



City of Ketchum

CITY COUNCIL MEETING AGENDA MEMO

Meeting Date: July 23, 2026 Staff Member/Dept: Ben Whipple/Administration

Agenda Item: Recommendation to approve Reimbursement Agreement with PEG Ketchum Hotel, LLC for demolition of structure located at 280 East River Street.

Recommended Motion:

"I approve Reimbursement Agreement #50100 between the City of Ketchum and PEG Ketchum Hotel, LLC for demolition of the structure located at 280 East River Street."

Reasons for Recommendation:

- The structure has been determined to pose a risk to public health, safety, and welfare, making its removal a public benefit.
- The agreement authorizes the City to perform or contract for demolition, hazardous material testing and disposal, debris removal, and site stabilization.
- PEG Ketchum Hotel, LLC will reimburse the City for 100% of the actual costs incurred. Payment is due within six months of project completion.
- The agreement also provides the City with access to the property, establishes indemnification provisions, and clarifies that the City is not responsible for future site preparation beyond leaving the property in a safe, generally level condition.

Sustainability Impact:

None OR state impact here: No significant sustainability impact. The agreement provides for the safe removal of a hazardous structure and proper disposal of hazardous materials.

Financial Impact:

None OR Adequate funds exist in account:	Fully reimbursable within 6 months. No anticipated long-term financial impact to the City.
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Attachments:

1. Agreement #50100	
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AGREEMENT #50100
REIMBURSEMENT AGREEMENT FOR
DEMOLITION

Parties:

City of Ketchum	"CITY"	P.O. Box 2315, 480 East Ave. N, Ketchum, Idaho 83340
PEG Ketchum Hotel, LLC	"Developer"	145 W 200 N, Ste. 100, Provo, UT 84601-5647

This Reimbursement Agreement ("Agreement") is entered into as of the ____ day of _____ 2026, by and between the City of Ketchum, an Idaho municipal corporation ("City") and PEG Ketchum Hotel, LLC, an Idaho Limited Liability Company ("Developer"), collectively the "Parties."

RECITALS

- A. Developer is the owner of certain real property, 280 East River Street, located in Ketchum Idaho, more particularly described in Exhibit A (Legal Description), upon which an existing structure ("Structure") is located.
- B. The Structure has been determined to be in a condition that poses a risk to public health, safety, and welfare, and its removal provides a clear public benefit.
- C. Developer has agreed to reimburse the City for all costs incurred in connection with the demolition work described herein.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual agreement herein contained and subject to the terms and conditions stated, it is hereby understood and agreed upon by the Parties as follows:

- 1. **Scope of Work.** The City shall perform or cause to be performed, the demolition and removal of the Structure located on Developer's property at 280 East River Street ("Work"). The Work includes, but is not limited to:
 - a) Testing and disposal of existing hazardous materials
 - b) Demolition of existing building
 - c) Removal and lawful disposal of debris
 - d) Site stabilization and grading, as necessary
- 2. **Access and Authorization.** Developer hereby grants the City, its employees, contractors, and agents the right to enter upon the property for purposes of performing the Work. Developer represents that it has full authority to grant such access and that no additional consent is required.
- 3. **Cost of the Work.** The total cost of the Work is currently estimated at Thirty-One

Thousand, Three Hundred Thirty Dollars (\$31,330) (“Estimated Cost”). The final cost (“Actual Cost”) shall be based on all direct and indirect costs incurred by the City, including but not limited to contractor costs, staff time, equipment, disposal fees, and administrative expenses. Prior to commencing the Work, and prior to entering into any contract for the Work (or, if such a contract has been executed before the date of this Agreement, promptly following execution of this Agreement), the City shall provide Developer with the contractor bid(s) or cost proposal(s), including a reasonable breakdown of scope and pricing, for Developer’s review and written approval, which approval shall not be unreasonably withheld or delayed. Developer shall respond within five (5) business days of receipt, and Developer’s failure to respond within such period shall be deemed approval. The amount so approved (or deemed approved) shall constitute the “Approved Cost.” If at any time the City becomes aware of conditions, change orders, or other circumstances reasonably expected to cause the Actual Cost to exceed one hundred twenty-five percent (125%) of the Approved Cost, the City shall promptly notify Developer in writing and shall obtain Developer’s prior written approval before incurring such excess costs; provided, however, that Developer’s approval shall not be unreasonably withheld where such excess costs are necessary to address conditions posing an imminent risk to public health or safety. Any costs incurred in excess of one hundred twenty-five percent (125%) of the Approved Cost without Developer’s prior written approval (or that arise under a contract entered into without Developer’s approval or deemed approval) shall not be reimbursable by Developer.

4. **Reimbursement.** Developer shall reimburse the City for one hundred percent (100%) of the Actual Cost of the Work, subject to the limitations set forth in Section 3.
5. **Payment Terms.** City will submit an invoice for reimbursement upon completion of Work. Developer shall pay the full invoiced amount no later than sixteen (16) months after completion of project.
6. **Public Purpose.** The Parties acknowledge that the Work serves a valid public purpose by eliminating a hazardous structure and improving public safety conditions within the City.
7. **Indemnification.** Developer shall indemnify, defend, and hold harmless the City and its officers, employees, and agents from and against any and all claims, damages, losses, and expenses arising out of or related to the condition of the Structure or the property, except to the extent caused by the gross negligence or willful misconduct of the City.
8. **Completion.** The City shall use reasonable efforts to have completed the Work on or about July 31, 2026, subject to weather, contractor availability, and unforeseen conditions.
9. **No Warranty.** The City shall, upon completion of the Work, backfill and reasonably grade any excavated areas resulting from demolition so that the site is left in a safe and generally level condition. Such backfilling and grading are intended solely to eliminate hazardous conditions and do not constitute engineered fill or site

preparation for construction. The City makes no representations or warranties regarding soil conditions, compaction, subsurface conditions, or the suitability of the property for any future construction or development. The City shall not be responsible for any further site improvements, surfacing, or development. The Work will be performed in a reasonable and workmanlike manner.

10. **Amendments.** This Agreement may not be amended, modified, altered or changed in any respect whatsoever, except by further agreement in writing executed by the Parties in the manner the Agreement was approved.
11. **Binding Effect.** This Agreement shall be binding upon the heirs, estates, personal representatives, successors, and assigns of the Parties.
12. **Attorney Fees and Costs.** If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.
13. **Notices.** Any notice under this Agreement shall be in writing and shall be treated as duly delivered if the same is personally delivered or deposited in the United States mail, certified, return receipt requested, postage prepaid, and properly addressed to the contacts as specified at the beginning of this Agreement.
14. **Partial Invalidity.** Whenever possible, each provision of this Agreement shall be interpreted in such a way as to be effective and valid under applicable law. If a provision of this Agreement is prohibited by or invalid under applicable law, it shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.
15. **Contractor Insurance, Licensing, and Bonding.** The City shall ensure that any contractor or subcontractor performing the Work: (a) is duly licensed to perform demolition and hazardous materials work in the State of Idaho, including any license or registration required for asbestos or other hazardous materials abatement; (b) is bonded in an amount customary for work of this scope; and (c) maintains (i) commercial general liability insurance with limits of not less than One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) in the aggregate, (ii) workers' compensation insurance as required by Idaho law, and (iii) pollution liability coverage appropriate to the hazardous materials testing, abatement, and disposal work described in Section 1(a). Developer shall be named as an additional insured on the contractor's commercial general liability and pollution liability policies, and the City shall provide Developer with certificates of insurance evidencing such coverage prior to commencement of the Work.

[signatures on following page]

DATED THIS ____ DAY OF _____ 2026.

PEG Ketchum Hotel, LLC

City of Ketchum

By:
Its:

By: Pete Prekeges
Its: Mayor

Attest:

Trent Donat, City Clerk

STATE OF IDAHO)
 : ss
County of Blaine)

On this ____ day of _____, 2026, before me, _____, a
Notary Public, personally appeared _____
_____, known or identified to me to be the person(s) whose name(s) is (are)
subscribed to the within instrument, and acknowledged to me that they executed the same.

(SEAL)

Notary Public for Idaho
Commission expires: _____

EXHIBIT A

Legal Description for Grantor's Property

KETCHUM
LOT 1 BLK 82
5500 SF OR .1263 AC