



February 14, 2025

VIA EMAIL: mlanders@ketchumidaho.org, planningandbuilding@ketchumidaho.org

Ketchum Planning and Zoning Commission
c/o Morgan Landers, Planning and Building Director
P.O. Box 2315, 191 5th St. West
Ketchum, ID 83340

RE: PEG Ketchum Hotel, LLC - Request for Second Extension

Dear Commissioners:

In accordance with KMC §§ 17.96.090(B)(2) and 17.88.050(G)(1), PEG Development,¹ on behalf of PEG Ketchum Hotel, LLC, the Permit Holder, requests the Commission grant a 12-month extension of the following approvals granted by the City of Ketchum for the development of the Prologue Hotel:

1. Design Review Permit P22-028 (approval date 3/28/23) associated with PUD/CUP P19-063 (approval date 6/12/23); and
2. Floodplain Development Permit P19-062 (approval date 3/2/23).

The Administrator granted a first 12-month extension of these permits effective March 28, 2024. While we have made significant efforts to move forward with the project, market conditions have prevented us from proceeding with construction at this time, including elevated construction costs, high interest rates, and inflation. This project has been in the works for a very long time. Following a multi-year design and approval process, the City originally approved the project's PUD/CUP in 2019, but then a City noticing error was discovered in early 2020, just at the onset of the COVID-19 pandemic. We had to restart the approval process, a year-long effort, and the City again approved the project's PUD/CUP. Subsequent approvals followed for the Development Agreement, Design Review and Floodplain Permit. The timing has been challenging, but we appreciate the City's continued support. We anticipate being able to proceed within the next 12 months, and we remain excited about this project. As shaped through the project approvals, the Prologue Hotel will provide numerous benefits to the community including access to new dining options, a public rooftop bar with stunning views, 13 structured parking stalls for public use, employment with onsite employee housing, the removal of blighted properties from the entry to downtown, and the addition of a beautiful terraced building designed to complement the landscape and

¹ PEG Development is the designated Developer/Owner's Representative per Section 1.19 of the Permit Conditions Acceptance Development Agreement 22847, recorded as Blaine County Instrument #701611.



to activate the streetscape. This extension request meets the criteria in Ketchum City Code as described below. For all of these reasons, we request the Commission grant a second 12-month extension.

Design Review Permit Extension Request

Per KMC §§ 17.96.090(B)(2), the Planning and Zoning Commission's decision to grant the second 12-month extension for the design review permit is to be based on the following:

- a. Whether there have been significant amendments to ordinances which will apply to the subject design review approval;
- b. Whether significant land use changes have occurred in the project vicinity which would adversely impact the project or be adversely impacted by the project;
- c. Whether hazardous situations have developed or have been discovered in the project area; or
- d. Whether community facilities and services required for the project are now inadequate.

The Commission shall approve unless it finds that one of those four criteria are met.

None of these circumstances are present here. First, there have been no significant changes to the ordinances associated with the existing design review approval; the project continues to be in compliance with design review standards and applicable design review Code. Second, we are not aware of any land use changes in the project vicinity that would adversely impact, or be impacted by, the project. If anything, the construction progress occurring at the hotel site across Main Street from the property is a step in the right direction. By delaying work on our property, any concern about an overconcentration of construction activity due to two simultaneous projects will now be mitigated. Third, no hazardous situations have been discovered in the project area; it remains suitable for construction of the project. Fourth, community facilities and services for the project remain available and adequate.

Floodplain Development Permit Extension Request

Per KMC § 17.88.050(G)(1), the Planning and Zoning Commission's decision to grant the second 12-month extension for the floodplain permit is to be based on the following:

- a. Whether there have been significant amendments to the City's comprehensive plan, special studies, draft or interim floodplain maps, or ordinances which will apply to the subject approval;
- b. Whether significant land use changes have occurred in the project vicinity which would adversely impact the project or be adversely impacted by the project; a revised no adverse impact statement may be required prior to granting a permit extension;



- c. Whether hazardous situations have developed or have been discovered in the project area; or
- d. Whether community facilities and services required for the project are now inadequate.

The Commission shall approve unless it finds that one of those four criteria are met.

None of these circumstances are met here. First, there have been no significant amendments to the City's comprehensive plan, floodplain studies maps, or ordinances that apply to the existing approvals. Second, we are not aware of any land use changes in the project vicinity that would adversely impact, or be impacted by, the project. Third and fourth, we are not aware of any hazardous situations in the project area or changes to the adequacy of community facilities or services required for the project. Further, no work has occurred that would change the floodplain and no changes are being requested to the approved drawings. The project remains as buildable as previously determined in the floodplain permit's issuance.

Comprehensive Plan Updates

We are aware of the community's efforts to update the Ketchum Comprehensive Plan. While the unadopted Plan is not applicable to these extension requests, the project is aligned with many new Plan goals and objectives. The Prologue Hotel will provide 16 on-site employee workforce housing units to increase housing options for its staff, contribute to the City's housing diversity, and help the City achieve its goal of being a diverse year-round community overall. The significant investment required to build and operate this hotel will contribute to the City's economic resiliency while the finished product will enhance the vibrancy of downtown Ketchum and add to its arts and culture scene. The Development Agreement for this project requires that the building be built to LEED Silver equivalency, which will contribute to the sustainability of development in Ketchum in accordance with the goals of the Plan. The Project design team took great care to conceptualize the building in the context of its surroundings, with a terraced cross section that follows the slope of the property. Unlike most hotels that benefit from affiliation with a national brand, the Prologue Hotel was created specifically for Ketchum, in accordance with the Plan's aim to preserve local character. As described in the Development Agreement, the hotel will provide services such as a shuttle, car share, and bicycle facilities for guests and employees, which is aligned with the new Plan's multi-modal connections goal and will contribute further to downtown vibrancy.



Conclusion

This extension request meets the criteria in your Code and will enable us to proceed with the Prologue Hotel, as approved by the City. Thank you for your consideration of this request.

Sincerely,

A handwritten signature in black ink, appearing to read "Matt Hansen", with a long horizontal line extending to the right.

Matt Hansen
President, PEG Development