



City of Ketchum
Planning & Building

IN RE:)
)
PEG Hotel) **KETCHUM PLANNING AND ZONING**
Design Review Extention) **FINDINGS OF FACT, CONCLUSIONS OF LAW, AND**
Floodplain Development Permit Extension) **DECISION**
Date: May 7, 2025)
File Number: P25-008)

PROJECT: PEG Hotel

APPLICATION TYPE: Design Review Extension
Floodplain Development Permi Extension

FILE NUMBER: P25-008

REPRESENTATIVE: Cameron Gunther, PEG Companies
Matt Hansen, PEG Companies

OWNER: PEG Ketchum Hotel, LLC

LOCATION: 251 S Main St (KETCHUM LOTS 3, 21, FR 22 BLK 82 N 10' X 110' OF ALLEY S 20' X 230' OF ALLEY)
260 E River Street (KETCHUM LOT 2 BLOCK 82 10' X 110' OF ALLEY)
280 E River Street (KETCHUM LOT 1 BLK 82)

ZONING: Tourist (T)

OVERLAY: Floodplain Management Overlay District

RECORD OF PROCEEDINGS

The City of Ketchum received an application for an extension of the Design Review and Floodplain Development Permit approvals for the PEG Hotel on February 14, 2025. The application was reviewed and scheduled for hearing after acceptance and staff review. A public hearing notice for the application was mailed to all owners of property within 300 feet of the project and all political subdivisions on April 2, 2025. The public hearing notice was published in the Idaho Mountain Express on April 2, 2025. A notice was posted on the project site and the City’s website on April 15, 2025. The Ketchum Planning and Zoning Commission (the “Commission”) conducted their review of the application during their meeting on April 21, 2025. After considering the staff’s analysis and the application materials, the Commission denied the application with a vote of three in favor of denial, one not in favor, and one abstention.

BACKGROUND

The PEG Hotel is an approximately 130,00 SF hotel approved for the corner of Main St/Hwy 75 and River Street, just south of the Limelight Hotel. The PEG Hotel was initially approved through a Planned Unit Development Conditional Use Permit (PUD/CUP) in 2019. Due to a noticing issue discovered in early 2020, the development restarted the approval process which culminated in an approval of the PUD/CUP, development agreement,

design review permit, and floodplain development permit in 2023. The development agreement stipulates that the expiration of the approvals is tied to the city's terms of approval in the municipal code for design review and floodplain development permits. Both applications allow for a maximum of two 12-month extensions. The first can be granted by the Administrator and the second must be considered and decided on by the Planning and Zoning Commission. A one-year extension was granted by the Administrator in 2024. Prior to the expiration of the permits, the city received an application for a second 12-month extension as noted above.

FINDINGS OF FACT

The Commission, having reviewed the entire project record, provided notice, conducted the required public hearing, and considered the recommendation from the staff, does hereby make and set forth these Findings of Fact, Conclusions of Law, and Decision as follows:

FINDINGS REGARDING DESIGN REVIEW EXTENSIONS

Pursuant to KMC §17.96.090.B, the Commission has considered whether or not an extension is warranted based on the following considerations:

Consideration #1: Whether there have been significant amendments to ordinances which will apply to the subject design review approval.

Commission Findings: The Commission finds that there have been no significant amendments to the city's ordinances that apply to the design review approval. Ordinance 1249, adopted on October 2, 2023, changed the permitted uses on properties along River Street to those of the CC-2 zone district which included the subject property. However, hotels are permitted use in the CC-2 just as they are in the Tourist, so the same requirements apply.

Consideration #2: Whether significant land use changes have occurred in the project vicinity which would adversely impact the project or be adversely impacted by the project.

Commission Findings:

When considering this item, the Commission extensively discussed two main elements of the consideration language including the definition of "vicinity" and "land use" to appropriately consider the request. The Commission finds that the definition of "vicinity" is not just properties immediately adjacent to the subject property, but the broader downtown area as development on the subject property is directly related to the downtown as a whole, but more specifically Main Street and the few blocks to the north and south. A project of this size has a broader impact on the functionality, vibrancy, and success of the downtown as a whole and the entrance to the community. The Commission also finds that "land use" constitutes general changes in the growth and development of the city within the vicinity, not just formal changes to underlying zoning. The reason being that specific changes to ordinances is contemplated under consideration #1, therefore consideration #2 is separate and distinct and implies a broader purview.

The Commission finds that there have been significant land use changes within the vicinity, where the approval of an extension would adversely impact the vicinity, in this case, the downtown. In the past few years, the city saw unprecedented growth that the existing land use planning documents, such as the comprehensive plan, never anticipated. For instance, the city experienced a substantial growth in population between 2021 and 2022, which was not reported until the following year. Additionally, numerous development projects, more than any previous reporting year block, undertook construction in downtown between 2021 and 2025. Most of these projects took advantage of the city's density bonus program, which resulted in significant changes in the character and scale of the downtown. Although this growth occurred at the same time as the subject development approvals were being

considered, the Commission noted that the comprehensive impact of the amount of development was not fully apparent until more recently.

This change in land use and development patterns has spurred the process to update the city's comprehensive plan to better manage growth and ensure design compatibility throughout the community. That process is almost complete and includes clear direction in the draft plan that the city will address land use and design plans with respect to proposed hotel development in a revised manner.

The Commission also finds that the review criteria for extensions not only applies to the design review and floodplain permits, but also the PUD/CUP approvals per the Development Agreement. PUD/CUP approvals are discretionary based on established criteria evaluated at a point in time. The Commission finds that the waivers to code requirements under the PUD/CUP process would be evaluated differently today based on the land use changes in the past few years, changing the way discretionary approvals downtown, and design compatibility are evaluated. More specifically, the way public benefits of hotel developments are reviewed and the appropriate trade-offs for height, setback, and FAR waivers. The Commission finds that the hotel development across the street from the subject property that is under construction also changes the evaluation of the development as there was still uncertainty around the feasibility of the adjacent hotel when the subject development was approved.

As such, the Commission finds there have been significant land use changes in the vicinity and that approval of a further extension of the subject development would create an adverse impact on the vicinity.

Consideration #3: Whether hazardous situations have developed or have been discovered in the project area; or

Commission Findings: The Commission finds that there have been no hazardous situations that have developed or been discovered in the project area since the permit was approved. Therefore, this consideration does not exist, and an extension could be granted based on this consideration.

Criteria #4: Whether community facilities and services required for the project are now inadequate.

Commission Findings: The Commission finds that there remain adequate community facilities and services for the proposed development. Community facilities and services include city services where impact fees are applied such as parks, police, streets, and fire. The Commission found that the public improvements to adjacent streets and required fire access improvements continue to be adequate and there are no changes necessary to serve the development. The commission also evaluated community facilities related to water and wastewater capacity and found these facilities to remain adequate. Therefore, an extension could be granted based on this consideration.

FINDINGS REGARDING FLOODPLAIN DEVELOPMENT PERMIT EXTENSIONS

Pursuant to KMC 17.88.050.G, the Commission considered whether or not an extension is warranted based on the following considerations:

Consideration #1: 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.

Commission Findings: The Commission finds that there have been no significant amendments to the city's comprehensive plan adopted, although, a soon to be adopted draft is under imminent consideration. Additionally, there are no special studies or ordinances which would apply to the approval. There are no new draft or interim floodplain maps for the Trail Creek drainage that would

change the evaluation of the floodplain development permit. Therefore, this consideration does not exist, and an extension could be granted based on this consideration.

Consideration #2: 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;

Commission Findings: The Commission finds that there have not been any significant land use changes that would impact the evaluation of a floodplain development permit for the subject development. No significant developments have occurred that change the way the floodplain development permit would be evaluated. Therefore, this consideration does not exist, and an extension could be granted based on this consideration.

Consideration #3: Whether hazardous situations have developed or have been discovered in the project area.

Commission Findings: The Commission finds that there have been no hazardous situations that have developed or been discovered in the project area since the permit was approved. Therefore, this consideration does not exist, and an extension could be granted based on this consideration.

Consideration #4: Whether community facilities and services required for the project are now inadequate.

Commission Findings: The Commission finds that there remain adequate community facilities and services for the proposed development. Community facilities and services include city services where impact fees are applied such as parks, police, streets, and fire. The Commission found that the public improvements to adjacent streets and required fire access improvements continue to be adequate and there are no changes necessary to serve the development. The commission also evaluated community facilities related to water and wastewater capacity and found these facilities to remain adequate. Therefore, this consideration does not exist, and an extension could be granted based on this consideration.

CONCLUSIONS OF LAW

1. The City of Ketchum is a municipal corporation established in accordance with Article XII of the Constitution of the State of Idaho and Title 50 Idaho Code and is required and has exercised its authority pursuant to the Local Land Use Planning Act codified at Chapter 65 of Title 67 Idaho Code and pursuant to Chapters 3, 9 and 13 of Title 50 Idaho Code to enact the ordinances and regulations, which ordinances are codified in the Ketchum Municipal Code ("KMC") and are identified in the Findings of Fact and which are herein restated as Conclusions of Law by this reference and which City Ordinances govern the applicant's application for an extension.
2. The Commission has authority to review and recommend approval of the applicant's application pursuant to Chapters 17.96 and 17.88 of Ketchum Code Title 17.
3. The City of Ketchum Planning Department provided notice for the review of this application in accordance with Idaho Code 67-6509.
4. The application is governed under Chapter 17.96 and 17.88 of Ketchum Municipal Code.
5. The application does not meet all applicable standards and considerations specified in the Ketchum Municipal Code for granting an extension.

DECISION

THEREFORE, the Commission **DENIES** this extension application File No. P25-008 this Wednesday, May 7, 2025.

Neil Morrow, Chair
City of Ketchum
Planning and Zoning Commission