



**PLANNING AND ENVIRONMENTAL
COMMISSION**
March 14, 2022, 1:00 PM
Town Council Chambers and Virtual on Zoom
75 S. Frontage Road - Vail, Colorado, 81657

1. Call to Order
 - 1.1. Register in advance for this webinar:
https://us02web.zoom.us/webinar/register/WN_tXL0eRs9QKieoSkwg888Jw

After registering, you will receive a confirmation email containing information about joining the webinar.
 - 1.2. Attendance

Present: Ludwig Kurz, Brian Gillette, Rollie Kjesbo, Karen Perez, Henry Pratt, Reid Phillips
Absent: Jenn Bruno
2. Site Visits
 - 2.1. Four Seasons
3. Main Agenda
 - 3.1. A request for a final recommendation to the Vail Town Council on a major amendment to Special Development District No. 36, Four Seasons, pursuant to Section 12-9A-10, Amendment Procedures, Vail Town Code, to allow for reconfiguration of existing accommodation units, fractional fee units and dwelling units, and to amend the Employee Housing Plan to locate a portion of the existing onsite employee housing offsite, located at 1 Vail Road/Lots A-C, Vail Village Filing 2, and setting forth details in regard thereto. (PEC21-0059) 60 min.
Applicant: Four Seasons Resort, represented by Andrew Sellnau
Planner: Jonathan Spence

Planner Spence introduces the project and gives a short verbal introduction on what is included in the staff report. He goes over how since the 2017, when an SDD was last amended, there was only some buildout of what was approved at that time. The floor plans submitted with that amendment were not followed and other units were converted instead of the approved units. The applicant is proposing to amend the unit mix and move Employee Housing Units (EHU) off-site and out of town. The applicants are looking for a decision today, but staff is recommending this item be continued to a future meeting to allow for revision and a holistic approach to the EHU replacement.

Perez wants to know why these units are underutilized. If we allow these units to move out of town how does the Town enforce the deed restrictions?

Spence answers that deed restrictions and housing plans are usually very specific and include a specific unit in question but due to the size of the request that is not available at this time.

Perez says she will wait until after the presentation to ask more questions.

Kurz compliments the narrative and says he still has concerns to be brought up.

Andrew Sellnau asks that Gary Barnett starts the presentation off.

Gary Barnett goes over how they came to own the property, the improvements they made, and how it is now one of the finest hotels in Vail. One of the lingering issues they have not tackled is the EHUs on the site and how they have been underutilized. Employees come with families or pets and do not want to go in double occupancy rooms. They believe the units would be better utilized as hotel rooms and housing would be better for employees outside of town. They believe they've worked well with the town and would like approval as they are getting close to construction season.

Sellnau starts off with the history of the SDD in 2001 and as amended in '03, '05, and '17. The EHUs were conceived and built to house 56 employees. They have not seen dorm rooms used in other areas of town. Town code currently has a minimum of 200SF per employee, these dorm rooms are 166SF per person and don't meet the current code as it was changed after their original approval. The dorms don't have kitchens, so employees have to cook in the microwave, or they can use the on-site employee cafeteria for their meals. Three meals are provided daily. The dorms have Jack/Jill bathrooms between units, so they service four employees per bathroom.

Pre-covid and post-covid the dorm rooms are used and desired by J-1 program employees but have not been found to be desired by those that come with families or pets. These units are useful for visa employees throughout the year, so we plan to keep half of them on-site. The dorms will house about 12% of the employees who are more transient than the majority of employees. Where these units are not useful is for year-round and long-term employees. Looking at options for how to repurpose them the best way to develop them is into hotel rooms. If they were to be repurposed into alternative employee units, they would significantly restrict in unit configuration and number of replacements.

The price has been maintained at \$600/mo per employee and that amount has not changed over the years.

Sellnau goes over the chart of the utilization. They have never been able to meet the requirement of having a full 56 employee occupying the units. They would like to see the utilization at 100% but are significantly short of that. They would like to achieve three things, come up with a solution of unit utilization, change the unit mix of the hotel, and find units off-site to meet their employee housing requirement.

They've met with the VLHA on three occasions and made amendments to the plan accordingly. They've looked at this over the last five years as the units have not been fully occupied and believe that Vail has changed over the time since these units were built. That at one point Vail was very seasonal and hotels could run off of seasonal employees, but now that Vail is

more year-round, a need for year-round employees and housing for them, has emerged. The proposal that has gone through three iterations. First was replacing the 16 units on site with 16 bedrooms offsite, from Vail all the way to Edwards through master leases on those bedrooms. The feedback was that master leases was not a good idea and difficult to ensure that was provided on a consistent basis. The second proposal was to replace 16 units with 16 deed restricted bedrooms. The VLHA said that the replacement should be based on employees not bedrooms. Now the latest, and current, iteration is to replace 32 employees with 32 employees based on the bedroom equivalency chart in town code.

To abide by this chart the change from dorm rooms to bedrooms would come with an increase in square footage. Sellnau goes over how town code has changed since these units were originally developed and currently how larger square footage is required. In addition to looking at replacing these in the Town Four Seasons needs to look outside of the town in order to make this successful. They believe it would be a significant challenge to find this amount of deed restrictions within Town limits. Numbers from the Vail Indeed program are given in relation to the success of the program. The applicant believes Vail Health struggled with this and thus paid a fee in lieu. They relate to recent Town ballots and Council questions about whether money or units could be used or found outside of Town.

Four Seasons is not proposing to remove all the units outside of town, just 16 out of 28. The other 12 would remain in the building. They plan to ask employees if they could purchase deed restrictions on the homes that the employees currently own. They could also try to provide a down payment assistance to employees that are currently renting so that they could move into a home that would then be deed restricted. If units were still needed, they would then go to outside owners to purchase a deed-restriction and, hopefully, getting a master lease on those units if they came up for rent.

Approximately 70% of their employees live outside of Vail and in order to get deed restrictions on their homes Four Seasons would need to be able to provide deed restrictions outside of Vail. Limiting it to the Town of Vail would be unworkable and would not solve the underlying issue that is faced. They would like to find a solution immediately. The proposal is that up-to 32 employees would be able to be provided off-site. Sellnau gives examples of how the numbers would work on a rolling basis. As units are provided off-site the on-site equivalency would be able to be remodeled into accommodation units.

The purpose of doing it through an SDD process is because they are in an SDD and must do so. It also allows for some leniency through the SDD process, and their proposal can be flexible. Goes over some of the criteria for an SDD amendment and how the proposal is meeting the stated criteria. Allowing them to go off-site would be a chance to preserve units in the valley for employees rather than short term rentals. They are unaware of other properties that have attempted to move this many units off-site and the challenges that provides. For that reason, using the deed-restriction program that requires a multiplier should not be applicable in this situation.

More criteria are gone through and how this proposal is meeting them. Going from unoccupied and underutilized dorm rooms to new deed restricted housing will not increase foot or vehicle traffic. If the units were occupied it would be increasing traffic, but as they were empty, it would not actually increase the traffic from how it exists today.

A slide is shown on the “summary and benefits” of the proposal. The net effect of this is that the square footage will increase and the misconception of how employees will be housed in the 2020s will be corrected.

Applicant presentation is over.

Perez found the presentation was disturbing as they have been checking the box that they were meeting the deed restriction when the units were sitting vacant for more than three months, which is the maximum allowed in Town Code. Why did they wait so long to come to the Town to fix the situation if it has been going on for five years?

Sellnau says that they were preoccupied with fixing the interior issues to the hotel and to fix the other units to get ready to sell them and fix the unit mix from hotel keys to produce occupancy. They also thought perhaps that the underutilization was due to the lack of business at the hotel. But saw as business picked up the occupancy of the EHUs did not follow suit.

Perez asks why not reconfigure the existing on-site EHUS. Perez is concerned with decreasing onsite and in the building housing. Have you used “best efforts” instead of what you said you did, which is that a “reasonable” effort was made?

Sellnau said it is impossible to reconfigure the EHUs without significant reduction in hotel rooms.

Perez says you’re essentially asking for a variance. One of the things you’re looking at is providing housing for families. Your units now would provide housing for two employees and you’ll be going to one with a family and be housing less of your employees. It makes Perez uncomfortable that the Town would not have jurisdiction to require these deed restrictions to be followed. We would like you to go back and develop a more comprehensive plan that says we’ve approached employees and have solutions compared to just ideas of how this will be accomplished. The proposal is not sufficiently definite to show that you are able to meet the requirements.

Barnett says that they would only end up with 3 or 4 units that would work with reconfiguration of the existing units. We still have on-site housing, but it would be a shame to not increase the value or utilization of the units by changing them.

Perez says the housing crisis isn’t new and that this should be an “and” solution and not an “either/or”. Saying we aren’t adding car trips because they are underutilized isn’t an argument because the existing units should currently be utilized.

Pratt asks if the SDD requirement is based on beds, units, or square footage?

Spence says it mixed over time, it was based on square footage and beds with previous code language but was always an employee requirement in essence. The difference was how it was calculated. The choice to go from dorm to a larger unit with multiple bedrooms adds square footage per the table but is not above and beyond the requirement. Staff watched the VLHA meeting, and the VLHA said they would come back with a written recommendation, but that was not presented or approved at subsequent

meetings.

Pratt asks if the EHUS turned to AUs would be accessed by the existing balcony or from inside the hotel.

Sellnau states that they would be accessed from the inside.

Pratt, if the original requirement was based on square footage, and you remodeled to different units, but kept the same square footage, that he would be in favor of that approach.

Sellnau, believes that is not how the SDD reads, and that they have to provide 28 type 3 EHUs and have to provide housing for 56 employees. The square footage amount was removed in 2003 and switched to employees.

Pratt would be in favor of keeping the same square footage and just mixing the type of units provided.

Sellnau seems to think there would be a significant requirement still left over.

Perez adds that it would be an "and" solution and would be in addition to other units.

Barnett asks whether that would be the best use or not.

Perez adds that having fewer units occupied would be an improvement from where you said you are today.

Barnett said that the costs could be too much for the benefit received. The remodel would cost too much for too little gain.

Pratt asks about the multiplier for an EHU conversion as mentioned in the staff report.

Spence adds that the deed restriction exchange program is there for the review of relocating existing EHUS to different location. He explains the idea of core area housing, core to core movement of EHUs is mitigated at a square foot ratio of 2:1, core to outside core is a ratio of 3:1 that must be provided.

Kjesbo asks that when an application is proposing a major amendment to an SDD do they have to come into compliance with current code?

Spence states that the current code is the barometer we use to review applications and make recommendations.

Kjesbo, so the dorm units today wouldn't meet the requirement today?

Spence, correct.

Kjesbo was on PEC in '03 and '05. The benefits when PEC approved the Four Seasons SDD was the housing on site. Now the proposal is to move 57% as far down valley as Edwards. The rules have changed, and the adjustments needs to meet code. Highline was just approved with dorm rooms and if we approve this, they could come in with an application to do the same thing and move their required housing down valley. We approved 5000sf of housing on site and that was the major benefit of the SDD.

Kurz was in this same chair 20 years ago when this was approved. He remembers how after serious negotiations the town was all happy with the results. It put employees in the middle of town with no need for cars and was self-sustained. They thought this would make a huge impact and he believes it did. We applaud you on sticking with those negotiations, but now we are turning this around by having people live as far away as Edwards. By moving more people down valley there is a direct impact with parking and transportation. I understand the upgrade of the units is important, but the proposed cost would be significant. He looked at the schedules and it could have been a management issue as to why employees didn't stay in the units. There could have been things done different to allow them to stay. Offsite as far as Edwards is not in the best interest of the community. He agrees that Vail has changed.

Pratt asks about some of the AUs going to DUs and how the proposal states that they will be in the rental program, are they required to be?

Sellnau responds that they are not required to be. Out of the 12 DUs from last time that were converted they have 11 that are still in the rental program. More guests are looking to stay in condos or homes similar to Airbnb and VRBO. They find that guests still like the amenities of the hotel mixed with those more livable units. The concern that the condos would be sitting there empty has not been realized.

Pratt says how they alluded to Vail Health used the pay in lieu, and that should be an option here as well. Agrees that the remodel of the on-site units would be best.

Phillips says how you've made no accommodation for employee parking on site.

Sellnau employees either carpool or use public transportation.

Phillips asks if employee parking is provided on site?

Sellnau says there is no parking dedicated to employees on site.

Phillips says that this proposal is basically to create an EHU pathway for some of your employees with houses down valley to restrict them as EHUS, correct?

Sellnau says yes, they live there today but they could sell to someone else or create a VRBO tomorrow and it would no longer be employee housing.

Perez, the proposal is basically to utilize what is already there, not adding the housing stock.

Sellnau says that's true, but no guarantee that those non-deed restricted homes will not be sold to someone who is not an employee. We see tremendous turnover and people cycle from hotel to hotel and place to place. We see a fair amount of turnover year in and year out and if they relocate, they'll sell their home.

Pratt, they could sell the deed restricted housing to people that work someone else, and that housing is gone for the Four Season and possibly the town.

Sellnau whoever lives there would have to work in the town.

Perez it doesn't meet the Four Season obligation then. These units are for Four Seasons employees.

Barnett, we intend to provide that housing to put less burden on the housing base in the Town of Vail.

Pratt corrects the record that there was a housing problem 44 years ago, not just 20. Kjesbo concurs.

Kurz asks how likely that inventory is available for deed restrictions?

As a further example of another option Spence says you can buy a deed restriction or you can buy a house, put a deed restriction on it and hold the house as a financial asset and use it for employee housing.

Barnett asks if anyone looked at what it costs to buy in Vail lately.

Sellnau, said they could do that in the proposal as it is stated today.

Perez says it would be more palatable.

Barnett says it would be difficult to do except outside of Vail.

Public comment is opened and closed with no public comment.

Pratt clarifies that the motion is based on what was presented today.

Karen Perez moved to send a recommendation of denial. Rollie Kjesbo seconded the motion and it passed (5-0).

Abstain: (1) Gillette

Absent: (1) Bruno

- 3.2. A request for a recommendation to the Vail Town Council for a Prescribed Regulation Amendment pursuant to Section 12-3-7 Amendment, Vail Town Code to amend Section 12-14-17 Setback From Watercourse and add a new Section 12-21-17 Riparian Protection and Waterbody Setback Regulations, Vail Town Code, to change the waterbody setbacks, and setting forth details in regard thereto. (PEC21-0043) 45 min.

Applicant: Town of Vail, represented by Pete Wadden

Planner: Greg Roy

Planner Roy introduces the item and summarizes the changes from the previous meeting.

Peter Wadden is the Watershed Education Coordinator. Wadden summarizes the changes made from the last meeting. He talks about the objectives of the stream corridor protection ordinance. He talks about the proposed corrections process. He talks about the policy in the Gore Creek Strategic Plan. He talks about the number of non-conforming buildings and acres protected under various scenarios. He talks about why staff recommends a 25' setback.