

Summary Minutes
City of Sedona
Planning & Zoning Commission Meeting
City Council Chambers, 102 Roadrunner Drive, Sedona, AZ
Tuesday, April 17, 2018 - 5:30 p.m.

1. CALL TO ORDER, PLEDGE OF ALLEGIANCE, & ROLL CALL

Vice Chair Levin called the meeting to order at 5:30 p.m., led the Pledge of Allegiance and requested roll call.

Roll Call:

Planning & Zoning Commissioners Present: Vice Chair Kathy Levin and Commissioners Randy Barcus, Eric Brandt, Kathy Kinsella, Larry Klein and Gerhard Mayer. Chair Losoff was excused.

Staff Present: Warren Campbell, James Crowley, Andy Dickey, Audree Juhlin, Cari Meyer, Ryan Mortillaro, Robert Pickels Jr., Rob Pollock and Donna Puckett.

Councilor(s) Present: Mayor Moriarty, Vice Mayor Martinez, Councilor Currivan and Councilor Jablow

2. ANNOUNCEMENTS & SUMMARY OF CURRENT EVENTS BY COMMISSIONERS & STAFF

There were no announcements.

Note: The Vice Chair proceeded to agenda item 4 at this time.

4. PUBLIC FORUM: (This is the time for the public to comment on matters not listed on the agenda. The Commission may not discuss items that are not specifically identified on the agenda. Therefore, pursuant to A.R.S. § 38-431.01(H), action taken as a result of public comment will be limited to directing staff to study the matter, responding to any criticism, or scheduling the matter for further consideration and decision at a later date.)

Vice Chair Levin opened the public forum and, having no requests to speak, closed the public forum.

3. APPROVAL OF THE FOLLOWING MINUTES:

- | | |
|-----------------------|------------------------|
| a. March 6, 2018 (WS) | c. March 20, 2018 (WS) |
| b. March 6, 2018 (R) | d. April 3, 2018 (WS) |

Vice Chair Levin stated that she would entertain a motion for the approval of the four meeting minutes.

MOTION: *Commissioner Barcus so moved. Commissioner Kinsella seconded the motion.*
VOTE: *Motion carried six (6) for and zero (0) opposed. Chair Losoff was excused.*

5. CONSIDERATION OF THE FOLLOWING ITEMS THROUGH PUBLIC HEARING PROCEDURES:

- a. Discussion/possible action regarding a request for approval of a Zone Change, Development Review, and Conditional Use Permit to construct a new 88 room hotel (Marriott Residence Inn), 2 employee housing units, and associated site improvements at 4105 W State Route 89A. The property is zoned Lodging (L) and Open Space (OS). A general description of the area affected includes but is not limited to the southeast corner of W State Route 89A and Upper Red Rock Loop Road. APN: 408-11-430B Applicant: Sunridge Hotel Group (Paul Welker) Case Number: PZ16-00009 (ZC, DEV, CUP)

Presentation: Cari Meyer noted that an extensive Staff Report was provided to the Commission in the packet, so she wanted to go over the components of the application. First, there is a Zone Change application and although the property is currently zoned Lodging, the Lodging District in

Sedona requires a zone change when you are increasing the number of lodging units on a property, and they want to build an additional 88 lodging units, so a zone change is required, and final action will be taken by the City Council after the Commission makes a recommendation. There is also a Development Review and Conditional Use Permit component to this project. The Development Review is for the site plan and building design, with a Conditional Use Permit being for the placement of drainage facilities on the Open Space portion of the project, which is about three-quarters of an acre that is zoned Open Space. The Conditional Use Permit does not involve the use of the hotel, just the use of the Open Space for drainage, and final action is taken by the Commission on these, although that action may be appealed to the City Council. Additionally, in the Conditions of Approval, both are contingent on the City Council's action on the Zone Change. She distributed some revised Conditions of Approval prior to the meeting and the one change was that a Condition was added to the Conditional Use Permit application stating that if the City Council does not approve the associated Zone Change and the Commission had approved the Conditional Use Permit, that approval becomes null and void; the same Condition was already included for the Development Review.

Cari provided a summary description of the property, the history of the property, and the Western Gateway CFA Plan. Cari explained that before 2014 this property was zoned Commercial. In March of 2014, the Community Plan was ratified by the voters and that included the designation of various areas as Community Focus Areas (CFAs). In April, the applicant submitted the Conceptual Review for the Courtyard project, and in May, the City's planning effort for the Western Gateway CFA Plan began. In July of 2014, the applicant submitted the comprehensive review applications for the Courtyard. Moving forward, the rezoning for this property to Lodging, allowing a maximum of 121 units was approved by the City Council in September of 2014. In July of 2016, the Planning & Zoning Commission recommended the Western Gateway Plan and, four months later, the City Council approved the Western Gateway Plan, so approximately 20 months between City Council's approval of the Lodging zoning for the property and the Western Gateway CFA Plan. In September of 2016, the applicant submitted the Conceptual Review application for this project, and the Commission held a work session and site visit in November of 2016. In January of 2017, the comprehensive review application was submitted by the applicant, and based on staff's comments, we received application documents in May, July and October of last year, and January and March of this year. Even though it has been more than a year since the application was submitted, the applicant has been working and staff has been reviewing various iterations of the project to get to where we are today.

Cari stated that in October of 2017, the Commission held a work session on this project and today we are having the public hearing. There will also be a City Council work session and public hearing after the Commission's review. It has been about six months since the Commission has seen this project and typically when there is that much time, we would schedule another work session before going to the public hearing; however, the applicant requested that we move straight to a public hearing in the event that you are prepared to take action on this project. Therefore, we recognize that that there may be work session-type questions on this project, so if there are things that need to be researched in order to respond appropriately, the Commission has the option to continue this hearing to a future date rather than act on it.

Cari pointed out the subject property and the surrounding area, including the Courtyard hotel, on an aerial map, and she identified the location of the proposed Residence Inn and the existing Open Space zone. Cari indicated that the current land use designations are Commercial and Open Space, and they correspond with the Lodging and Open Space zoning. The Commercial portion of the property is within the Lodging Area Limits and the Open Space is within the Foothills South Subdivision; it is all one parcel number now and it is within the Western Gateway CFA.

Cari stated that the current zoning is for 121 units and Open Space, and the open space portion of the property was related to a prior Development Agreement with Park Place, so prior to the Courtyard project that property was zoned Residential with a deed restriction and Development Agreement to restrict development on it. In the Courtyard process, we took the Residential deed-

restricted property and rezoned it to Open Space to memorialize that and ensure people wouldn't have to know that there was a separate Development Agreement restricting development.

Cari explained that the proposed zoning is Lodging for 209 units, which represents an increase of 88 units with no changes to the Open Space. Cari pointed out the zonings of neighboring properties on a Zoning Map and indicated that regarding the CFA Plan, there is an adopted CFA plan for this area; however, the application was submitted as an amendment to the original Lodging designation and not an application for a new Lodging designation.

Cari pointed out the features of the proposed site plan and indicated the proposal includes 88 lodging units and some meeting space, and although there is an adopted CFA Plan for this area, the Lodging designation was in place prior to the adoption of the CFA Plan, so this application was submitted as an amendment to the original Lodging designation. They have the lodging and are looking to increase it as an amendment to the existing Lodging zoning, so staff's review is from a perspective of whether it is in the spirit of the CFA Plan rather than a strict interpretation and our review in relation to the CFA Plan is in the packet.

Cari explained the proposed site plan and continuation of the parking patterns established with the Courtyard along the front portion of the lot that was previously disturbed by development at Park Place, as it was used for construction access, etc., so that area is generally flat and graded, and that is where they are wanting to put the parking lot. As the property goes south, it starts falling off in a slope, and they have placed their buildings there, lowering the finished floor elevations of each building to follow some of that topography. The development proposal includes 88 lodging units with some meeting space, two employee housing units, and an affordable housing contribution of \$50,000 to the Affordable Housing Fund. They are also proposing a trail connection, including about 15 parking spaces and a kiosk and trailhead. They currently provide shuttle service for guests at the Courtyard and will continue to do so for this project, and there is also a new easement to the City's odor treatment facility in the northeast corner of the site. The project will also include public art and easements for neighboring subdivisions, which are currently required based on the Park Place Development Agreements, but the exact location of the easements through the parking lots will be defined and recorded.

Cari pointed out on the site plan the location of the trailhead and 15 parking spaces, the location of the easement and odor control facility, and the easements for Foothills South and Park Place. She then showed the site plan of the project overlaid on an existing aerial to show how the proposed parking lot relates to the existing parking lot and how the buildings relate to the existing buildings, open space, etc.

Cari noted that a question was received about the proposed lodging density. The Residence Inn proposes about 28.7 units per acre and the Courtyard is just under 28 units per acre, so combined, not including the open space, is just over 28 units per acre. She then showed the project elevations and the drive aisle to the trailhead. The applicant also provided renderings from the street and with the courtyard to the right and the new proposed Residence Inn to the left, and then a view from the driveway entrance off of SR 89A.

Cari indicated that in staff's evaluation, we looked at the Community Plan and CFA Plan, the Community Vision and the Land Use Designation of Commercial within Lodging Area Limits, the community benefits provided, the Land Development Code compliance, the access and traffic connectivity for both vehicular and pedestrian traffic, and the grading and drainage that relates to the Conditional Use Permit request as well.

Based on staff's evaluation, Cari stated that the project meets the majority of the standards in Article 9; however, there would be a couple of modifications that would also need to be approved through the Zone Change process. There is a section in the Land Development Code that requires 20% of the building to be under 16 ft. in height or 21 ft. for sloped roofs, and it is also required that those areas be unbroken and visible from each side of the longest elevation. While

all buildings have portions of the building that meet that requirement, none of them meet the requirement that they be unbroken and visible from each side of the longest elevation. The next modification is for the massing. Based on the Land Development Code, each building is required to have three masses in both plan and elevation view, and a mass for commercial buildings is defined in plan view as a 6 ft. offset and 20% of the building, and a mass in elevation view is a 3 ft. offset and 20% of the building. Building A, which is the most visible, exceeds the massing requirements with five masses in that building, and she believes there are five masses in the elevation view as well. The buildings that are less visible do not meet those requirements. For example, none of the offsets for Building C are 6 ft., so none of them count as a mass, and they do have some gabled roofs in their elevation view, but none of them can meet the 20% of the building area requirements, so the building would be considered to have only one mass in both views. Cari stated that the last modification that would need to be approved would be the section of the Code that limits walls in the front setback to 3 ft. in height.

Cari indicated that based on comments during the Conceptual Review and earlier work session, the Commission asked the applicant to look into whether the parking lot could be more substantially screened. They determined that they could build-up the landscape area in front of the parking lot with a 2 ft. berm in front of the parking lot, and then place a 3 ft. gabion wall to match the one at the courtyard on top of the 2 ft. berm; however, height is measured from the natural grade so putting a 3 ft. wall on top of a 2 ft. berm would be considered a 5 ft. wall, which exceeds the requirement, but that was proposed, because of the Commission's request.

Cari stated that as outlined in the Staff Report, staff is supportive of these modifications. We feel that the project as proposed is meeting the intent of the Code, such as in the massing with Building A being the most visible from public areas and exceeding the massing requirements, although less visible buildings did not meet the requirement, so staff felt we could support that modification. For the Design Review Manual, staff determined that again they complied with the majority of the design standards. The areas where they did not achieve full compliance were related to the preservation of existing vegetation, and there are multiple sections of the Design Review Manual that reference that. They have proposed transplanting, and they have a fairly good success rate and used a lot of those trees in their landscape plan, so they plan to do that again, and it is included as a Condition of Approval.

Cari explained that this project was routed to the review agencies, and comments were received from a number of them. All comments have either been addressed with the resubmittal or included as Conditions of Approval or were simply information comments regarding future requirements, such as what the Fire District will be looking for in the building permit plans. As far as public input, the applicant had two open houses, and their Citizen Participation Report was included in the packet. The project documents have been on the website, and the public hearing was noticed in the Red Rock News, posted on the property and put in a mailing to the neighbors. We also compiled email addresses and did email notifications, and all notices included a way to submit comments. We received one comment this afternoon that was provided prior to the meeting; all other comments were part of the packet. In general, they fell into three categories – general support for the project from the neighbors, especially regarding supporting a hotel rather than other allowed commercial uses. We also had a number of questions regarding project components, such as landscaping, trailhead, emergency access easements, and then there were concerns about the current amount of lodging in Sedona and the traffic it could potentially generate. In conclusion, staff is recommending approval of the Zone Change, Development Review and the Conditional Use Permit as outlined in the Staff Report and the recommended Conditions of Approval with the extra Condition about the CUP being null and void if the Zone Change is not approved.

Applicant, Paul Welker, Mesa, AZ: Mr. Welker stated that he is the applicant representing Sunridge Properties. He appreciates everyone's time to hear their case. After 18 months, they are finally before the Planning & Zoning Commission, so they are excited to be here. After a 180-page Staff Report, there has been a lot of work go into this – a lot of submissions, resubmissions

and as Cari presented in her outline, there have been five resubmissions in approximately the last six months. There has been a lot of things that have changed, and a lot of things they have noted and tried to do to take into account the concerns of the public, their neighbors and the City as far as the requirements. They want to do that and be good neighbors, responsible developers, and hopefully with the Courtyard project, they have been able to demonstrate that adequately. He provided a breakdown of sales tax from the Courtyard during 2017, and he did that because it would be a significant comparison to what the Residence Inn would do. There was over \$900,000 paid in Arizona sales tax between the state, county and City of Sedona, and approximately half of that, about \$450,000 went to the City of Sedona in sales tax, and of note are the fees that went to the City of Sedona for the infrastructure, building permits, etc., that were approximately \$1.2 million, with the majority of that being contributed for the sewer facility.

Mr. Welker indicated that Residence Inn is a facility that doesn't exist in Sedona. It is a bridge between long-term permanent housing and shorter-term housing that provides full kitchens and all the attributes of that type of product. The interesting thing is people will come to Sedona and generate traffic regardless, and they can be part of the solution by having them stay at a hotel and collect sales taxes that would otherwise be going to other communities – the Phoenix area, Flagstaff, Prescott or somewhere else. They are still going to come to Sedona, but their sales tax that would support City services, facilities, infrastructure, etc., would potentially be lost if their lodging was not here.

Mr. Welker stated that they are happy to be here; it has been a long process, and they hope to be able to continue the process. They have worked extensively with the neighbors immediately adjacent. They haven't always agreed, but they tried to address their problems in a forthright, consistent manner, and they think they have done a good job. They can always do better, but they tried to address concerns raised by the neighbors, the community and City staff.

Mr. Welker commended Cari for doing an excellent job of providing answers to a lot of questions, and he knows it is going to be a long meeting, so he didn't want to get into a lot more detail, but he would be happy to answer any questions.

Commission's Questions of Staff and the Applicant:

Commissioner Kinsella indicated that there had been four residential units associated with the proposal, and now it is two. She then asked how that change occurred, and Mr. Welker explained that originally, they had four, and then determined that in lieu of that they would make a contribution. In talking with the City and after the last P&Z hearing, they decided to do a combination of contributing two units as well as a contribution. They felt that was more beneficial for their business, and it would work best for them. The Commissioner then referenced a formula for preference for those units and asked if that is a standard the City uses or if that is chiefly for this project. Cari indicated that is what has been typical of the affordable housing units we have had for other units. Generally, the order of preference would be the employees of the property first, then others -- school districts, etc., but in general the employees of the property have filled them, so they haven't had to go to the lower levels of preference.

Commissioner Kinsella stated that for clarification, elsewhere in the documents, she saw that there are about 15 parking spaces open to the public. She then asked if it is 15 and if there is a time limitation, because in one place she saw open to the public, and in another place, she saw open during daytime hours when the hotel residents are down. Mr. Welker explained that the peak demand for the trails is the low demand time for the hotel, so it works ideally. They are not going to designate a specific number of spaces; it could be 30, because the main time when people are going to be using the trails is the minimal usage by the hotel. It is not going to be an issue; they will have as many as they need, because it is an inverse relationship as far as demand factors. Cari pointed out 15 was shown, because that is the number that is closest to the trailhead, so that would meet the recommended Conditions of Approval. Commissioner Kinsella then asked if they would be signed that they would only be available during daytime hours. Mr. Welker stated that the trails are only open to the public during the daytime hours; they don't see

many people out after dark on the trails, so he doesn't think that is an issue. They would be open subject to available parking after 9:00 p.m. or 10:00 p.m. if someone wanted to access the trailhead. Audree Juhlin added that staff is recommending in the Conditions of Approval that there is signage in that location, so the public knows they can park there during daylight hours.

Commissioner Kinsella indicated the kiosk would be in that area and asked who has approval over the design and content. Mr. Welker indicated that the Forest Service provided their standard design and how it has to be built. The prototype in the Staff Report demonstrates what is required, and it would be built according to their specifications, and they also will be paying to connect to the Forest Service trail; it is about 200 ft. to the Skywalker Trail. They will pay for that connection as they did on the Courtyard. The Commissioner again asked about the content and Mr. Welker restated that would be in conjunction with the Forest Service requirements.

Commissioner Kinsella referenced an option in the Staff Report to revert the zoning if the buildout doesn't happen within two years, she then asked about that as an option as opposed to having it automatically revert. Cari explained that when a zoning project doesn't meet the Conditions of Approval, the City Council can choose to confirm the zoning and change the Conditions of Approval, so there are some options by state law, but they have to take action; we can't automatically revert it.

Commissioner Kinsella asked about the transplant success rate at the Courtyard project and why the applicant didn't try to keep the mature plantings in place. Mr. Welker explained that their first priority would be to keep those, but with the grade differential on the site, there is about 20 ft. of fall from the front to the back, and as they build that out, they would be below the roots of the trees, so it would be impossible to maintain most of them. Regarding their success rate on the transplants, they hired an arborist to transplant those into 48" to 72" boxes and create a nursery with a watering system, and they had over 75% retainage on those trees and some were very large trees. Typically, you don't have nearly that high of a success ratio on a transplant, but they set up the watering system and had the arborist onsite to monitor those, so they maintained the majority of those, which is a very high success.

Commissioner Klein referenced a previous meeting and indicated that the applicant said that for a Marriott Residence Inn the stay is typically 1 to 5 days, then 6 to 11 days with 4 days being the average. The Commissioner then asked if someone is going to stay four nights, what the cost is for the studio unit, the 1-bedroom and the 2-bedroom. Mr. Welker stated that the length of stay determines the rate, and there are four different tiers on the Residence Inn. There is 1 to 5, 6 to 11, 12 to 29, 30 and more, and they haven't set the rates yet. They wouldn't do that for the exact rates, and it would vary depending on the season and demand. In the high season, the rates are going to be different than the low season. Their average daily rate is probably in the \$150 to \$175 range and that depends on the length of stay.

Commissioner Klein stated that one of the rationales for building this project is that you are going to provide something that Sedona doesn't have, which is a bridge between short-term and long-term rentals. It is estimated that there are 1,000 units in Sedona on Airbnb, so how is your hotel going to be providing anything different than those 1,000 units? If you rent a house you have several bedrooms, a full kitchen, a two-car garage, a living room, dining room, so why is this any better than that? Mr. Welker explained that the main reason, and obviously all of the hotel companies are concerned with that, because they do a great amount of business, but it hasn't affected the Marriott, because people know what they are going to get with the consistency factor. They know when they rent a 2-bedroom, they know what the layout is going to be and what will be included in it. If you are doing an Airbnb or some other offering, that is a different customer. You don't always know what you are going to get. Sometimes it works out great and sometimes it doesn't, but for the consumer that wants to know what they can rely on, and what is going to be steady and consistent, they want this particular brand. Residence Inn is the highest occupancy brand in the Marriott chain family of brands, and that is 6,500 hotels. They are the highest

average occupancy, because it is an established brand and people know what they are going to get, and what they expect is delivered.

Commissioner Klein then asked if, other than the fact that the Marriott is a known brand, is there some other way you are providing something different than what someone can get from an Airbnb. Mr. Welker pointed out that there is someone onsite 24/7 that is going to cater to your needs. They will do your grocery shopping, you have access to business facilities, you have access to the daily maid services, laundry service, whatever it is you need. It is a concierge of services that otherwise you may or may not have – typically you don't. It is that expectation from the consumer all across the board from what they would like to see from their travel experience and their stay. They all have full kitchens and all the amenities like swimming pools, etc., that they can use, and in this case, they have access to a trailhead, so they can walk at night or in the day.

Commissioner Klein asked if Mr. Welker is familiar with the traffic studies done on behalf of Marriott, and Mr. Welker stated for this particular project, yes, but he doesn't have it in front of him. It has been submitted to the City and the overall recommendation was that it is minimal traffic. One of the things they do is provide the shuttle service daily to Uptown, and they will have a second shuttle service most likely, because they have maxed out the shuttle service they have now. Guests that want to go to Uptown, where the traffic is worse, will be able to park in our parking lot and take the shuttle. They run dozens of shuttles per day and it has been very successful. They have had to keep adding more times, because of the people that want to use it; they don't want to get bogged down, so that is another aspect from people coming in that will stay on the west side of town and not clog up the traffic ways, because they are going to come anyway, so they might as well collect the sales tax and use the shuttle, although not everyone will do that.

Commissioner Klein asked staff how the project complies with the Community Plan. There are six major outcomes of the Community Plan. The first is the commitment to the Environmental Protection, so if you are removing a lot of trees and you already did a significant amount of grading, how is this fostering that goal? Audree pointed out that in the Conditions of Approval, staff is recommending that the trees being moved because of construction activity be preserved and relocated onsite after construction is completed. The Commissioner then referenced Housing Diversity, which says fostering the building of different housing types to provide more options for all ages and income levels and asked how this is fostering housing diversity. Audree explained that the inclusion of some housing for affordability is a benefit to the City, as well as the funding to the dedicated housing fund. Looking at a lodging type that is currently not in the city; Residence Inns are typical around medical centers. Staff feels that this would be a good fit with our medical center, as it plans to expand and have more oncology-type services, where people and their family can come and stay. We don't currently have a suite like this in West Sedona.

Commissioner Klein referenced material in the Staff Report that indicates that when you are having lodging, it is a guideline that you should have 12% housing units. Audree stated that is correct, and the Commissioner noted that with 88 units that would be 10-11 housing units and Audree added approximately 10.5. Commissioner Klein then stated they reduced it from four to two plus a \$50,000 contribution and asked when the Housing Fund first started. Audree indicated that it was established probably in the early 2000s. Commissioner Klein asked how much money is in it now and Audree stated just over one-quarter of a million dollars. The Commissioner then wanted to know how many housing units have been provided from that fund, and Audree explained that the fund is not necessarily solely for the creation; it is also for the maintenance, preservation and partnering, so we can use it for other purposes. We have used it in the past with Habitat on two different occasions, and it seems that there is one more, but staff can bring that forward if this meeting is continued. Commissioner Klein asked if staff believes Sedona needs more lodging units or housing for employees, and Audree stated that staff can't answer that question.

Commissioner Klein asked why we aren't requiring them to build 10.5 units of housing for this project, and Audree explained that the number of affordable units is up to the Commission and City Council ultimately. The housing policy is a voluntary policy. The way staff looks at it is that it is a way to provide community benefits when we have a Zone Change. We look at what benefits are being provided, and generally speaking, there are a number of benefits that come with any application, as is the case with the Residence Inn. We would not look at it in its entirety; we look at it as a bigger package.

Commissioner Klein indicated that staff had indicated in a prior meeting that Marriott wasn't using the proper trip generation number for traffic. Marriott used the numbers for a motel, and staff said they had to use the numbers for a hotel. For a motel, it is 4-something and it is 8-something for a hotel, and the applicant is now saying that it is appropriate to use the number for the motel, which is contrary to what staff previously said. Andy Dickey pointed out that was addressed in their amendment to the traffic report. Their response was that empirical data coming out of the ITE Manual was checked against the actual trip generations that were measured and observed at the Courtyard, and because those trips projected from the motel are in line with what the observed numbers were, it would be appropriate to use the motel category, and not only did staff agree with that, but we had a consulting engineering firm, Kimley-Horn who prepared our Traffic Master Plan, review this analysis, and they agreed with that assessment.

Commissioner Klein referenced a comment in the document that indicated that with the current traffic count and the addition of the Marriott Residence Inn, a level of service C will be provided and asked if that is correct. Andy indicated that is correct for the intersection. The Commissioner stated that is only talking about the intersection of SR 89A and Upper Red Rock Loop Road, but shouldn't we be looking at things more broadly, because when you look at the Sedona Transportation Master Plan, October 2017, it is in categories like SR 89A west to Coffee Pot, SR 89A east to Airport Road, SR 89A east of Art Barn Road, SR 89A north of the "Y", SR 179 south of Ranger Road and SR 179 north of Mallard Drive, and guests at the Residence Inn are going to be going to all of those destinations. Andy indicated that is likely.

Commissioner Klein then stated that in 2016, SR 89A north of the "Y" and SR 179 south of Ranger Road were in categories E to F, and it is projected that by 2025, of these seven categories five will be F, so we are looking at a situation according to this Transportation Master Plan where the traffic situation isn't going to get any better; it will get much worse. Shouldn't we be concerned about adding more traffic, even if you say it is okay right now, because we are only adding 500 - 700 trips a day at this intersection, and it is fine, but shouldn't we be looking at the big picture to say we have a huge problem here, and maybe we shouldn't add lodging units, if it is going to increase traffic, which this is going to do. The Commissioner then asked for Andy's comment, and Andy explained that when we look at a development and the traffic analysis, we are looking at the incremental impact of this specific development on those facilities. Existing challenges with our facilities, traffic roadways and such are existing issues and the incremental impact of this development is not as significant as our overall tourism base and other issues we are facing. What we are doing to address those problems is what is recommended in our Transportation Master Plan; we are looking to manage the congestion as best we can with some of these improvements, like they are proposing with the shuttle service and the bus shelter they installed out at the highway to help promote linkages for transit systems, etc. Commissioner Klein asked if he is correct in stating that if this project is approved, it will add traffic to our current traffic. Andy agreed that it will add traffic to our overall base within the City.

Commissioner Klein stated that one of the other six outcomes of the Community Plan is Community Gathering Places, so how is this project going to assist in helping us have community gathering places? What that means to him is that it is residents of the community that would be gathering, not just patrons of the motel. Audree Juhlin agreed and explained that with the addition of the trailhead and amenities, including a sitting area in the trailhead area, staff feels that is a community gathering area that is widely popular in other areas of the community, and staff feels that is a good benefit.

Commissioner Klein then stated that another major outcome is Economic Diversity, which is bringing jobs here that aren't dependent on tourism. This project is going to add more typical low-end jobs to serve the tourist industry, so how is this helping promote economic diversity? Audree stated that she is not the economic development specialist, but staff can have Molly come and present to the Commission if you want that information provided. The Commissioner then thought he recalled some statement that Molly said that this project may create a problem, because it may take employees away from other lodging units. Cari indicated that she did say that, but also said that this project may have the potential to serve interim housing needs for visiting employees and those residents who need a place to stay between housing options.

Commissioner Klein then stated that staff didn't answer his question, wouldn't it be fair to say that this project is not providing Economic Diversity, and Audree indicated that could be fair.

Mr. Welker, Applicant, asked if he could also respond and noted they have a partnership at the hotel with Yavapai College on training students who are in the hospitality degree program, and they take them as a hands-on internship at the hotel, so they are providing opportunities for training, because they are right across the street, and that is a benefit to the community where they can have hands-on and proceed to get a four-year degree at NAU in Hospitality Management to prepare them for management opportunities above and beyond entry-level positions. Additionally, there is no mistake, this is not a manufacturing facility; it is a lodging facility, but they are not all entry-level jobs. There are some higher-paying jobs in the management-degree spectrum. Then regarding the traffic, one thing they are doing is encouraging people to stay on the west end and use the Skywalker Trail loop and the trailheads in Boynton Canyon, and the response has been thanking them, because after going Uptown, they want to stay on the west end, so many are being diverted to the trailheads out of the more problem areas. The underlying issue is that even though it will create more traffic, the assumption is not correct that the people wouldn't come anyway. If they come from out of state or other countries, they are going to come and drive cars even though they may not be staying in the hotels, so that number of trips are going to come anyway; they are not going to not come because there is not a Residence Inn.

Commissioner Klein referenced the CFA that was put into place after the Development Agreement was signed that says that this parcel should be mixed use with a mix of commercial, housing and lodging. He then asked if obviously this doesn't comply with that. Audree Juhlin stated that is correct; staff did not review it from the CFA's literal interpretation. The Commissioner stated that one of his problems is that when the CFA was put in place, it was known that the Marriott signed this Development Agreement that they potentially wanted to build more lodging, so if it wasn't the intent to have mixed use, why didn't the CFA say that. Why not have the CFA say there will be lodging there, because the CAF says "should", which indicates a strong preference for mixed use here and that is not happening. Audree stated that is correct.

Commissioner Klein then asked if staff thinks the majority in this community would be opposed or in favor of this project, and Audree pointed out that is not a fair question to ask; she can't speak for the members of the community. The Commissioner then referenced the wall in front of the parking and indicated that Cari said it is now going to be three feet instead of five. Audree clarified that there is going to be a berm with a wall on top of that to create five feet. Audree also indicated that to clarify what she said when she indicated that we can't speak on behalf of the public, she doesn't know what everybody believes. We ask for public comment and we present that public comment to you.

Commissioner Brandt asked about the meaning of the spirit of the CFA as intended rather than a literal interpretation, and Robert Pickels Jr. indicated that he wasn't sure he understood the question. The Commissioner explained that he didn't fully understand that statement on page 5 of 176. Robert Pickels Jr. then indicated that one thing he distinguished between, when he read the Staff Report, was that statement about keeping with the spirit of the CFA and the conclusion that there was substantial compliance with the CFA, so he was focusing more on the latter, and

if the question is can you make that distinction between how that spirit is being complied with, maybe the better question is how is substantial compliance being achieved.

Commissioner Brandt then referenced the illustration as you pull into the SR 89A driveway and noted that on the far side of the driveway, there are existing gabion walls; however, Cari stated no and explained the far side of the driveway would be proposed. Audree indicated that the existing gabion walls are in front of the Courtyard, and the Commissioner stated that they are on the far side of the driveway, so he is curious as to if those are going to stay and the new work is what is elevated to the overall five-foot height or is this going to be rebuilt, since it is on the new side of the development. Cari stated that her impression is that everything on that side of the development will be the three-foot wall and the two-foot berm; however, Mr. Welker clarified that actually is on the Courtyard site, and everything going that way would be the additional height. Audree Juhlin stated that the new wall would be constructed with a 2 ft. berm and a 3 ft. gabion wall, not the existing wall, front of the Residence Inn.

Commissioner Brandt referenced the new trailhead, which is a great idea, but noted that there is a gate shown. He then asked if that was generated by the Forest Service or it that is private property. Mr. Welker indicated he wasn't sure if that was one of their requirements or not. Commissioner Brandt pointed out that usually there are not gates at trailheads, and Mr. Welker stated that he would have to clarify what their requirement was. Audree asked if that was not a requirement of the Forest Service would it be the Commission's recommendation to un-gate it and have full access. Commissioner Brandt stated for himself yes. He then referenced the trash can shown and noted that the Forest Service doesn't usually have trash cans, because they don't have the funding to collect trash. Mr. Welker indicated that they would put that there, because of hotel guests and they don't want the litter, so they have them dispersed around the hotel at different locations and that would be an obvious place where they would need one.

Commissioner Brandt indicated that Mr. Welker has stated that there will be people coming to Sedona and it is a benefit to have them stay in the hotel, and he then asked if the Transportation Management Plan established how many vehicles are passing through as day-trippers. Andy Dickey indicated that staff looked specifically at the Oak Creek Canyon area and Uptown and as far as trips made through Oak Creek Canyon, 90% of that traffic is typically pass-thru, but how that relates to this end of town, he doesn't recall, although it is a pretty high percentage that are day-trippers. Commissioner Brandt asked if the folks that are passing through the Canyon are also passing through the City, and Andy said yes.

Commissioner Mayer indicated that at the last meeting he had asked Mr. Welker about the building cost per square foot for the Residence Inn, and \$150 was mentioned, so with only two units and two have gone away, those two units amount to about 1,100 sq. ft. combined, so that is \$60,000 of cost, so you saved about \$100,000 by not providing the additional two units promised. Mr. Welker explained that they had two additional units removed, and staff can relate to this. Initially, we had two more rentable units too and they were removed to break up the building, so they are two units below what they originally proposed. They were going to have 90 rentable units and four for employee housing. That was not their first recommendation; the first recommendation was to do something with Habitat for Humanity, but during the sequence of events they went to four units and 90, and then they went to 88 and zero, and decreased two units to break the buildings up, and then they ended up at two units for affordable housing and 88 rentable, so they are down two units from where they initially started. The Commissioner stated that they are down a lot more according to staff and Commissioner Klein, because about 12 units would be required. Mr. Welker stated that as staff iterated, that is a suggested contribution in conjunction with everything else -- the other amenities that they are proposing. Commissioner Mayer then indicated that the benefit to the community is the revenue generated, and Mr. Welker agreed that certainly a big benefit to the community is revenue generated. . . Commissioner Mayer then interrupted to say and a little bit about the quality of life here for the people who live and come here. Mr. Welker noted that they had tried to take that into mind as they addressed all of the questions and concerns.

Commissioner Mayer then referenced the frontage of both developments combined and asked about the linear feet there. Mr. Welker stated that the Residence Inn is about one-third the visible frontage of the Courtyard, and Cari stated that the Residence Inn is about 300 ft. and then you have some frontage along Upper Red Rock Loop Road. The Commissioner indicated he is only asking about SR 89A and if it is about 700 or 800 ft. Audree Juhlin explained that staff would have to look that up; however, Commissioner Mayer then stated it didn't matter. Cari then added that she was hearing behind her someone saying 800 ft. The Commissioner then referenced the landscaping and visibility and asked if it is going to be a rock yard again like the other one. Mr. Welker stated that in the landscape plan they substantially exceeded the required number and size of trees, so between the parking areas, there would be additional landscaping and larger trees added, and there will be the continuation of the gabion walls.

Commissioner Mayer stated that he didn't know what that was going to look like; he can only see what he sees now, and when he looks at 800 linear feet of the same stuff, but that is not an important question. The Commissioner then asked if the Agreement for the Marriott was contingent on the possible development or rezoning of the property of the Residence Inn, and Audree explained that the approval of the Courtyard was not contingent upon anything else.

Commissioner Mayer referenced traffic and asked if the City had considered what is going to happen in the other CFA possible developments like the Cultural Park and what traffic impact that will have on the whole intersection there. How many lodging units will be allowed at the Cultural Park? Andy Dickey explained that staff would make that consideration at that time. The Commissioner then asked who is going to be the one on the losing end – the Cultural Park? Andy pointed out that staff certainly couldn't. . . Commissioner Mayer interrupted to say first come, first serve.

Robert Pickels Jr. pointed out that we are talking about this project and the impacts on this project; however, Commissioner Mayer stated that you have to look with a little foresight; that is what he is worried about, because there is a lot more going on in the Cultural Park too. Vice Chair Levin stated that the Commissioner's concern is noted and he replied that he hoped so.

Commissioner Barcus indicated that as he understands it, the project site is 8.16 acres, including the existing Marriott Courtyard, and .77 acre of Open Space that has a deed restriction. Cari clarified that there is no deed restriction anymore, since the zoning was changed to Open Space. The Commissioner then indicated that left 3.06 acres and asked if there is any additional potential development on any of these lands for additional structures, etc., and Cari stated no, the buildings and parking areas take up the site and the only part left is Open Space. The Commissioner stated that the bottom line is that it would be fully built out on the property owned by the applicant, and Cari stated yes.

Vice Chair Levin asked if a list of the type of guests was in priority order as it was contained in the Letter of Intent; does that typically speak to the volume in that hierarchical order or not? Mr. Welker stated not necessarily, those are just the various types of guests that will use this type of facility. The Vice Chair then asked what percent would be dedicated to each of those categories of guests nationally or what they anticipate in Sedona, and Mr. Welker stated that he didn't -- a wide variety of both domestic and international. . . The Vice Chair then interjected that Mr. Welker might need more time to pick that up.

The Vice Chair asked for clarification regarding the primary outdoor area. The LOI stated that it is the heart of the Residence Inn; a private area that provides quiet but would include a space for the neighboring residential community. The Vice Chair then noted that it sounds as if you are inviting the general public into that area as a gathering place that they could enjoy. Mr. Welker stated yes, but they would have to draw the line at the swimming facilities because of liability issues, but as they have demonstrated with the Courtyard, they have invited the community to use their meeting facilities and their bistro restaurant. They also have a number of people come over in the evening and use the view deck and their bistro on occasion. Additionally, the meeting

room has been used by the City and the neighboring homeowner associations have also been able to use their meeting room multiple times at no charge. Vice Chair Levin then asked if those would flow to this project and Mr. Welker stated yes; they want to be good neighbors, so they have offered that and plan to continue that. That is part of the Marriott culture, and they are consistent with that.

Vice Chair Levin referenced the dedication of the affordable housing units and their contribution and asked how they came up with the figure of \$50,000. Mr. Welker explained that they combined that with the other benefits being offered -- the easement for the facility to the City, and they looked at what they contributed on the Courtyard, which was \$25,000 and combined that with the cost of the trailhead, connecting the trail and kiosk, and allowing parking for that with the direct and indirect costs they have to absorb.

Vice Chair Levin indicated that they did originally start with four units, and Mr. Welker explained again that their initial was a \$100,000 contribution or four units, but he can't remember which came first. Cari clarified that the proposal during the Conceptual Review was four units, but the first comprehensive submittal was a \$100,000 contribution, and Mr. Welker added with 90 rentable units and Cari agreed that for the affordable housing, it started as four, went to \$100,000 and then to \$50,000 with two units. The Vice Chair noted that there has been a downward trend, but Mr. Welker explained that they were working in the other amenities like the kiosk and those items too, so that cost had to be factored into the total outgo for the public benefits.

Commissioner Brandt asked if there are FAR restrictions on this property, because the question was if it would be built out with this development, so is the FAR going to restrict that or could someone build a parking garage? Cari stated that she thinks that they are allowed .5, and they are at .499; there is no extra FAR lot coverage available. The Commissioner then referenced the Traffic Management Plan and asked if it had anything as far as the restriction of development, and Andy Dickey asked if the Commissioner meant limiting certain areas that could be redeveloped to certain uses based on their traffic demand, and Commissioner Brandt indicated that would be a good way to put it. Andy Dickey then explained that staff looks more to documents like CFAs, etc. to make that kind of limitation on future. . .

Vice Chair Levin thanked the audience for their patience, recessed the meeting at 6:50 p.m. and reconvened the meeting at 6:58 p.m. The Vice Chair then opened the public comment period.

Laurie Dawe, Sedona, AZ: Ms. Dawe indicated that she has been a Sedona resident for 35 years and lived in Foothills South for 28 years. The Marriott was approved on roughly November 5th of 2014 and a little more than a year later on May 12th, 2016, Airbnb legislation was passed. Since then, we know for sure that we have over 800 Airbnbs here and we know that for sure, because they pay taxes; we know there are more. This has created 800 additional rental rooms and has displaced workers who used to live here and now have to commute, which adds to the out of control traffic. She has to wonder if the original Marriott would have been approved had the impact of those Airbnbs been foreseen. As an unintended consequence of this legislation, both Big Park and West Sedona Schools have seen declining enrollment, since the families who were displaced have put their children in schools in their new neighborhoods where they were forced to relocate. We don't need more rental rooms; put a hold on developing the property until infrastructure is in place, including alternate routes, and make it a condition of development that a traffic light or roundabout go in at the gate to Foothills South. It is impossible to turn left or go straight to the medical center out of their subdivision. If you approve this, you will deserve the new name we have for this town, which is "Zoodona".

Ellen Ferreira, Sedona, AZ: Ms. Ferreira indicated that she lives in North Slopes down Dry Creek Road, and she referenced the Commissioner's question about the public's feeling about these additions. She asked people to raise their hands if they were opposed and then how many people were in favor (hands opposed and for were raised) – okay interesting. She lives down Dry Creek Road and Mr. Welker said specifically something that she learned as a volunteer for

the Chamber of Commerce, which is when people come in from the Courtyard Marriott, they are told to use the hiking trails in West Sedona. They are specifically recommended to use Devil's Bridge, and anybody who has driven down Dry Creek Road on a weekend or even a weekday sees the tremendous number of cars down Dry Creek Road parked along the side, because the trailheads are completely full. They get out of their cars, open their doors and there are 4-wheelers and Pink Jeeps coming by, and it is only a matter of time before there is a tragedy. People are looking at the rocks and it is overloaded with people and the Marriott is sending them, so that is an ancillary result of what is happening there. It is also a conflict that we are spending thousands of dollars on traffic studies and then allowing rooms to be brought into the community that will just result in increased traffic. There is a real dichotomy there and if we really are serious about controlling traffic, we have to stop building hotel rooms.

Lisa Danielle, Sedona, AZ: Ms. Danielle indicated that she has been a resident for almost 37 years, and already the first two speakers have said a lot of what she would echo. The quality of life in Sedona for her has changed a lot. She lives on Dry Creek Road; the traffic, ATVs, the noise – they can hardly have a conversation on their deck at breakfast. Her studio is on View Drive, and the Airbnb has completely transformed the neighborhood. People are backing over gas meters; they have had to shut down their street and evacuate everyone. No one knows how to behave in their small neighborhood, and they are renting out all of the houses, not as a house with a garage and yard, but every single bedroom and tents and teepees in the backyard. It is totally out of hand and is changing the quality of life. This is probably one of the first years she has not been able to go to the lighting of the luminarias. She is an artist and shows her work at Tlaquepaque; she tries to be there for that, but traffic was backed up almost to View Drive, so you knew there were no parking spots when you got there. Tourists may still come, but they can't put their car down and attend the festivals that residents used to be able to attend and enjoy, and they are being forced to go to the next roundabout and exit town, and she guesses come all the way back around to their room at the Marriott. Until the traffic situation is resolved, she has to say that she is in favor of any kind of moratorium that would stop any more people coming to town until we figure out what to do with them and how to move them through our City. What we need is not more money as a tax base, we need the residents, who are the tax base, to have some serenity, and that is what the tourists come for, and she has heard from her gallery and women that work in the shops in Uptown and Tlaquepaque that tourists are telling them this is their last purchase and visit until you figure out your town and how to allow them to have a pleasant vacation like they used to here; they will not be back.

Bob Maxwell, Sedona, AZ: Mr. Maxwell stated that he is a Sedona resident and Foothills South homeowner. He has been in Sedona for 25 years and he agrees that the traffic is out of control; however, that being said, in his corporate days, he spent a lot of time at Residence Inns, and they are not regular hotel rooms. They generate a lot more tax revenue. You have people say we don't need any more tax revenue. We love visitors to come to Sedona, because the visitors pay the tax; we don't. He believes the total tax on lodging is 12.85%; that is huge by the time you add county, which is 6.35% and bed tax, which is 3.5% and the Sedona hotel tax of another 3%. He may not be correct on those; he got them off of the internet, so he doesn't know if it is out of date, but he has stayed in many Residence Inns and they are not hotels, which means the tax base is much more. His only point is if we are going to add and you are going to approve additional lodging in Sedona, it ought to be of the high end, which the Residence Inn is. It will generate a lot more tax revenue, and it also will establish the fact that people stay for longer periods of time and that is really important when you are talking about the Airbnb. The other aspect is the architectural impact is so small; he drives past the Courtyard every day and he doesn't even know it is there. It blends in that well; you will hardly know you are going by it. There is that 3 ft. wall that was talked about that will separate the SR 89A; there are three separate buildings. He has looked at it and they are built toward the rear of the site. Its landscape drops down about 20 ft. and butts up to the National Forest, so minimal impact architecturally, and the buildings have limited visibility from both SR 89A and the residents of Foothills, and it preserves their views. He wholeheartedly endorses it; it is a great project and something that we should take into account.

John Roberts, Sedona, AZ: Mr. Roberts stated that he has lived here a little over 30 years, and his comments are directed to the City Council as well as the Commission. He says vote against the Marriott building permit, although the Courtyard is a beautiful edifice and he congratulates the developer for that achievement. You are going to hear from Bill Spring, and you will then know why we've got a problem. It is an overarching problem of too much traffic and too many tourists. How does that affect him? The invasion of tourists has resulted in visiting forest trailhead hikers parking dangerously along Soldier Pass Road. He uses that road daily, and as an example, he was following another car, when suddenly it lurched over into the oncoming traffic lane to avoid two cars parked two to three feet on the pavement and beyond the white striping. He did the same, and then he found out it was a Sedona Police car in front of him; he did not stop to ticket the two cars for illegal parking, because he didn't have any room to park his car. Another annoying result of this tourism, and this is a little selfish, is the difficulty in getting a supper reservation for his girlfriend and him, because some tourist is sitting at his table. There are some plans to alleviate the congestion, but is the past recalled, no. He is thinking about the utter design failures for SR 179, which he calls "Snail's Trail" and Uptown Sedona design; when incompetent public people interfered with the designs. He sees this happening again right now. A proposed Uptown roundabout includes Art Barn Road, which when swarmed by the traffic will interfere with the Sedona Arts Center operations and income. What do you think the folks in Northview Subdivision will think if the proposed parallel roadway to SR 89A on Northview Road disrupts the tranquility and beauty of their living style? Any more nonsense like this will assure us of another failure and paying for remedial road construction via a raise in sales tax won't get the job done; it just abets and helps the tourist traffic. He would like to recommend that we have a large increase in the bed tax.

John Cantello, Sedona, AZ: Mr. Cantello stated that he and his wife have lived in Sedona for nine years and love it. It is their home and where they chose to be. He has no negative comment about the Marriott Residence Inn. His entire working life, he stayed at Marriott Residence Inns all over the country, and they are wonderful. Our town has changed, and the fact is that we did it to ourselves. The traffic is horrible. Coming from the Village of Oak Creek going through Tlaquepaque or trying to get to the Village of Oak Creek through Tlaquepaque or trying to go north through Uptown or trying to come south through Uptown from Flagstaff – horrible. The other issue is as a full-time resident, he dares you to find a parking place at the trails. You will never park on Airport Road or hike there again; Soldier Pass, you can't park there; Sugarloaf, you can't park there; Mescal, and on Dry Creek, we are going to kill someone. There are 60-70 cars along that road. Fay Canyon and Boynton Canyon is where you are sending them, and he can't park there anymore. They have lived here and love this place; they moved here to enjoy the beauty, and he feels trapped in his home, because he can't legally park there to enjoy it. Please do not allow Marriott to build another hotel, until we do two things. Number one solve the current traffic problem, and number two tackle the trail parking problem we have. Those two issues are huge. We can't just look at revenue; Marriott is going to bring a lot of revenue, but revenue is not the only issue; quality of life is also an issue. If we are going to let revenue drive our decisions, then let's invite Costco to come here. You are going to laugh at that, but is this any worse? We are talking about two hotels in the Village, another hotel for Biddle's property, and the Marriott; that is not much worse than a Costco as far as he is concerned. Building and planning for the future has to include traffic over revenue, maybe just for a short time. Building for the future has got to include trail parking over revenue for a short time. Quality of life has to be over revenue for a short time. If your GPS tells you that SR 179 is jammed bumper to bumper; you have nowhere to go; there is no alternative. You want an example of a possible answer, build a bridge on Verde Valley School Road so citizens and emergency vehicles have a way to go. Please don't allow Marriott to build another hotel until we solve traffic, trail parking and quality of life. He appreciates the opportunity to speak and thanks you for your service.

Trish Jahnke, Sedona, AZ: Ms. Jahnke indicated that she has lived in the area since 1980. She will not reiterate what everyone has said about traffic and quality of life. She agrees with all of that. She also feels trapped in her home. She has lived here for a long time, and it seems that in the last few years, it has gotten exponentially worse. She also has really noticed that there

seems to be a lot of empty buildings for lease, and so if things seem to be booming, which the traffic tells us and getting into any restaurant tells us, somehow the infrastructure that we citizens use is being pushed out and we have empty buildings, and that concerns her. This doesn't feel like a town anymore; it doesn't feel like her town. She can't go hiking anymore; the trailheads are just beyond belief as are the trails. She is going to talk about something she hadn't planned to talk about until she heard something that staff said about just looking at this particular project, which she understands, but when we are talking about a town that used to be a unique mountain town that everybody loved to come to, and she spends time out of this town and talks to people who say they used to love Sedona, but they just don't go anymore, it is so tragic what has happened there, so she is going to talk about exponential growth. We need to look at the big picture when we are looking at each of these projects. Each project on its own has merit, and she is sure this will be a wonderful hotel that people will enjoy staying in; however, there are many projects coming up – one after another after another, so there is a visual that she would like for everyone to look at about exponential growth. If you have a pond and there is one little lily pad on the pond and it doubles in size every day. On day two it is two lily pads, then four, then eight and then sixteen, but it is a big pond, so it doesn't seem like a big deal. If it is 30 days, on day 29, it is only half covering the pond, so the pond still seems like it has a lot of space, but on day 30, the pond is full, so that is what she feels is happening here. Each project seems like small amount, but she feels that we are at day 29, and it is time to really look and say wait, we need to step back.

Lorraine Coutin, Sedona, AZ: Ms. Coutin stated that she is a longtime resident of Sedona. Coming from Cottonwood to Sedona, we see the first commercial building serene in its setting of harmony. That laudable description she bestows upon the Marriot Courtyard. She considers it exemplary, a complement to our environment, what buildings in Sedona strive to be, and what the Residence Inn plans to be. Coming from Cottonwood to Sedona, what appropriate first commercial building do we clamor to see? Certainly not a Circle K or a car dealership or a number of other things that could occupy that space; neither of those appeal to her. Those reek not with harmony for those lack the symmetry for that site to be. What beauty that lies in harmony is the proposal that we view before us tonight. The Marriott Residence Inn is a perfect fit, lending beauty in every way to the remaining portion of that site adjacent to the Marriott Courtyard. Its design is complementary and compatible with the land use and architecture of the Courtyard. Since the entire site is currently zoned for Lodging, the Residence Inn was planned alongside the Courtyard from its very inception. There is an integrity of thought inherent in these two contiguous structures of consonance that echoes with resonance throughout Sedona. Once manifest, everyone coming from Cottonwood to Sedona will feast their eyes on the marvelous twin married entities ensconced in the sea of tranquility. The total project lends itself to a quality planned and developed project for the community without compare anywhere. It provides two distinct lodging types on the site along with the bistro restaurant. In fact, nobody even talked about this, but the Courtyard project was just honored with the Landscape Design Award for the City of Sedona by the Keep Sedona Beautiful organization – a high merit of distinction. This thing of harmony and symmetry will be continued through the Residence Inn project. She supports it and deem it to be a true and valued enhancement in keeping with the beautiful heritage of our Red Rock community.

Mike Hermen, Sedona, AZ: Mr. Hermen indicated that he is here as a representative of Pink Jeep Tours in support of the Marriott Residence Inn project. It is their opinion that Marriott Corporation is a welcome addition in our community. They are deeply rooted in our community and have benefited our community in many ways -- from being major contributors to the Friends of the Forest and Keep Sedona Beautiful programs to significant public art contributions to local school donations and hands-on college training, plus substantial donations to a local public transportation system, and the list goes on. They are here for the long haul and have put their money where their mouth is with regard to community involvement and sustainability. Additionally, Marriott is known for aesthetically pleasing architecture that mixes well with the surrounding environment, and that is currently demonstrated by the Courtyard Marriott. The proposed new building will be a complement to this current building and only enhance the western

gateway to Sedona. We respectfully urge the Mayor, the City Council Members and the Planning & Zoning Council to approve the proposed plans for the Residence Inn Marriott Sedona. In closing, he would like to leave you with a fact. According to the Nichols Tours and Group and as verified by the City of Sedona for the Sustainable Tourism Plan, there have been only 180 new hotel units built in Sedona over the last 10 years. These include the expansion at L'Auberge de Sedona, the expansion of Sedona Rouge Hotel and Spa and the Courtyard by Marriott Sedona.

Savas Sosangelis, Sedona, AZ: Mr. Sosangelis indicated that he is a resident of Foothills South, a board member of the HOA and Chairman of ACC, and he was designated to be the spokesperson from Foothills South for the Marriott, so he has had extensive conversations and meetings with Marriott, the City and our residents. Foothills South is not a democracy; we have a form of government, which is the board that is voted in to represent the people. We have the board which is unanimously in favor of Marriott. We have the ACC, which is unanimously in favor of the Marriott, and we have Planning and Operations, which is another group of five unanimously approving of the Marriott, so we have the guts of Foothills South that worked very hard with the Marriott to proceed to this point. We also have a petition; we had three or four meetings, meetings with Paul who has accommodated them in every request. If he couldn't accommodate it, then he would say to wait until it is built, and we have a committee made up of our citizens to do final touches on the project, so we now have a petition of 70 people from Foothills South and these are the people that were involved in the communications, the meetings. They begged people to come and these are the workhorses of Foothills South. In these meetings there were three or four people that refused to sign, but the people on here truly worked and brought their concerns, signed it only after they were confident that Paul could do the results that he claimed he could do. Anybody that comes to this meeting from Foothills South that hasn't been to our meetings, he would really like to know where they were for the last year and a half to two years, when they were really killing themselves putting this thing together.

Bill Adams, Sedona, AZ: Mr. Adams stated that he has lived here for two years. They moved here from Boston, Massachusetts. He is taking a little different tact here, because he is a surgeon and has had experience with trauma in Boston; Hanover, New Hampshire, and Bethesda and Cumberland, Maryland, and one of the issues that comes with every hotel development in any of those areas is increased use of medical services, and one of the demands within increased traffic accidents is you have more time on the road. The reason he is against this project is because of traffic, which he agrees with things that have been said, particularly when it comes to emergency medical services. We have a small hospital in this town that adequately cares for the residents, but he is concerned with the increased use with the development of the hotel that it will put undue strain on those services.

Carol Adams, Sedona, AZ: Ms. Adams indicated that they have lived here for 3 years. She really has nothing to add to what everybody has already mentioned, particularly John Cantello. She also feels trapped in her home. It is difficult for her to hike, to get from point A to point B, and she just asks you why we need this? This is not something that Sedona needs; it doesn't augment our way of life, and it is just irresponsible, until we figure out the traffic pattern, that we go forward without a better plan, and she hopes you take it under consideration.

Heidi Anderson, Sedona, AZ: Ms. Anderson stated that she is a Foothills South resident, and pretty much everything she wanted to say has been said. She is in support of the Residence Inn and feels that the Marriott has proven to them as their neighbors that they are good neighbors. They have involved them, listened to the concerns and have addressed them. The gateway to Sedona on the west side could not be more beautiful, and the continuation of that property, by adding the Residence Inn will not only aesthetically be pleasing to the environment, but complete the area, then nothing else can go in that spot.

Bonnie Golub, Sedona, AZ: Ms. Golub indicated that she is President of Foothills South HOA and she wanted to quote from a letter that she addressed to both the Board and to the City Council on October 23, 2017, "I want to make clear that I am representing the Board of Directors

of Foothills South in their unanimous support for this project. It is our considered opinion that this project will complement the existing building and will enhance the overall appearance and successful functioning of our neighborhood. I also want to emphasize the extent to which the Welkers have spent months dealing with every single issue that our residents have had. They have minimized the impact on our community by reducing the footage that abuts Foothills South and by creating a building structure that takes advantage of the slope minimizing impact on our residents. We have a number of facts that support the importance of this project to the Board and to many of our residents. It will finally provide Foothills South with the needed paved emergency ingress and egress to both SR 89A and Upper Red Rock Loop Road. This has been in the works for many, many, many years, and its completion is vital to the safety of our community in times of crisis. It is complementary and a graceful addition to our community and a good transition between SR 89A and Foothills South. It creates minimal noise compared with the amount of noise that would come from other uses, and its artistry and palate are compatible to the eye and make it much easier for us to look at." We are pleased to support this project before the community, and we want to emphasize that this is about the project. It is not about the problems that Sedona has, which unfortunately all of you are going to have to solve for them, but this is about this project.

Hal Frank, Sedona, AZ: Mr. Frank stated that he is a Sedona resident and some things he wanted to talk about have already been mentioned, but he is for the project. One of the things is access. People are more tolerant of limited road access for a hotel, and hotel customers are temporary users, which some people have said is a problem, but they have no long-term investment in access in and out of a hotel property, because they are only temporary visitors. He is surprised at how many Airbnbs have come to Sedona and how few hotel rooms there are. People have talked about stopping the ongoing permitting process, but he could also say what about individual homeowners, if you allow fewer people to build homes there also will be less people in town and less traffic. He doesn't think you can deny an individual homeowner, who has already bought the land, to build. Just like you probably cannot deny the hotel that is quite far down the hotel permitting process and at least in his mind would be grandfathered in for any changing CFAs or whatever. Again, he is for the project, because he thinks it is probably a good use of the land, and he is sure something is going to be built and that is probably an optimal use.

Bill Chisholm, Sedona, AZ: Mr. Chisholm indicated that he is a Sedona resident and it is clear that the traffic challenges are very emotional. In his house, there is his wife and him, and she believes Sedona should be closed, not open for business anymore from a people perspective, but he is the opposite. It is a very emotional topic, but he is encouraged that you agreed to invest \$35 million over the next 10 years in our Sedona In Motion project. He doesn't have all of the facts in front of him, but he thinks it was agreed to do something with the Dry Creek overlay with the Forest Service to help some of the stuff going on there, so it appears as rational adults that we are trying to deal with some of the significant challenges we have with regards to traffic. Regarding a CFA, he is glad Commissioner Klein brought that up, because he is a big fan of following the CFA. He might have looked at that wrong, but Page 17 of the May 2016 version shows lodging outlined in purple and this project is right in there, so the way he read that, it feels like it is compliant with the community-approved CFA. He is a little hung up on the housing thing; if you use the \$150 per sq. ft. and the 10.56 recommendation, that is like three-quarters of a million dollars gap between the two units and the \$50,000 funding, and maybe that gap is exaggerated at \$750,000 because of the other things being done, but \$750,000 sounds like a pretty big gap, and he would like to see more thought in how to close that gap between \$750,000 and the \$50,000 and two units that are on the table. He does acknowledge the trailhead, easements, etc., as being positive. Back on the traffic and the shuttle service referenced for the project, it would be great if they knew a little more about the mechanics of that and if it is going to hit trailheads. If we feel that there is teeth in that, because it is a great idea and fits with the spirit of the community to move more people around rapidly and in less vehicles, but he is not clear that he understands more of the details of what that would really look like, which might make him feel a little more comfortable about traffic impact. There are a lot of smart people that could help map that out. He and his wife hiked Sunday at Jordan trailhead and they parked; maybe

Sunday is a bad day as an example, but they watch where they go. They don't go to Westfork every day of the week, because you have to be careful, but they use their brains and they think they can get around. Anyway, he would recommend that more information be gathered before a decision is made one way or the other, specifically on the shuttles and more on the housing unit accommodation.

Dave Norton, Sedona, AZ: Mr. Norton indicated that he is the manager for the Foothills South HOA, and he has spent quite a bit of time interfacing between the Board of Directors and the developer, Mr. Welker and his team, and he must say that every time they have met, it has been very professional and every request that the Association has had, every concern has been met by Mr. Welker and his team. Foothills South is the current neighbor of the Marriott/Residence properties. There are 206 homeowners in there who are very familiar with the Marriott Development Corporation, and as has been said, the architectural style, colors, palates and lighting has all been done beautifully. Keep Sedona Beautiful gave them an award for that, and he must say that he is on the Board of Trustees of Keep Sedona Beautiful too. In summary, this development fits the property. It is a quiet and best use, and it is well designed, and he encourages support.

Commissioner Kinsella asked Mr. Norton about his city of residence and Mr. Norton stated that he lives in the Village, but a lot of his clients are here in the City.

William Spring, Sedona, AZ: Mr. Spring stated that he is a 13-year resident of West Sedona, and the issue is not color palates or architectural renderings for the rest of them. Two words came out of this to him -- traffic and quality of life. If you haven't, on the Commission or the Council, read the 2006 ADOT Traffic Projection Study of Sedona, Arizona, the high traffic corridor in the state, you need to. It identifies that on six levels of traffic in '06, Sedona was level 5 and 6 everywhere. Five is at capacity and six is beyond. That data identified that we are in excess of 24,000 cars a day on SR 89A, in excess of the traffic on I-17 between Phoenix and Flagstaff. Blew his mind, basically the projections in that study say that by 2025, seven years, the overall traffic in this area goes up 35%. Please read it, call Chris Page, Senior Engineer, he challenges you. It says that the traffic at that high school intersection goes up 50% without this hotel. He is aware that one of the Commissioners mentioned the other 300-unit hotel on the other side of the Cultural Park that has been submitted, but he doesn't know where it is. That is 500 units going into that one intersection potential, and Attorney Pickels recently opined that we have 1,000 B&B units now in this town, that is five 200-unit hotels that have been added to this town. If the traffic count, and he is a hotel developer, is four a day for a room or eight, which is the national number, those alone are 4,000 to 8,000 traffic trips a day at full occupancy. This is something we really have to think about; it is a health, safety and welfare issue. Go read the traffic projections and see how many hotels you want to approve – that is this thought.

Greg Biddle, Sedona, AZ: Mr. Biddle indicated that he is a 50-plus year resident of the Sedona area. The common thread that seems to be running through this whole meeting is traffic, and it has been said, it doesn't matter how many hotels there are or aren't in Sedona, people want to come here. Everyone that has spoken tonight that lives here was once a tourist and decided to move here, so we all signed on for this. He didn't know 50 years ago that it was going to be quite like this, but we all signed on and here we are. Again, it doesn't matter how many hotels there are, people are going to want to come to Sedona. There is no denying that; when he heard that there was a study done and at least 50% of the vehicles that go through Sedona, do just that, they go through Sedona, they don't stop, buy anything, they go through Sedona. A hotel brings people who are staying, spending money in restaurants and buying gas, taking jeep trips, so there is obviously a benefit to the tax basis for Sedona, and however many hotels, it is not going to change the traffic in Sedona unfortunately; if we could by eliminating hotels, that would be great, but it is not going to happen. Mr. Welker has a proven track record with what he has already built here. He has gone above and beyond what the City expected. His landscaping, for instance, is the best in Sedona, and he spent a lot more money on that landscaping than even the City

would have required, so he has a proven track record, and he should be able to build the rest of the project out.

Dale Casey, Sedona, AZ: Mr. Casey indicated that he has been a resident of Sedona for 26 years. He has seen a lot of changes; when he first moved here, there was only one traffic light at the “Y” that is now an “O”. You have the ear of the Council, and he would hope that you would talk to the Council and recommend that they renegotiate the agreement that the City has with the Chamber of Commerce. The increase in traffic that we have seen in the last four years has increased exponentially with the amount of money the City has given to the Chamber of Commerce. We are now up to \$2.5 million a year to the Chamber to bring more tourists into the City, and that is not what we need at this time. The SR 260 is under construction; it is going to be four lanes from I-17 to Cottonwood, and once it is completed, ADOT is going to put a sign on I-17 recommending that people come to Sedona using that route, which means that once that route is completed, the traffic at this intersection will most likely double. Again, if you have the ear of the Council members, by all means, encourage them to renegotiate that agreement with the Chamber.

Mary Terry, Sedona, AZ: Ms. Terry stated that she is an 18-year resident of Foothills South, and she and her husband have enjoyed living here and both of them appreciated the representatives of Marriott, Mr. Welker and the other people who represented Marriott in speaking with Foothills South, and several of them have expressed that we are very much in gratitude for their efforts. They would like to address their concerns about the impact of the commercial development that adjoins the residential development in so far as a wall that might separate them, and she is sure they are going to do what they can as far as the landscaping. They would like to note that the parking area will include spaces for the general public for trailhead access; the City does not provide any access at the current Cultural Park property across SR 89A right now, and they can address that as knowing many times a day the jeep tours as well as many private vehicles go to that observation point, and there will be a number of vehicles that will be using these parking areas at the Marriott for public access, and that needs to be considered by the City. There is no concern as far as we know, other than Marriott’s own address of that issue. They are also concerned about the lighting issue of the parking area. There is a proposal for the 12 ft. parking lights that will be placed adjacent to the Cultural Parking property as well as the Foothills South property, and they wonder whether that might be better addressed by bollard lights. That lighting impact is going to be quite significant as far as the lights being on at night, as well as the headlights that will be parking with their lights directed toward Foothills South, so we are concerned about that issue as well and appreciate your concern about addressing these issues.

Cheryl Barron, Sedona, AZ: Ms. Barron indicated that she is a resident of Sedona and a small business owner in the area. First and most importantly, she is the General Manager of the Courtyard by Marriott. She wants to address concerns about Airbnb as it relates to the Marriott coming into town. The question out there is, how does the Marriott differ from Airbnb? It differs a lot; Airbnb does not have standards that it abides by; there are no safety or security standards or standards to prevent parties and no standards to prevent the excess trash. Marriott has extreme standards, and we control all of those things. She lives in a neighborhood that has Airbnbs throughout, and as a resident, she can’t find a house to buy because of Airbnb, so that is her residential standpoint. As far as Marriott goes, they provide 24-hour service to their guests. They provide a sense of security and shuttle service. To detail out that shuttle service, they provide service to and from Uptown currently and they are open to going to some nearby trails, but that is up for discussion. The shuttle service currently carries about 50 people per day to and from the Uptown area. There was also a statement that claimed that we send our guests to Devil’s Bridge and that is incorrect. They send their guests to the least-traveled trailheads. About six months ago, park rangers came to the lodging council meeting and asked the lodging professionals to redirect guests away from Devil’s Bridge, Cathedral, Bell Rock – the most popular traveled trails. They have been doing that; they have been sending them to areas that are on their side of town. They are trying to keep traffic, as much as they can, away from that West Sedona and heading into Uptown. They are going to go, because that is where the

restaurants are, but they do their part as a business to try to prevent that. She also wanted to let you know something very important. Courtyard currently provides lodging for cancer patients that come into town. Ms. Barron was advised that her time was up.

Having no additional requests to speak, Vice Chair Levin closed the public comment period.

Commission's Summary Discussion:

Commissioner Mayer referenced his earlier question and asked what is going to happen in the future in regard to traffic impact at that intersection of Red Rock Loop Road and SR 89A; he would like more information on how that is going to be managed in the future, which involves development across the Marriott.

Commissioner Brandt indicated that the big picture is that we have heard very pointed commentary regarding an individual development within a lodging limit zone that is speaking towards the overall problems that the City of Sedona has, and we need to separate the individual lot from the big picture. The big picture does need to be addressed, but he doesn't see how we can stop one individual project, but the people who have the concerns for controlling the traffic in this town should do more than just talk at one individual Development Review proposal.

Commissioner Brandt also noted that we heard comments about the amount of housing or that there should be more housing, and this also speaks to pulling together the community benefits policy that the City has been working on for three or four years but set aside. It would be good to have a blanket proposal for the whole City and not just focus on one property. If we have employee housing on specific properties, that would reduce traffic, because then theoretically the employees would be there on site and wouldn't have to drive to their jobs. If you think about it, everything kind of comes back to traffic and moving around. A little bit more focused on this property, the new type of hybrid hotel, part hotel and part apartment building, actually could reduce the demand for Airbnb, so that is a good thing.

Commissioner Brandt stated that he has two issues specifically with the building, and he touched on those during the work session -- one being the extension of the size of the parking lot and how that needs to be screened, and the other was realizing that buildings of that size probably need a bit darker colors to help them blend in with the natural scenery. Landscaping, he agrees that it does fit the overall theme and flow of Sedona; the natural red rock landscaping with native trees and some shade trees. It is beautifully done, but there needs to be more of them for the increase in the size, since there is no other break-up to the parking lot, no building to hide the parking lot, and the gabion wall that is raised in the front would work well, but it needs to continue to the entrance, and that entrance is the weak link -- the opening into the parking lot on SR 89A. For sure, we need to continue that height to that entrance and give up some of the extra parking to provide more landscaping within the parking, and especially at the entrance on SR 89A.

Commissioner Brandt referenced the other notion about just having darker colors and indicated that an interesting notion about not meeting the Land Development Code and having those allowances be part of the zone change, because in his thought, the zone change is to be able to provide more scrutiny for projects of this size, so that any hotel, whether you add one unit or multiple units, has to go through a zone change, because it is an important thing and it does need more review. It needs to have more scrutiny, so to him, it doesn't mean that you can automatically adjust things as far as the Land Development Code. Overall, that probably works for this building, but at the same time, if it was darker colors, it would blend in even more than it is going to, so he would suggest that, as the applicant has suggested, they go with a Light Reflectance Value of 19, and he would suggest that not just one building be reduced to 24 to meet the alternate standards, but that all of the project have that as a consideration. Stone is going to add a blending of colors; the paint needs to be darker. Those colors should probably stay in the blending you have now, more of the grey tones, to break it up from the existing hotel, but that really is up to the applicant, but he would encourage that the new building have distinction. It is going to flow because of the siting and the way it is placed on the property, and it has a nice break-up looking

from the highway. Facades, nice shadows, change of buildings and height of buildings all seem to work, so all in all he is in favor of the project, but with those Conditions added.

Commissioner Klein stated that he respects Commissioner Brandt's opinion, but he disagrees. We have to start looking at the big picture. He doesn't think you can just say that we shouldn't look at the big picture and just look at this project. We have two major problems in Sedona -- one is traffic, because we have so many tourists coming here, and the other is there is no housing for employees. He had a long conversation with the General Manager of Sedona Rouge, and they are not at full employment. Most of the major resorts here are not at full employment. Most of them have stopped advertising in the Red Rock News, because they can't get employees. The reason they can't get employees is because there is no housing here for them and that is a huge problem we need to address. With all due respect to the money that has been put into the community fund to support housing, basically nothing has ever been done with it. They have \$250,000 sitting there and this will add another \$50,000, but it is not going to add any affordable housing units.

Commissioner Klein stated that this project doesn't comply with the Community Plan as required. The Community Plan went into effect in May of 2014, and the Development Agreement that the Marriott entered into with the City was December of 2014 after the Community Plan, so when the Marriott entered into the Development Agreement, they knew the Community Plan was in existence and they knew they had to comply with it. Just focusing on four of the outcomes in the Community Plan. Housing Diversity - this is not going to do anything for housing diversity. Just building two units is not going to do much of anything. He would be maybe more in favor if they were building the 12% recommended guideline, so in other words, if they were building an 88-unit hotel, they would have to build 10.5 housing units, but that is not being done. In fact, they reduced the housing units from four to two. Community Gathering Places -- with all due respect to the Marriott, residents are not going to be saying let's go to the Marriott Residence Inn to hang out. They are going to have the BBQ and the pool, but that is mainly for the guests of the Marriott, so it doesn't do much to provide a community gathering place. Economic Diversity -- it does nothing for that. Most of the jobs in Sedona are service-related jobs that are low-paying jobs, so people can't afford to live here. The Community Plan says that we should be less dependent on tourism, and we should attract more business owners and professionals. This does nothing to do that, and we have the goal of reducing traffic; there is no doubt that even if it is to a minimal extent, this is going to be increasing traffic.

Commissioner Klein indicated that a couple of other points he would like to make are in June of 2015, the Arizona Planning & Zoning Commission staff gave us a lodging inventory, and at that time, there were 2,372 lodging units. With the Marriott Courtyard and the Sedona Rouge expansion that came up to 2,525 lodging units. If we now have 1,000 Airbnb units, we have 3,525 units of lodging, which is one for maybe every three people in Sedona. Las Vegas has one for every four people who live there, so we are going to have more lodging units than Las Vegas.

Commissioner Klein added that he just saw this and doesn't know how accurate it is, but it states that the sales tax revenue for the City of Sedona from hotels and lodging in 2015 was \$4.3 million, in 2016 it was \$5.8 million, and in 2017, it was \$6.9 million, so in two years it went up 50%, which seems to mean that is a huge increase in the number of tourists. He appreciates the comment that the gentleman made about the money being given to the Chamber of Commerce to attract tourists here. We don't want to hurt our economy; we are a tourist-based economy and we want to make sure that is stable, but are we getting too many tourists here, looking at the amount of sales tax revenues? Finally, whether you say we don't need to comply with the little old language of the CFA, but the spirit, he doesn't think it complies with the CFA. The CFA that was put into place after the Development Agreement with the Marriott says that we should have a mixed use here -- commercial, lodging and housing, and that is not happening, so he is not voting in favor of this.

Commissioner Kinsella stated that there are a couple of areas in which she feels she needs more information. We have heard about the impact of Airbnbs and the problems specifically on neighborhoods. She then asked if Economic Development or Community Development Departments have an opinion as to whether or not shepherding people toward hotels that might have better management or are better equipped to manage crowds are a good alternative to Airbnb growth. She is just curious and knows it is an opinion, but she is wondering if there is any information that could help the Commissioners understand that question. We heard that there were only 180 hotel rooms built in the last ten years, but we know we have had a much higher increase in the amount of people staying here, so she would like a verification of that number as well. She also looked at the remarks offered by the various agencies, and the Sedona Fire District referenced a previous letter, and as a newbie, she doesn't have some of that information, but she would like to know their opinion about the ingress and egress being afforded to the two residential properties, because that safety and alternative routes of escape are very important, and we need to consider them when we consider any development project, so she wants to know if there is a public safety advantage or if it is neutral. Cari Meyer stated that the Sedona Fire District has been very involved in the review of this project and looked at the emergency accesses. They approved both of them for emergency accesses, and in addition, the original site plan actually had only one entrance in and out, and you entered the parking lot and did a loop, and that was not acceptable to the Fire District, so they made some changes to make sure there was a way for the fire truck with basically two entrances in and out of this side of the property. That may have been the previous letter, but the Fire District has been very much involved in the review of the site plan and the emergency accesses, and they have said that these meet the requirements. The Commissioner questioned where the access was to and Cari pointed out the entrance off of SR 89A and the location of the two accesses from the neighboring subdivisions, and if the project moves toward building permits, they will be involved then as well.

Commissioner Kinsella expressed concern about the reduction in the housing units. It seems that the contribution of two housing units and \$50,000 does not add up to the contribution that should be happening based on the amount of square footage and rooms that are being brought in on this property. She would like the applicant to consider increasing, not the money contribution, but the actual apartment contribution. Vice Chair Levin asked if that is as to the number and Commissioner Kinsella stated yes. Vice Chair Levin then asked if the Commissioner had a precise number, and Commissioner Kinsella responded that it should be in excess of four. She probably would have thought four was insufficient as well. She is going to say that as a starting negotiating point, let's go for six. She thinks it was 10 or 12, but she is not looking at losing the monetary contribution; this is in addition to the existing monetary offer. Vice Chair Levin then confirmed that Commissioner Kinsella meant the \$50,000.

Audree Juhlin referenced Commissioner Kinsella's request for more information on the short-term vacation rentals and explained that we don't have any data related to impacts of the new legislation. We are looking at an FRP to go to the consultant community that helps regulate or at least monitor short-term vacation rentals, but right now, we currently don't have that data. Commissioner Kinsella then referenced a speaker that brought up a specific legal term, and it is her understanding that it is not something we could consider, but she would like the attorney to comment on the word "moratorium" and if that is something that can or cannot be considered. Robert Pickels Jr. explained that is a completely separate issue; there is a very specific statutory structure that has to be followed to consider any moratorium. There is a laundry list of things that has to be identified and has no relation to this project. Commissioner Kinsella then said that to restate, we could not be considering a denial of this project based on the fact that it would be the start of a moratorium. Robert Pickels Jr. stated that would be putting the cart before the horse.

Vice Chair Levin indicated that she had requested more information earlier on the guest characteristics. She is interested in knowing of those six priority guest profiles what percentage typically fall within each on a national level and what your expectation is in Sedona, because there are inferences drawn from whether you are appealing to individuals that come for medical treatment or individuals that are doing a cross-country trip and decide to stay in excess of 30

days, so again, it is a new product and we really need to better understand who your customers are, so if you could provide that data both nationally and what your expectations might be for the Sedona community. If and when this project does go forward, she would concur with Commissioner Kinsella that she would want to see a larger contribution. Since it is a zone change, it gives us the opportunity to ensure that you address the community's need for affordable housing in the community benefits that have been precisely defined in our Community Plan and inferred in the Western Gateway CFA, because it is an impact of the proposed hotel itself, so she would concur with Commissioner Kinsella's recommendation.

Vice Chair Levin stated that she needs feedback from the Commission. It looks like we have more information and more questions that need to be responded to by the applicant and that we are less ready to move forward with a motion; if she is not reading that correctly, speak up.

Commissioner Kinsella stated that she would like them to consider if they would look at the housing contribution before we vote that up or down. Vice Chair Levin stated that as each Commissioner has spoken, she has checked those things that they would like to see revised, such as the list that Commissioner Brandt provided. The concerns that Commissioner Klein raised with regard to inconsistency with the Community Plan and expectations – more specifically mixed use, and the housing raised by Commissioner Kinsella and others -- colors of the building and better screening, etc.

Commissioner Barcus stated that he agrees with the staff recommendation that we have a good compromise here. The developer has made many adjustments and we should move ahead with approval of the Zone Change, Development Review and the Conditional Use Permit tonight, and he is prepared to vote on that favorably.

Robert Pickels Jr. suggested that if there is a preference to move this forward, there are things that have been identified that could be stated in the recommendation of the Commission to the City Council that wouldn't preclude a vote on this item tonight. It is up to the Commission, but the things you identified can certainly be included in the recommendation to the Council. Vice Chair Levin then stated that she would entertain a motion; we have three motions on page 23.

MOTION: Commissioner Barcus moved to recommend to the Sedona City Council approval of the proposed rezoning as set forth in case number PZ16-00009 (ZC), Marriott Residence Inn, increasing the total permitted lodging units from 121 to 209, based on compliance with the Land Development Code requirements, conformance with the requirements for approval of a zone change and consistency and conformance with the Community Plan and Western Gateway CFA Plan, and subject to all applicable ordinance requirements and the conditions as outlined in the Staff Report. Commissioner Brandt seconded the motion.

Commissioner Brandt stated that he seconded the motion for discussion. Commissioner Kinsella stated that it is unfortunate, at the moment, she would like for the applicant to be able to respond to some of these things and without that response, she feels her hands are tied and she would have to vote against it at the moment based on that lack of information.

Vice Chair Levin asked Commissioner Barcus whether or not he would consider amending his motion so that the reference to the Conditions of Approval would be amended, as he would enunciate them. Commissioner Barcus stated that he is in agreement with the staff recommendation, and the applicant has complied with all of the requirements and is in conformance with what is required on this property. It is the highest and best use, architecturally it is outstanding, and we have a proven partner in terms of Community Development and he shudders to think of what would go in that space if this wasn't approved. This is a developable space in this community and all the ancillary issues related to traffic and Airbnbs are not relevant to this specific item. We need to stick with the facts, stick with the recommendation, stick with what we have before us in a zone change and move forward.

Commissioner Brandt asked if Commissioner Barcus would entertain an amendment to have the Light Reflectance Value 19 and to utilize the extra parking to be space for additional landscaping at the SR 89A entrance. Commissioner Barcus stated that he is not sure how we incorporate that in a recommendation to the City Council, but yes, we could recommend that to the City Council, and the City Council with the assistance of staff and the analysis and recommendations that staff might do at that point, he could accept those two modifications.

Commissioner Brandt asked if those wouldn't be an addition to the Conditions. Vice Chair Levin stated that they would be amendments to the Conditions of Approval. Robert Pickels Jr. explained that what he heard was that was an acceptable amendment to Commissioner Barcus, and Commissioner Barcus stated yes, he would consider that to be an acceptable amendment to the Conditions. Commissioner Brandt then stated that Part B of his statement would be are we a hung jury? Vice Chair Levin stated that the Commission would find out.

Commissioner Mayer stated that he cannot vote for this in that form. There are too many open questions in regards especially, he has a beef with the housing or the units dedicated to the employees, because that would reduce traffic from Cottonwood, because most of the people who work here are probably from Cottonwood or the Verde Valley, so any one person not to have to drive to work means something to him.

Commissioner Klein stated he had no additional comments on the motion or Conditions of Approval. Commissioner Kinsella referenced the Community Plan checklist under Development Standards and indicated that there are several areas where it is not complaint – it is either partially compliant or not compliant, so she would think that there is a way to bring this into further compliance with those, so although she agrees that this is probably a good use, and the design is fitting for the area, and the impact of this one project would overall be minimal compared to other things going on, the lack of affordable housing contribution is a significant part of the lack of compliance and other areas on here. She urges her colleagues to look at the Design Review Manual checklist and the Development Standards checklist and the Community Plan checklist for areas marked either partially compliant or not compliant. The idea is in conformance with the CFA, she agrees, but the individual application has areas that could be approved. Vice Chair Levin asked if the Commissioner had any amendments to the Conditions of Approval and Commissioner Kinsella stated not at this point; she would like additional feedback.

Vice Chair Levin stated that there is a motion on the floor with two amendments regarding the LRV and screening. Commissioner Brandt agreed and asked if it needed to be formalized. Robert Pickels Jr. stated that it is a friendly amendment; it was agreed to by Commissioner Barcus. Vice Chair Levin stated that she is going to call for the vote of those in favor of the motion as read and amended.

AMENDED MOTION: Commissioner Barcus moved to recommend to the Sedona City Council approval of the proposed rezoning as set forth in case number PZ16-00009 (ZC), Marriott Residence Inn, increasing the total permitted lodging units from 121 to 209, based on compliance with the Land Development Code requirements, conformance with the requirements for approval of a zone change and consistency and conformance with the Community Plan and Western Gateway CFA Plan, and subject to all applicable ordinance requirements and the conditions as outlined in the Staff Report and amended.

Vote: Motion failed with two (2) in favor and four (4) opposed. Vice Chair Levin and Commissioners Kinsella, Klein and Mayer were opposed. Chair Losoff was excused.

Vice Chair Levin asked staff if the Commission goes ahead with the other motions, and Audree Juhlin stated no there is no need to go further. Commissioner Brandt then asked if there is a meeting date that we would continue this to, and Audree pointed out that the Commission just took action to recommend denial to the City Council. Robert Pickels Jr. explained that there was not a motion to approve, so the Commission could still continue this and bring this back.

Vice Chair Levin agreed and stated that there were a lot of outstanding issues and areas in which we were requesting feedback, changes and revisions from the applicant, so if we continue this to a time certain, the Commission will have another look at this project and may be better satisfied with a revised project from the applicants, so do we have a date certain to continue this hearing.

Audree Juhlin indicated that we would also want the applicant to be able to be in on that date, and Vice Chair Levin confirmed that Audree wanted to confer this evening to see if that date would work for them. Audree then asked for a 5-minute break.

Vice Chair Levin recessed the meeting at 8:28 p.m. and reconvened the meeting at 8:33 p.m.

Vice Chair Levin indicated that we were talking about a possible date to continue and once we have that date she will entertain a motion to do so. Audree Juhlin stated that staff is recommending May 15th at 5:30 p.m. to continue the public hearing.

Robert Pickels Jr. stated that the applicant's counsel has asked to address the Commission.

Applicant's Counsel Jeff Belilie stated that during the break, he was consulting with his client and it sounded like there were a number of Commissioners concerned with the number of affordable housing units, and that seemed to be the overriding issue from what he heard. He talked with his client and if they were prepared to offer more affordable housing units today, could they get this moved forward – maybe all three action items tonight. He thinks he heard from a couple of Commissioners that really was the key concern, so he has talked with them, and they think they can make five affordable housing units work with the site and the cash contribution. They are willing to entertain a motion for approval with the modification to the number of housing units from two to five with the same cash contribution, if the Commission so chooses to do that. Vice Chair Levin interjected that was \$50,000 for the record and Mr. Belilie stated that was correct.

Commissioner Kinsella asked if staff had a recommendation on whether or not we should continue this evening or since we have a date if it should continue to that date, just based on procedure, policy and other information out there, and Vice Chair Levin added the outstanding information requested. Audree Juhlin indicated there are two options for the Commission – continue it to a date certain which would be May 15th at 5:30 p.m. or if the Commission feels that the significant issue still outstanding centered around housing and if the five units plus \$50,000 would be sufficient to take action tonight or if there are other issues besides the color and landscaping entrance identified.

Commissioner Klein wanted to know where the additional units would be built; we don't have anything in front of us as to where the units are going to be, what are they going to look like; we don't have any plans to look at for these units. Mr. Welker stated that they would be taken out of the hotel units; out of the 88; that is the only option they have, so that would leave 85 rentable units and hopefully that would be acceptable. Mr. Welker asked what the current paint color index is that they are adhering to in the report that meets the standard, and Cari indicated that the current lightest paint color was a 30 LRV, but you had submitted a darker color with a 19 LRV, which would need to be applied to Building B to meet alternate standards; there is a portion of the building that goes above 22 ft. Mr. Welker stated that he thinks they could do that too to address that concern.

Commissioner Klein asked if they would be willing to follow the guidelines recommended by the City and reduce the number of lodging units further, so you would be building 12% housing units. Mr. Welker stated that they would be willing to offer the five units and the \$50,000, with the trailhead, kiosk and trail improvements – that would be what they would be able to offer.

Commissioner Kinsella asked if the increase to the five units does not detract from any of the other public amenities already offered, and Mr. Welker stated no, all of those amenities obviously

benefit. It is a little different situation, because they are not building a standalone multi-family. All of the amenities and improvements that are expensive and costly are provided for these residents also and are different from a different type of situation. Commissioner Kinsella asked if that will still follow that preference order that we talked about before.

Commissioner Mayer asked how many employees are at the Marriott hotel now, and Mr. Welker stated at the Courtyard, they have approximately 35 to 40. The model for the Residence Inn is less employees, with 85 units and being able to take advantage of the adjacent property, it would normally probably be 30, but probably 25. The Commissioner then asked how many employees total together, and Mr. Welker stated that you can do the math; if we have 25 and 40, that is 65, and again, that is seasonal. Sometimes it is less and sometimes it is more. Commissioner Mayer then said five affordable housing for your employees. Mr. Welker pointed out that not all of them want to live there; they don't. Most of them want to get away, in fact, we had to get special permission from Marriott, because they have a mandate that no employees can be housed on site, because they want a separation from work. This is a unique circumstance obviously, so we are trying to work with it the best we can. If we were doing apartments, seven is better than five and five is better than three, but at the other end of the spectrum, in order to make this financially feasible, which is their problem, there comes a breaking point.

Commissioner Mayer stated that as Commissioner Klein explained we have a shortage of workforce here in Sedona as well, so they are going to be fighting for the same people. Mr. Welker said that again not all of them want to live on site. The Commissioner again stated we have a workforce shortage here in Sedona; what does that mean for the quality. . . Mr. Welker interjected that that is something they have to deal with. That is their problem, and it is not just here; it is everywhere. That is something that they don't require the City to participate in, but they are able to adequately do that. They were chosen the last six years as one of the top Marriott developers for quality assurance in the United States, so we have to deal with that question, and we do it efficiently, and just to give you an idea, when we opened the Courtyard, we had more applications for that per jobs there than we've had at any other hotel they've ever opened. They had hundreds.

Commissioner Mayer asked if they did a drug test too and Vice Chair Levin pointed out that the Commissioner was getting off and thanked Mr. Welker. The Vice Chair advised Commissioner Mayer that she was returning it to the Commission for any other questions.

Commissioner Klein referenced his notes from when Mr. Welker did his presentation at a prior meeting and indicated that Mr. Welker said that the Residence Inn would have 30 to 45 employees and the Courtyard has 50 to 75. Mr. Welker stated that again, those are variables based on seasonality; they may go below that and they may go above that; he is giving you an average. According to the Residence Inn model, they will be able to take advantage of some synergies between the two properties being together, so it is going to have less employees, but they would appreciate it, if they could move this forward. If not, if there are too many to your stipulations, they are trying to do everything they can to move this forward, and if not, they would be happy to come back again, but they would like to move it forward, and they think they have addressed some of the most serious issues.

Vice Chair Levin stated that she would entertain a motion if it pleases the Commission. Commissioner Kinsella stated that she would make a motion for approval with the change that was just agreed to. The Vice Chair asked the Commissioner to restate that for the record, and the Commissioner asked for staff's help.

Cari Meyer indicated that she has that Condition 2 under Zone Change would change to say, "The zoning for this property shall allow for a maximum of 206 lodging units", which would be the 121 plus 85, etc. Condition 3A would change to "provision of five employee housing units in compliance with the City's development incentives and guidelines for affordable housing", and

then . . . Vice Chair Levin stated that she didn't think that the 95 number was correct, so Cari repeated her calculations.

Audree Juhlin suggested that perhaps a simpler approach could be that the motion is to "approve the Zone Change based on the recommended language with the addition of addressing lighting, the landscaping screening and changing the number of employee units from two to five and reducing the lodging to 85. Cari clarified that it is the Light Reflectance Value, not lighting, and Audree agreed it was the light color.

Commissioner Kinsella asked if that is sufficient as stated and Robert Pickels Jr. stated yes.

Note: The motion is to approve the Zone Change based on the recommended language with the addition of addressing the Light Reflectance Value, the landscaping screening, changing the number of employee units from two to five and reducing the lodging to 85.

MOTION: Commissioner Kinsella so moved. Commissioner Barcus seconded the motion.

Vice Chair Levin asked for those in favor of approving the motion as amended.

VOTE: Motion carried with five (5) for and one (1) opposed. Commissioner Klein was opposed and Chair Losoff was excused.

Vice Chair Levin asked if the Commissioner's reason for denial was needed and Audree Juhlin indicated that staff has very specific reasons for that denial.

Vice Chair Levin stated that the second item to decide is the staff recommendation for a Conditional Use Permit with the accompanying motion. She then asked for a motion to approve; however, Commissioner Barcus pointed out that Development Review is next.

The Vice Chair then asked for a motion for the Development Review and Commissioner Barcus stated he would make that motion.

Note: The motion in the Staff Report for Development Review referenced by Commissioner Barcus is as follows:

MOTION: "Move to approve the proposed Development Review for the Marriott Residence Inn as set forth in case number PZ16-00009 (DEV) based on compliance with all ordinance requirements and satisfaction of the Development Review considerations and applicable Land Development Code requirements and the conditions as outlined in the Staff Report. Commissioner Kinsella seconded that motion.

VOTE: Motion carried six (6) for and zero (0) opposed. Chair Losoff was excused.

The Vice Chair stated that she would entertain a motion for the Conditional Use Permit.

Cari stated that before making the motion, she would point out that the Commission was given an amended Condition for the Conditional Use Permit that states that if the City Council does not approve the Zone Change, the Conditional Use Permit approval is null and void, so it would be as amended.

MOTION: Commissioner Kinsella moved that based on ordinance requirements as conditioned, general consistency with the Land Development Code and the requirements for approval of the Conditional Use Permit and the compatibility with surrounding land uses and character of the surrounding area, that this be approved as amended. Commissioner Barcus seconded the motion. VOTE: The motion carried with six (6) for and zero (0) opposed. Chair Losoff was excused.

6. **FUTURE MEETING DATES AND AGENDA ITEMS**
a. **Tuesday, May 1, 2018; 3:30 pm (Work Session)**
b. **Tuesday, May 1, 2018; 5:30 pm (Public Hearing)**
c. **Tuesday, May 15, 2018; 3:30 pm (Work Session)**
d. **Tuesday, May 15, 2018; 5:30 pm (Public Hearing)**

Cari Meyer stated that there is nothing for Tuesday, May 1st, so that meeting will be canceled, and on Tuesday, May 15th, we have scheduled the public hearing for the Shelby/Sunset Live/Work CFA, formerly known as the Triple A CFA. Vice Chair Levin asked if that is for the work session, and Audree Juhlin stated that is a work session; however, Cari stated that it is a public hearing. Audree then explained that she thinks it will start at 3:30 p.m., because it is an extensive discussion responding to the Commission's questions and comments.

7. **EXECUTIVE SESSION**

If an Executive Session is necessary, it will be held in the Vultee Conference Room at 106 Roadrunner Drive. Upon a public majority vote of the members constituting a quorum, the Planning and Zoning Commission may hold an Executive Session that is not open to the public for the following purposes:

- a. **To consult with legal counsel for advice on matters listed on this agenda per A.R.S. § 38-431.03(A)(3).**
b. **Return to open session. Discussion/possible action on executive session items**

No Executive Session was held.

8. **ADJOURNMENT**

Vice Chair Levin called for adjournment at 8:45 p.m., without objection.

I certify that the above is a true and correct summary of the meeting of the Planning & Zoning Commission held on April 17, 2018.

Donna A. S. Puckett, *Administrative Assistant*

Date