synergy that will prevail through economic swings. The concept of neighborhood preservation differs from neighborhood to neighborhood. This process began eight years ago. Tempe is fortunate to have a developer that has continued to pursue this project, as well as live and work in Tempe.

Mayor Mitchell stated that the City Council supports proportional density for this project. The appropriate amount of density for the area is what is in question. Density currently exists in this area. The voters recently approved the General Plan 2040, which increased dwelling units per acre. Parking is another area of consideration.

Councilmember Granville expressed interest in a shared parking model for night parking in the office garage. Mr. Huellmantel stated that the applicant has added on-street parking to the project and with the assistance of the Downtown Tempe Authority parking program, will allow the garage parking spaces to be used for other purposes when they are not being used during office hours.

Councilmember Granville requested that the applicant, at the second public hearing, provide additional illustrations of the street in order to get a better sense of the perspective of the project for agenda item 6B1.

Mayor Mitchell closed the public hearing.

- \*6B2. Introduced and held the first public hearing to adopt an ordinance for an Amended Planned Area Development Overlay and approve a Development Plan Review for a new five-story building and five-story parking garage containing approximately 190,000 square feet of office and flex commercial space for FARMER ARTS DISTRICT – PARCEL 2, located at 401 South Farmer Avenue. The applicant is Huellmantel & Affiliates. The second and final public hearing was scheduled for March 17, 2016. (Ordinance No. O2016.18)

*Fiscal Impact:* While this ordinance change does not directly impact revenue, the planned development will result in collection of the standard development fees, calculated according to the approved fee structure at the time of permit issuance.

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C. Ordinances and Items for Second Hearing and Final Adoption – None.

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## 7. CURRENT EVENTS/COUNCIL ANNOUNCEMENTS/FUTURE AGENDA ITEMS

Councilmember Kuby

- Friday, March 18 and Saturday, March 19, 2016 – Hayden Ferry Days events, Tempe History Museum.

Vice Mayor Woods

- Tuesday, March 8, 2016 – City of Tempe election. Voters can return early ballots at polling locations.

Councilmember Arredondo-Savage

- Geeks' Night Out event is currently underway at City Hall. Thanked Google for their sponsorship; thanked PCL Construction, Downtown Tempe Authority, and City staff for their support and partnerships.

Councilmember Navarro

- Promoted Open Mic Night live music events at the Tempe Center for the Arts.

Councilmember Schapira

- Tempe was recently acknowledged by the Arizonans Concerned about Smoking and given a Health Leadership award.

Mayor Mitchell

- Saturday, March 5, 2016 – Tempe Cares event at Clark Park community garden.
- Monday, March 7, 2016 – Cactus League kick-off charity event, Tempe Diablo Stadium.
- Condolences to the Knaperack family.

## 8. PUBLIC APPEARANCES

A. Scheduled – None.

B. Unscheduled – None.

**The meeting adjourned at 7:31 p.m.**

I, Brigitta M. Kuiper, the duly-appointed City Clerk of the City of Tempe, Maricopa County, Arizona, do hereby certify the above to be the minutes of the Regular City Council meeting of March 3, 2016, by the Tempe City Council, Tempe, Arizona.

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Mark W. Mitchell, Mayor

ATTEST:

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Brigitta M. Kuiper, City Clerk