

PROJECT NARRATIVE
for
CANYON DEL RIO
ZONING MAP AMENDMENT

83 Net Acres Located at Butler Avenue and Fourth Street
Flagstaff, Arizona

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Prepared for:
Canyon del Rio Investors, LLC

Date: February 27, 2019

PROJECT NARRATIVE

1. BACKGROUND & HISTORY.

Canyon del Rio, located generally southwest of the intersection of Butler Avenue and Fourth Street, was originally conceived and zoned by WL Gore & Associates (“Gore”) in 1984 as a [316] acre mixed use development, with primary zoning designations allocated between: (i) single family housing; and (ii) office/research and development facilities (“1984 Plan”). A Site Plan depicting Canyon del Rio’s original configuration accompanies this Narrative as **Exhibit A** (“Site Plan”). Parcel references in this Narrative will relate to the Site Plan.

Gore abandoned development of Canyon del Rio in the late 1980’s, and Canyon del Rio, then owned by the State of Arizona (“State”), remained undeveloped and inactive until 2002, when the current applicant, Canyon del Rio Investors, LLC (“CDRI”) purchased substantially all of Canyon del Rio from the State at auction.¹ Between 2002 and 2008, CDRI sold Parcels A, B and C (which lie north of Butler Avenue), and Parcel M, which lies east of the anticipated Fourth Street right-of-way, to third-party purchasers.

CDRI retained the entire ‘core’ portion of Canyon del Rio, approximately [262] acres, which lies south of Butler Avenue and west of the anticipated Fourth Street right-of-way as depicted on the Site Plan (“CDR Core Property”). The CDR Core Property is currently undeveloped, and aside from dirt roads and paths (which include the anticipated Fourth Street and Harold Ranch Road rights-of-way), the CDR Core Property exists today in its natural/forested condition.

Following CDRI’s acquisition of Canyon del Rio, CDRI began discussions with the City of Flagstaff (“City”) relating to the 1984 Plan and, specifically, the land uses permitted under the zoning designations established by the 1984 Plan. Despite good faith efforts, CDRI and the City were unable to reach agreement and lawsuits were filed in both Coconino and Maricopa Counties (collectively, “CDR Litigation”). In 2013, the City and CDRI were able to resolve their differences, without protracted litigation, and entered into a Settlement Agreement (as amended, “Settlement Agreement”).

Pursuant to the terms of the Settlement Agreement, the City and CDRI agreed to amend the Zoning Map covering approximately [83] acres of the CDR Core Property (collectively, “Rezone Parcels”)² in the manner described in the pending Application for Zoning Map Amendment

¹ The State retained Parcels D and L, which lie south of Butler Avenue and east of the anticipated Fourth Street right-of-way. The State still retains title to Parcels D and L, and Parcels D and L are not included as part of the current Application.

² The Rezone Parcels include Parcels [E-1, E-2, F, G, H, J-1, J-2, K-1, K-2, N, O and P] as depicted on the Site Plan.

(“Application”). City Staff has determined that the Application, and the proposed new zoning for the Rezone Parcels, complies with the City’s Regional Plan 2030.

The balance of the CDR Core Property, approximately [179] acres, will maintain the zoning designations created under the 1984 Plan, as updated by the City’s 2011 Zoning Code.

In addition to fully resolving the CDR Litigation, the Zoning Map Amendment contemplated by the pending Application will bring the following material benefits to the City’s residents and the Flagstaff community as a whole:

- Substantial developer contributions to much needed regional infrastructure, including the Butler Avenue and Fourth Street intersection, the I-40/Butler Avenue Interchange, the Butler Avenue/Peak Point Signal and many other regional public infrastructure and roadway projects.
- The installation of a material segment of Fourth Street south from Butler Avenue, together with associated utility (water and sewer) infrastructure.
- The development of significant and much needed high-quality housing within the City’s “core” which will be focused on an important and underserved segment of the City’s year-round resident population.
- The development of neighborhood retail facilities that will serve the area’s residents and generate incremental sales tax revenue for the City.
- The construction and installation of important new well and water storage facilities that will be controlled by the City.
- The conveyance of Parcel Q-3 to the City (at no charge) for the purpose of Workforce Affordable Housing.
- The completion and dedication of that portion of Harold Ranch Road that lies within the CDR Core Property and provides access to hundreds of City residents that live south of Canyon del Rio.
- The establishment of paved and dedicated access to the Coconino Humane Society facility that currently utilizes unpaved portions of Fourth Street south of Butler Avenue for access under a revocable license granted by CDRI in 2002.
- The addition (and permanent preservation) of approximately [54] acres of open space generally located around the Rio de Flag, with significant additions and upgrades to the City’s Urban Trail (FUTS) System.

The City’s development and zoning staff, and CDRI’s owners and land planners, have worked diligently over a several year period to create a zoning and development master plan for the CDR

Core Property that makes sense under current market conditions, respects the CDR Core Property's unique and challenging topography, and insures that the CDR Core Property will pay for its anticipated impact on public infrastructure.

The proposed zoning and development plan for the CDR Core Property will enhance the beautiful environment that makes Flagstaff such a unique city. It will create a vibrant, centrally located and inviting *“live, work and play”* addition to the City's portfolio of residential communities while simultaneously bringing critical infrastructure and attracting new and existing residents for many years to come. 35 years after the 1984 Plan was conceived, the time has now come to proceed with the entitlement and development of Canyon del Rio, and the pending Application reflects the “correct” approach that will enable future generations in Flagstaff to say *“I am proud to live in Canyon del Rio.”*

2. THE PROPERTY.

The CDR Core Property maintains significant frontage on Butler Avenue. The anticipated Fourth Street right-of-way south of Butler is owned by CDRI and is part of the CDR Core Property. The Rezone Parcels, which are the subject of the pending Application, generally comprise the northeast quadrant of the CDR Core Property, bordering on Butler Avenue and the anticipated Fourth Street right-of-way, all as depicted on the Site Plan.

The CDR Core Property's neighbor to the west is Little America. The Little America truck stop is approximately 1,175 feet from the CDR Core Property's west border. To the east, the CDR Core Property is bordered by Parcels D, L (State land) and M (Four Square Church) and various privately-owned and State land parcels which are undeveloped. Properties to the north include the Pinehurst Apartments and a few undeveloped parcels. Except for a few residences to the south, and the apartments on the north side of Butler, the immediately bordering land is vacant/undeveloped. Black Bart's RV Park does not border the CDR Core Property, it is on the north side of Butler Avenue, approximately 660 feet from the CDR Core Property. The Sinagua Heights residential community does not border the CDR Core Property. The distance between the CDR Core Property and Sinagua Heights along Butler Avenue is 1,074 feet.

The CDR Core Property presents a challenging topography for development. The site ranges in elevation from approximately 6,780 feet to approximately 6,894 feet above sea level with hard rock ridges, small plateaus, washes, and valleys rolling through the property. Native Ponderosa Pine forest is the predominant condition of the site although there are trails traversing the area and a segment of the anticipated Harold Ranch Road right-of-way crosses through a part of the southern portion of the site. The southern portion of the site is traversed by the Rio de Flag and electric transmission lines. The bottom of the Rio de Flag canyon is largely devoid of trees and generally covered with native grasses and shrubs. Two sets of overhead electric transmission lines that transmit 69 and 12.4 kilovolts of power, on 40 to 60 foot poles, cut through the southern end of the site from east to west.

Trails on the site range from “jeep” trails for access to the utility easements on the property, to “single track” and “jeep” trails with no associated land rights, to the Foxglenn FUTS trail that traverses the property east to west and terminates at Harold Ranch Road. Rio de Flag runs through a part of the southern portion of the site running from southwest to northeast through a small canyon. Although the site is vacant, trespassing is a frequent occurrence, with unauthorized/illegal camping prevalent most of the year. Litter and waste have been dumped throughout the area by illegal campers for years, creating a nuisance that the development of the site will resolve.

CDRI’s owners have incurred significant expenses, and have worked closely with local land planners, engineers and neighbors, to create a development plan for the CDR Core Property that respects and incorporates the site’s natural beauty and topography, and will complement and enhance the City’s existing regional infrastructure.

3. THE LOOK & FEEL OF CANYON DEL RIO.

Development within the CDR Core Property will have architecture characterized by a "Modern Mountain" style that utilizes exposed heavy timber elements, varying roof lines, stone veneer and wood siding materials, and iron hardware and details on signage. The accompanying Graphic Booklet provides specific examples of the project’s conceptual design ideas for buildings, along with concepts for signage and streetscapes and related community amenities.

4. DEVELOPMENT AGREEMENT & BLOCK PLAT.

In conjunction with the Application, CDRI is also processing a Block Plat and a Development Agreement. The Block Plat and Development Agreement will cover and affect the entire CDR Core Property (as opposed to just the Rezone Parcels that are covered by the Application). The Application, the Block Plat and the Development Agreement will be approved as a single, integrated package, governing the zoning, entitlement and development of the entire CDR Core Property.

The Block Plat will confirm the Parcel boundaries, internal (collector) road locations and Parcel zoning. Prior to actual development, a separate “Final Plat” will be required for each parcel that complies with the Development Agreement (as outlined below) and the City’s other development guidelines.

The Development Agreement will be the document that governs the actual development of the CDR Core Property, including required public infrastructure payments, and associated development and installation phasing. Highlights of the Development Agreement include:

- the installation and dedication of an important segment of Fourth Street south of Butler Avenue;

- improving the regional water system by, among other things, creating a water “loop” that will benefit the entire geographic area;
- funding the construction of additional wells and water storage facilities;
- in conjunction with the City, funding much needed improvements to Butler Avenue and Fourth Street which will raise and widen the intersection and address reoccurring flooding issues;
- in conjunction with the City and ADOT, funding much needed improvements to the I-40/Butler Avenue Interchange;
- the improvement and dedication of that portion of Harold Ranch Road that traverses the CDR Core Property; and
- the donation of land for Affordable Workforce Housing.

5. SPECIFIC ZONING & LAND USE RESTRICTIONS.

Approval of the Application will amend the existing RD Zoning, which covers all of the Rezone Parcels, as follows:

- Parcels **[E-1, E-2, F, H, K-1, and K-2]** (approximately 25.7 acres) will be rezoned to HC-Highway Commercial;
- Parcels **[G, N, O and P]** (approximately 27.7 acres) will be rezoned to MR-Medium Density Residential; and
- Parcels **[J-1 and J-2]** (approximately 30 acres) will be rezoned to HR-High Density Residential.

Parcels I, Q-1, Q-2 and S are not part of the Application and are already zoned with applicable residential designations. Parcels Q-3, R-1, R-2, R-3, R-4, and R-5 are not part of the Application and are already zoned MR.

If the Application is approved, the zoning category totals for the entire CDR Core Property (262 acres) will be:

- | | |
|----------------------------------|------------------|
| ➤ R1-Single Family Residential: | 38 acres |
| ➤ MR-Medium Density Residential: | 107 acres |
| ➤ HR-High Density Residential: | 30 acres |
| ➤ HC-Highway Commercial: | 26 acres |
| ➤ Tracts: | 33 acres |
| ➤ Right-of-Way | 28 acres |
| | 262 acres |

54 acres of open space are distributed within the R1, MR, HR, HC, and Tracts.

The Zoning Map Amendment proposes uses including: Office/Retail and Retail uses in the HC-Highway Commercial zone Parcels, attached Residential uses in the MR-Medium Density Residential zone, attached Residential/Multi-Family/Apartment uses in the HR-High Density Residential zone, and detached Residential uses in the R1-Single Family Residential zone. These are anticipated uses, but any use that is allowed within the zoning category, unless specifically excluded by the Development Agreement, will also be allowed.

Within the zoning categories outlined above, and subject to change based on prevailing market conditions and demand, CDRI anticipates the following specific uses on a Parcel-by-Parcel basis:

- **Parcels E1 and E2:** Primarily office, with the potential for a combination of retail and office.
- **Parcels F, H, K1 and K2:** Primarily retail, with the potential for a combination of retail and office.
- **Parcels G and N:** Attached residential units.
- **Parcels I, Q1, Q2, R1, R2, R3, R4, R5 and S:** Detached single family residential.
- **Parcels O and P:** Parcels O and P will be zoned MR (medium density residential), however, CDRI is evaluating the Parcels for potential school (Parcel P) and potential Church use (Parcel O).
- **Parcel Q3:** This Parcel will be donated to the City by CDRI for Affordable Housing development through the City's Affordable Housing program. Parcel Q3 represents approximately 5% of the residential density of the CDR Core Property and satisfies the City's Affordable Housing requirements for a multi-use development like Canyon del Rio.

Generally, uses within the CDR Core Property follow a pattern of decreasing density, with the highest densities and intensity of use (retail, office and apartments) commencing at the intersection of Butler Avenue and Fourth Street, with intensities decreasing (attached and detached single family) as development moves to the west and southern portions of the Property.

Overall use restrictions will be established by the City's zoning code and applicable state and federal laws. CDRI also anticipates recording comprehensive Covenants, Conditions and Restrictions ("Master CC&Rs") covering the CDR Core Property in order to maintain continuity and uniformity within the development. The Master CC&Rs will be recorded after the zoning process is complete, but before the first Parcel is conveyed to a third-party purchaser. The Master CC&Rs may also cover the adjacent property held by the State (Parcels D and L) and/or

Parcel M (owned by the Four Square Church). Whether Parcels D, L and/or M become subject to the Master CC&Rs will be determined by future negotiation between or among CDRI and the Parcel D, L and M owners.

The Master CC&Rs will provide commercially standard guidelines and rules insuring the Property is developed in a uniform manner that complies with the Development Agreement and reflects the Property's unique characteristics, benefiting all Parcel owners. The Master CC&Rs will also provide for the formation of a Master Association that will maintain specified common areas and common area improvements within the CDR Core Property, and administer the Resource Bank (as defined below), together with an assessment mechanism to fund anticipated maintenance, repair and replacement expenses. The Master CC&Rs will prohibit the following uses anywhere within the CDR Core Property: Adult Entertainment, Flammable Liquid and Bulk Fuel Storage and Sale; Vehicle Impound Towing Yard; Commercial Campgrounds, Equipment Rental Yards, Mobile Homes and Recreational Vehicle Sales and Service.

Individual Parcels within the Property may also be subject to separate recorded covenants, conditions and restrictions ("Sub-CC&Rs"). The Sub-CC&Rs will establish Parcel specific rules and restrictions, and also provide for the formation of Parcel specific associations – in most cases, Homeowner Associations relating to the Property's single-family and condominium communities.

6. SPECIFIC BENEFITS TO THE CITY AND ITS RESIDENTS.

A. Public Services & Infrastructure.

The proposed development of the CDR Core Property will develop and enhance essential public services such as water, wastewater and storm water infrastructure. For example, the Development Agreement will require installation of the following public improvements:

- 4,000 linear feet of new 12" sewer line;
- 6,000 linear feet of new 8" sewer line;
- 5,400 linear feet of new 20" water line;
- 11,400 linear feet of 12" water line;
- 134,000 square feet of new sidewalk (and related landscaping); and
- 52,500 square yards of new pavement (including the crucial installation of Fourth Street south of Butler Avenue).

In addition, the Development Agreement will require the contribution of \$1,935,204 for the design and construction of off-site improvements on Butler Avenue and Fourth Street that the City will be installing, which also includes \$662,422 for improvements to the Butler Avenue and I-40 interchange.

The required improvements to the Butler Avenue and Fourth Street intersection, including traffic signal and flood control upgrades, will dramatically improve traffic flow and traffic safety, thereby improving emergency service response to this area of Flagstaff. Also of significant importance is the construction of Fourth Street south of Butler Avenue which will address safety issues at the Butler Avenue and Fourth Street intersection and establish a vital component of the ultimate link to John Wesley Powell Boulevard.

The Development Agreement will also require material land contributions (well and storage facility sites), and financial resources for wells, water storage and related maintenance over the next 20 years. Construction of a well site on the CDR Core Property will enhance the City's overall water supply for not just Canyon del Rio, but the entire city water system. \$667,943 is designated in the Development Agreement as the CDR Core Property's payment for water storage and 20 years of operation and maintenance. This payment for water storage will provide 428,000 gallons of additional water storage to the City's water system. Another \$1,300,000 contribution by the CDR Core Property to the City will go towards a secondary water supply that will improve the City's water system that is much needed for the water quality of not just the CDR Core Property, but also the immediate surrounding area. Water lines that will be installed on the CDR Core Property will also bring water availability to the perimeter of the Property, thereby making possible future connections to other surrounding properties, including the eventual connection of John Wesley Powell Boulevard to Fourth Street.

Additional benefits to the city are summarized in Exhibit B.

B. Community Benefits.

In addition to the specific public service and infrastructure benefits outlined above, approval of the Application will bring significant additional benefits to the City and its residents. These benefits include:

- Much needed housing alternatives for the City's year-round residents, across multiple income levels and demographics.
- The construction of Fourth Street south of Butler Avenue, resolving current traffic issues at the Fourth Street and Butler Avenue intersection and facilitating the future link to John Wesley Powell Boulevard.
- Improving traffic flow along Butler Avenue and resolving current flooding issues at the Fourth Street and Butler Avenue intersection.
- Providing paved and dedicated access to the City residents that currently use Harold Ranch Road to access their homes.
- Providing paved and dedicated access to the Coconino Humane Society.

- Expanding the City's FUTS program.
- Donating Parcel Q-3 for Affordable Housing.
- Incremental Property and Sales Tax revenue that will benefit the Flagstaff Unified School District, the Flagstaff Police Department, the Flagstaff Fire Department, Parks and Recreation, the Flagstaff Courts, Water, Sewer, Lighting, Open Space, Recreation programs, Fire facilities as well as Coconino County entities such as: Coconino Community College, the Sheriff's office, Parks, the Courts, the Public Defender's Office, Libraries, Public Health Services, the Flood Control District, and the Joint Vocational Tech Institute.

While final sales and property tax calculations cannot be made until the Final Plats are recorded and final users are in place, general estimates and examples are provided below:

Property Tax Example: Using 2018 tax rates, a home valued at \$300,000 would pay \$227 to the City in primary taxes, \$227 in secondary taxes, and \$751 to the Flagstaff Unified School District. Applying these amounts to 573 single-family lots, approximately \$260,000 will be generated in primary and secondary taxes to the City per year and approximately \$430,000 will be generated each year for the Flagstaff Unified School District.

Sales Tax Example: Commercial/Retail businesses in CDR will generate perpetual sales tax revenue. Using \$7.50/square foot/year multiplied by 116,741 square feet of retail, in just Parcels K-1 and K-2, equals \$875,557 per year sales tax generation. Parcels E-1, E-2, F, and H are anticipated to be Office/Retail uses and would contain about 105,416 square feet of building space which could generate an additional \$790,620 per year in sales tax.

Sales Tax Example 2: Each home sold in CDR will generate approximately \$17,500 in sales tax multiplied by 573 homes for a total of \$10,027,500. Taxes will also be generated from CDR on contracting, utilities, telecommunications, and telephone service providers.

Utility Fee Example: CDR residents that use electricity, natural gas, water-sewer-garbage, telephone-internet, and cable tv-satellite services will pay City sales tax on those utilities at the rate of approximately \$62,000 per year for the single-family residents and approximately \$71,000 per year for the multi-family residents.

Permitting Fee Example: Each home built in CDR will generate approximately \$3,500 in permitting fees multiplied by 573 homes for a total of \$2,005,500. And a per home water meter fee of \$9,847.58 will generate \$5,642,663 from 573 homes.

C. **Addressing Community Concerns.**

As a result of the Neighborhood Meetings that took place at Sinagua Middle School on July 26 and 28, 2018, the following solutions are being offered by CDRI to address neighborhood concerns:

- Trees along Butler Avenue and Fourth Street will be preserved as much as possible, with the stipulation that the right-of-way for Butler Avenue and Fourth Street are being widened from their current widths and raised from their current elevations requiring the removal of some trees in conjunction with the construction of these roads.
- Loading docks will be shielded to reduce their visibility and noise to the surrounding area.
- Retail and Office floor space coverage has been proposed at .20 FAR, lower than what is allowed per City code.

7. **THE CDR CORE PROPERTY IS SUITABLE FOR THE PROPOSED DEVELOPMENT.**

The Application includes a Traffic Impact Analysis, a Drainage Analysis, a Water and Sewer Analysis, and other information and engineering that addresses and confirms the CDR Core Property's suitability for each of the proposed uses, including design, location, shape, size, operating characteristics, public and emergency vehicle access, public services and utilities. The proposed uses will not endanger, jeopardize or otherwise constitute a hazard to the CDR Core Property or neighboring properties.

8. **RESOURCES.**

Approval of the Block Plat will determine where some common resources and common space will be located. Every Parcel within the CDR Core Property will be allowed to share forest resources to achieve the amount of forest resources that are required of that Parcel by the Development Agreement and/or City requirements. A "Resource Bank" will be established and maintained by the Master Association, and coordinated with the City, in order to protect the site's resources and to keep an ongoing accounting of available resources and which resources have been allocated or shared between or among specific Parcels.

9. REASON FOR REQUEST.

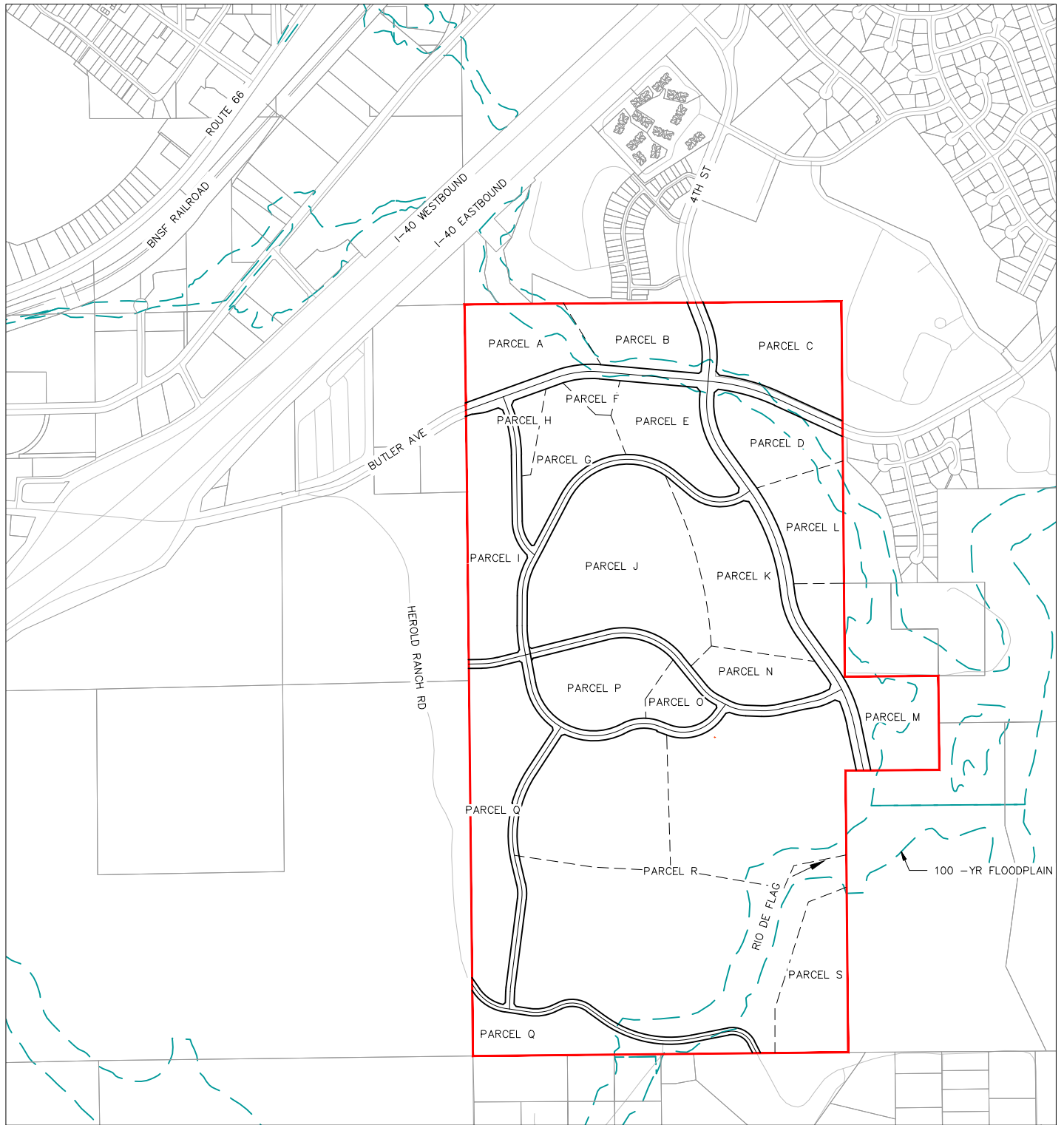
The 1984 Plan was based on Gore's intended development and use of Canyon del Rio. Gore abandoned that plan, and the CDR Core Property has remained undeveloped for almost 35 years.

After CDRI acquired Canyon del Rio in 2002 and began the process of assessing market and product demand in the Flagstaff area, it became quite clear that 83 acres of RD (office/research and development) Zoning created an insurmountable obstacle to development based on lack of demand in the Flagstaff area for that volume of office product. In turn, with the expansion of NAU, and its student population, faculty and supporting businesses, combined with the overall expansion of Flagstaff's full-time resident population, demand for a mixed use development, of the type currently proposed, increases on an annual (even monthly) basis.

While CDRI and the City initially disagreed regarding the scope of development permitted under the 1984 Plan, the Settlement Agreement resolved that disagreement and the Application represents the culmination of CDRI's work with the City to implement the Settlement Agreement and provide for a new mixed-use development that will bring long lasting benefits to the City and its residents.

10. CONCLUSION.

The Application is consistent with the City's Regional Plan designation of Suburban-future and Urban-future with a Suburban Activity Center and an Urban Activity Center on Butler Avenue. Approval of the Application, the Development Agreement and the Block Plat will also fully and finally resolve the Litigation. For all of the reasons outlined above, proceeding with development of a mixed use, diverse, master planned community with appropriate uses, open spaces and amenities, and the infrastructure that comes with it, will be beneficial to the area and the community. CDRI respectfully requests the City's approval of the pending Application.



— CDR SPECIFIC PLAN 1984
(331 ACRES)



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Shephard Wesnitzer, Inc.

JOB NO.	13184
DATE	FEB 19
SCALE	1"=1000'
DRAWN	SCI/KMF
DESIGN	SCI
CHECKED	SCI

CANYON DEL RIO

FLAGSTAFF
ARIZONA

SHEET

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OF 1

EXHIBIT A

EXHIBIT B

Conformance to Flagstaff's Regional Plan Goals

The proposed development of CDR seeks to achieve conformance with the Goals and Policies of applicable provisions of the City's Regional Plan. Examples of various Goals and Policies that are being satisfied by this Application are summarized below.

CDRI's proposed mixture of uses replaces the existing entitlements' business office park land use, these new proposed uses will ensure these Parcels realize their full potential by providing sustainable, desirable land uses. CDR and the City will benefit from the sustainable land use mix by creating a land use plan that is more marketable, thereby getting closer to realizing new infrastructure, enhanced rights-of-way and public spaces, by development of this underutilized property with a new mixed-use development.

The CDR Zoning Map Amendment is oriented toward the Regional Suburban Activity Center (S18) located at the corner of Fourth Street and Butler Avenue per the Flagstaff Regional Plan.

CDR conforms to the approved Flagstaff Regional Plan 2030 and the FMPO Blueprint 2040 Regional Transportation Plan with the proposed improvements to the frontage of Butler Ave. and Fourth Street. Fourth Street south of Butler has been identified as a "new road" in the Build-Out Plan map and as a "Potential Partnering Project" in the 20 Year Program map. Further, both Butler and Fourth Street are described as "Minor Arterial" on the Future Functional Classification map. The development of CDR will certainly contribute to the City of Flagstaff's long-term goals for traffic flow and transportation.

Policy E&C 2.1 Encourage the reduction of all energy consumption, especially fossil-fuel generated energy, in public, commercial, industrial, and residential sectors.

In the single family attached and detached residential areas Capstone Homes will build Department of Energy "Net Zero Ready" homes which significantly reduce the homeowner's energy usage while reducing the amount of energy generated for this community versus what would be generated using more traditional construction techniques. This will enhance not only CDR by providing lower utility bills to its residents but will also have a positive benefit to the City of Flagstaff and surrounding areas by reducing the amount of energy that would need to be generated (and its associated pollution and use of resources) if less efficient homes were built.

Policy E&C.7.2. Favor the use of available mechanisms at the City and County level for the preservation of environmentally sensitive lands, including but not limited to public

acquisition, conservation easements, transfer of development rights, or clustered development with open space designations.

Per the Settlement Agreement for the Property, the open space and resources of the overall CDR subdivision will be available to be credited to the Parcels within the Property to use for the resource protection calculation of each Parcel as needed. This “forest resource bank” can be added to the forest resource calculation of any Parcel to insure that the Parcel meets the City’s forest resource requirements. A master community association will be created that governs all of CDR and will have procedures of how the “forest resource bank” will be administered. An accounting of the forest resource bank will be kept by the master community association and coordinated with the City community development department that will detail the amount of the forest resource bank available, the amount of the forest resource bank credited, and to what Parcel, as well as the amount of forest resource bank remaining. When a preliminary Plat for a Parcel is ready to be submitted to the city, the forest resource bank accounting will be reviewed and updated as necessary by the master community association with correspondence to the City.

Policy E&C 10.1 Encourage local development to protect, conserve, and when possible enhance and restore wildlife habitat.

Approximately 54 acres of Canyon Del Rio will be reserved as open space to protect and conserve wildlife habitat. Steeper escarpments will be preserved in open space and a portion of the Rio de Flag that runs through CDR will be placed in a conservation easement and then dedicated to the City.

Policy E&C 10.3 Protect sensitive and uncommon habitats such as ephemeral wetlands, riparian habitats, springs and seeps, rare plant communities, and open prairie ecosystems including the physical elements such as water sources and soil types on which they depend through open space acquisition efforts, avoiding these features in the design of subdivisions and other development, etc.

The Rio de Flag is part of the extensive open space of this project. Rio de Flag is a valuable habitat and ecosystem for the entire Flagstaff community. The portion of Rio de Flag that runs through CDR will be placed in a conservation easement and then dedicated to the City. The City will then be charged with preserving this natural feature for all residents of Flagstaff including native plants, animals and resources habituating this area.

Policy E&C 10.6 Conserve and restore important wildlife corridors throughout the planning area to allow wildlife to find suitable habitat in the face of climate change moving along vegetation and elevation gradients.

In addition to the natural wildlife corridor that Rio de Flag provides, other portions of the proposed open space provides a variety of corridors for wildlife to access this area and be able to pass through it. Topography variations within the project provide many entry and exit points at differing elevation gradients for wildlife. Steeper slopes will be preserved as open space as much as possible.

Policy OS 1.2 While observing private property rights, preserve natural resources and priority open lands, under the general guidance of the Flagstaff Area Open Space and Greenways Plan and the Natural Environment maps.

Native vegetation buffers have been designed and will be created between the various Parcels within the community. An integrated system of trails will provide convenient connectivity for the community while providing access to community assets and beyond. Surface features, vegetation and wildlife habitat will be protected as much as possible during and after construction. CDR's dedicating a portion of the Rio de Flag to the City of Flagstaff will be an important asset to the people of Flagstaff because; "The Rio de Flag provides a natural movement and concentration area for wildlife. The presence of available water enhances its value for wildlife. It is mostly used by birds and small mammals and provides some of the best bird watching opportunities within the City of Flagstaff. Much of the length of the Rio de Flag (not privately owned) within the City is already developed as part of the Flagstaff Urban Trails System (FUTS). Some of the best opportunities for nature education along the FUTS occur in the Rio de Flag. Planned flood control along the Rio could have major effects on the attractiveness of some stretches of the Rio de Flag." – from the Flagstaff Area Open Spaces and Greenways Plan.

Goal E.1.1. Promote and encourage innovative building practices through instruction on efficient building materials and methodology.

Capstone Home's Department of Energy "Net Zero Ready" homes will be built to the highest standards of energy efficiency, ready to take advantage of the latest forms of alternative energy. In addition to being environmentally friendly and durable, Zero Energy Ready homes are 40%-50% more energy efficient than a typical new home. By adding a solar system, these homes would offset all or nearly all of the annual energy costs.

Goal E.1.10. Incentivize energy efficiency and renewable energy technologies in construction projects.

In addition to the Department of Energy “Net Zero Ready” homes, multi-family, commercial, retail, and office users will be encouraged to build with efficient methods and materials. Market demands will help to incentivize efficient buildings because consumers will weigh the costs of a purchase or lease in addition to future energy bills when weighing a decision of where to live or establish or move a business.

Goal CC.3 Preserve, restore, enhance, and reflect the design traditions of Flagstaff in all public and private development efforts.

A Design Review policy will be established to maintain consistency in quality design throughout CDR. Materials types and construction methods will be consistent with the Flagstaff area.

Policy LU 5 Encourage the distribution of density within neighborhoods in relationship to associated activity centers and corridors, infrastructure, transportation, and natural constraints such as slopes and drainages.

By placing Office/Retail along Butler Ave. and Fourth Street, access for employees and customers will be efficient and convenient. The variety of residential single family and multi-family Parcel types will be developed to take advantage of the Parcels that are away from the Butler Ave./Fourth St intersection, all while maintaining easy access to the Office/Retail via internal streets, walking paths and sidewalks. Development will be generally concentrated on top of the ridges and plateaus so that the steeper slopes and bottoms of the mini canyons can be preserved.

LU.6. Provide for a mix of land uses.

CDR will include a wide variety and mix of land uses, including: office, retail, attached and detached single-family residential, multi-family residential, churches and/or schools, and open space areas. The multi-family residential uses and attached single-family residential uses proposed within CDRI's 83-acre Zoning Map Amendment request within the internal portion of CDR's boundaries will add a vital mix of residents to live and shop within the community. This design will also provide an appropriate transition from the single-family homes located on the southern portion of CDR to the office and retail uses on the northern portion of CDR.

Policy LU.6.1. Consider a variety of housing types and employment options when planning new development and redevelopment projects.

CDRI's proposed Zoning Map Amendment includes, single-family attached and multi-family residential units. The proposed multi-family and attached housing options will complement the planned employment areas within CDR's office and retail land uses along the northern and north eastern boundary of the CDR development, fronting onto Fourth Street and Butler Avenue. CDRI's multi-family residential units and attached single-family homes within the internal portion of CDR, provide even greater varieties of housing types; supports employment and retail opportunities; and, provides a sustainable land use mix.

Policy LU.6.3. Encourage new mixed-use neighborhood in appropriate locations within the growth boundary.

CDR is a mixed-use development with office, retail, attached and detached single-family residential homes, multi-family residential units, churches and/or schools, and open space areas proposed for the area south of the 1-40. CDRI's proposed Zoning Map Amendment provides an appropriate balance of land uses that are compatible with the surrounding area and appropriate for this location. A horizontal mix of uses will occur throughout the project from Parcel to Parcel, rather than providing mixed uses within individual Parcels.

Goal LU.13. Increase the variety of housing options and expand opportunities for employment and neighborhood shopping within all suburban neighborhoods.

CDRI's detached and attached single-family homes, and multi-family residential units, increase the variety of housing options in the area while providing additional shoppers and consumers for existing nearby businesses and customers and opportunities for the proposed office and retail businesses along the northern portion of CDR. By providing a variety of housing options and a variety of office and retail uses, the sustainability of CDR will be enhanced.

Policy LU 13.1 Prioritize connectivity for walking, biking, and driving within and between surround neighborhoods.

FUTS and other trails will connect neighborhoods for walking, hiking and biking. Sidewalks along local streets within the community and along perimeter streets will also provide walking connections within and between the Parcels within the community. Those same streets will also provide driving connections throughout.

Policy LU.13.4. Plan suburban development to include a variety of housing options.

CDRI's Zoning Map Amendment proposal includes a variety of detached and attached single-family homes and multi-family residential units with a wide variety of densities, locations, architectural styling, sizes and price points. The multitude of detached and attached housing options will add to the variety of housing options available in the area.

CDR is proposed with a variety of employment, business, shopping, cultural opportunities, and residential choices. CDRI's Zoning Map Amendment proposal includes an even greater mix of residential choices.

Policy LU 13.6 Include a mix of uses and access to surrounding neighborhoods in new suburban commercial development.

Zoning Map Amendment these portions of this property from the prior Research and Development zoning will allow for a much greater variety of uses in the community. Convenient access to the commercial uses for surrounding neighborhoods will come from Butler Ave. and Fourth St., which will be improved with this development. Trail connections will be provided to allow access from existing trails to and through CDR.

Policy LU 13.9 Use open space and FUTS trails to provide walking and biking links from residential uses to employment, shopping, schools, parks, and neighbor-woods.

Open spaces and FUTS trails will transect the project providing convenient access from the residential Parcels to the Canyon del Rio Village Center. "Social" trails are also proposed throughout to provide additional connectivity. The Switzer Wash FUTS trail currently terminates at the south east corner of 4th Street and Butler Ave., the frontage improvements to Butler Ave. and 4th Street include sidewalks that will allow for Switzer Wash FUTS trail users to cross 4th Street and continue west along Butler Ave. The Foxglenn FUTS trail currently bisects CDR east to west. Modifications to the Foxglenn trail in CDR may be necessary but the trail will continue to pass through the community. New FUTS trail connections will be made to the Foxglenn trail within CDR.

Policy LU 13.10 Protect wildlife corridors where appropriate.

Rio de Flag will be the main corridor for wildlife to enter into and pass through the project.

Policy LU.18.1. Design activity centers and corridors appropriate to and within the context of each area type: urban, suburban, or rural.

The intersection of Butler Ave. and 4th Street is identified as a “Future Suburban Village Center S18” in the 2030 Flagstaff Regional Plan. CDR has been designed to be an appropriate suburban development with a mix of residential and commercial uses. CDRI is proposing an even greater mix of residential housing choices, allowing residents a wide range of housing options, fitting different income levels, to live, shop and play within the Village Center area.

Policy LU.18.2. Strive for activity centers and corridors that are characterized by contextual and distinctive identities, derived from history, environmental features, a mix of uses, well- designed public spaces, parks, plazas, and high-quality design.

CDR is planned and proposed as a high quality development that will develop with desirable and successful commercial businesses, multi-family communities, and residential homes that will be compatible in character and distinctive identities of the rich history of the area. A "Modern Mountain" style that utilizes exposed heavy timber elements, varying roof lines, stone veneer and wood siding materials, and iron hardware and details on signage will be the predominant architectural features of the community. Locally sourced stone will be incorporated into design elements and local craftsman and contractors will be used throughout the life of the project. CDRI is proposing a mixture of uses with designed people-friendly spaces in lieu of an isolated and non-viable Business Park (the existing zoning use) that will allow CDR to develop with an even better mix of uses, well designed public spaces, plazas, and to be more sustainable than the existing entitlements.

Policy LU.18.4. Encourage developers to provide activity centers and corridors with housing of various types and price points, especially attached and multi-family housing.

CDRI's proposed Zoning Map Amendment on 83 of its 262 acres will provide the CDR Village Center with more housing options. CDRI's additional housing options will provide a wider variety of housing types and a larger range of price points for a wider variety of income levels.

Policy LU 18.6 Support increased densities within activity centers and corridors.

Planning a stepped approach to the densities has resulted in office/retail being closest to the major intersection of Butler Ave. and 4th St. with higher density residential next to the office/retail and lower density residential beyond the higher density residential. The higher density residential being placed between the office/retail uses and the lower density residential provides a good buffer between the lower density residential and the office/retail uses. Placing the higher density residential next to the office/retail places more residents within easy walking distance of the goods and services that will be provided in the office/retail Parcels.

Policy LU 18.9 Plan activity centers and corridors appropriate to their respective regional or neighborhood scale.

Approximately 26 acres of activity center (The Village Center), within the overall 262 acres of CDR, is planned to be developed as office and retail with easy access via trails, sidewalks, and streets to the residential Parcels. The Village Center is scaled to serve the surrounding area as well as the future residents of CDR. Being located near the major intersection of 4th St. and Butler Ave., the Village Center provides a great “gathering place” for people from other regions to have easy access as well. In addition, there has been some discussion about the future connection of John Wesley Powell Pkwy to 4th Street. When that connection occurs this Village Center will be in an even better position to serve the needs of an even greater population.

Policy LU.18.7. Concentrate commercial, retail, services, and mixed use within the activity centers' commercial core.

Commercial, retail and services are concentrated just where they should be – proximate to Butler Ave. and Fourth Street. The Butler Ave. and Fourth Street intersection is identified as a “Major Intersection” in the “Build-out plan” in the FMPO 2040 plan. The future extension of John Wesley Powell up to Fourth Street per the “Build-out plan” will contribute to the Butler Ave. and Fourth Street intersection becoming even more active leading to a more vibrant Village Center that will more easily serve a greater area of Flagstaff.

CDRI's proposed multi-family and attached housing options are intentionally located proximate to the commercial retail and service uses and will provide more shoppers and consumers for a successful commercial core located along CDR's northern primary street frontage. The additional detached, attached and multi-family housing options (in lieu of isolated and vacant Business Park acreage) are vital to increase the overall density of the residential uses, which will drive a sustainable mix of commercial uses within CDR and the Village Center.

Policy LU.18.12. Corridors should focus commercial development to the corridor frontage and residential to the back.

CDR proposed plans include commercial developments along the corridor frontage, transitions to multi-family and attached single-family, and further transitions to detached single-family areas in the back.

Goal T.5 Increase the availability and use of pedestrian infrastructure, including FUTS, as a critical element of a safe and livable community.

FUTS trails will cross CDR and allow access to Parcels within the community. Connections to existing FUTS trails will occur at locations along the perimeter of the project. Sidewalks will also be placed for pedestrian connections internally and along the perimeter as well.

Goal T.6 Provide for bicycling as a safe and efficient means of transportation and recreation.

In addition to the many FUTS trails, bike lanes will be provided on the Butler Ave. and 4th St. frontages. Bike Share and Car Share programs have become popular in several communities, there are potential opportunities for a Bike Share and or Car Share program in CDR. These opportunities will be explored for the use by CDR residents.

CONTRADICTING POLICIES:

CDR strives to meet the Cities goals and policies to the greatest extent possible, however limitations in timing, market conditions, and site constraints make meeting some of the policies more difficult. The following contradictory policies are analyzed for their challenges and how these impacts are mitigated within the whole setting of the CDR proposal.

Policy LU 13.1 Prioritize connectivity for walking, biking, and driving within and between surround neighborhoods.

FUTS and other trails will connect neighborhoods for walking, hiking and biking. Sidewalks along local streets within the community and along perimeter streets will also provide walking connections within and between the Parcels within the community. Those same streets will also provide driving connections throughout. Because the surrounding parcels had no development proposals until recently, CDR was not able to coordinate vehicular traffic to all surrounding parcels but CDR has worked to provide bicycle and pedestrian access between neighborhoods with future development in mind.

Policy LU 13.5 Encourage developers to consider at least one floor of apartments or offices over commercial development...

While CDR is not excluding the possibility of apartments over commercial development, it is not requiring it of its developers. Market factors will determine if this will be a viable use for this project. Multi-family apartments that are proposed on nearby Parcels J1 and J2 will tend to compete with apartments over commercial uses and could be a detriment to placing apartments above commercial.

The multi-family uses, and the office uses, have been proposed for several Parcels that are independent of the commercial use Parcels. Those multi-family Parcels, along with the retail and office Parcels, will contribute to a mixture of uses throughout the project. The variations in; the number of Parcels that comprise the retail and office areas, the building massing, and the spacing between buildings, will allow for a greater usage mix from office complexes, to multiple smaller retail uses within the same building, to larger retail establishments such as grocery stores.

Policy LU 13.7 Include employment opportunities in all suburban activity centers...

While removing the RD zoning designation will eliminate the potential for some professional jobs, the office spaces and retail development, as proposed, will provide opportunities for a wide range of businesses and employee opportunities. These opportunities would include a variety from first time workers to highly skilled, higher paid people employed at businesses offering a variety of goods and services. The variety of housing types will lead to a variety of customers that will frequent the businesses within CDR. The convenience of this location to greater Flagstaff and its proximity to I-40 will also help to draw a larger variety of customer demographics seeking a larger variety of goods and services that will be provided by the businesses of CDR.

Policy LU 15.2 Consider the compatible integration of residential uses and proposed employment centers to reduce vehicle trips and commute times.

With the proximity of the retail/office parcels to the residential parcels within CDR there is a potential for people to walk to jobs. However, integrating residential into buildings with employment is not desired in CDR as stated in the analysis of Policy 13.5.