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MEMO

TO: Lisa Horowitz, City of Ketchum Community and Economic Development Director
FROM: Krystal England, Centurion Partners
CC: Scott Simplot, Gay Simplot, Dick Fenton
RE: Ketchum Lodge Housing Plan

As part of the preapplication process for the Ketchum Lodge, Centurion Partners and the Simplot family respectfully submit this housing proposal for the project. With the passage of Ordinance 1033, we now have the clear direction we need from the City to make this housing proposal and proceed with design review for the project. We have spent many hours with our architects with the goal of providing a generous amount of community and employee housing within the space constraints of the site without disrupting the hotel operations or the overall site plan. The purpose of this proposal is to get some feedback from the City of Ketchum with respect to the employee/community housing component of the project prior to establishing the details of the overall project design. We look forward to a discussion of this proposal with you and the Planning Commission in the coming weeks.

The Ketchum Lodge contains 70 hotel rooms, 17 fractional residences maintained by the hotel and available to the general public for short-term occupancy, and 9 whole ownership units that are not required to be available for rent, together with a restaurant, bar, spa, meeting facilities, and approximately 5,000 SF of commercial/retail space. The total gross FAR square footage of the project is approximately 173,000 SF.

In total, we are proposing 17,850 square feet of community and employee housing. Of this, 18 units totaling approximately 10,350 SF will be provided for 36 employees, and approximately 10 units with 7,500 SF will be provided as community housing. All of this will be built on site.

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Employee Housing

The Ketchum Lodge has 133 hotel rooms and bedrooms available for short-term rental. Of the total 133 employees (per City formula), we will house 36 employees, approximately 10% more than the city-required 25% mitigation. The employee generation is calculated as follows:

| | |
|--------------------------|-------------------|
| 70 hotel rooms | = 70 employees |
| 5 3-bedroom fractionals | = 15 employees |
| 12 4-bedroom fractionals | = 48 employees |
| TOTAL EMPLOYEES | = 133 |
| 25% requirement | = 33.25 employees |

The employees will generally fall into the following income brackets:

- Hourly (Servers, dishwashers, housekeeping, front desk, etc) \$10/hr to \$14/hr – 77% of staff
- Hourly (Administrative, Maintenance) \$15/hr to \$17/hr- 9% of staff
- Salaried (Entry Level and Mid Level Managers) \$35,000/yr to \$55,000/yr – 9% of staff
- Salaried(Senior Level, Division Heads, General Manager) \$60,000/yr and above – 5% of staff

In general, we expect the lower-wage hourly workers to hold the equivalent of 1.5 full-time jobs. Therefore, the hourly servers, dishwashers, housekeeping, and front desk staff will likely have an annual income of \$30,000 to \$42,000. The hourly administrative and maintenance personnel might hold an average of 1.25 full-time jobs, an annual income range of \$37,500 to \$42,500. Therefore, we anticipate the greatest need for employee housing will be in Category 2 (\$24,816 - 29,778) and Category 3 (\$29,779 - \$39,704) for one-person households, and Category 4 (\$45,377 - \$56,720) and Category 5 (\$56,721 - \$68,064) for two-person households. Category 4 and 5 units would also be appropriate for the entry level and mid-level managers.

The majority of employee housing units will be studios, providing the flexibility to house Category 2 and 3 singles or Category 3 and 4 couples. The singles would likely be full-time hotel employees, while the couples might be seasonal workers. Twelve studios will be provided, and we expect that half of these units will be occupied by couples and half by singles, for a total of 18 employees.

Three full-time employee couples would be housed in one-bedroom, Category 5 units (maximum household income \$68,064 for two people). Three of these units would be provided for a total of 6 employees.



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Finally, we plan to have three higher-occupancy three-bedroom units to provide the most affordable accommodations for seasonal employees. These would provide housing for 4 employees per unit (i.e. one bedroom would be shared) for a total of 12 employees. These units would be designated as Category 4 (max income of \$70,900 for a four-person household), meaning that each resident would earn an average of \$17,500 annually.

In summary, the following employee housing would be provided:

| | |
|----------------------------------|-----------------------------------|
| 3 Category 2 studios | = 3 employees (approx 1,200 SF) |
| 6 Category 3 studios | = 9 employees (approx 2,400 SF) |
| 3 Category 4 studios | = 6 employees (approx 1,800 SF) |
| 3 Category 5 one-bedroom units | = 6 employees (approx 2,100 SF) |
| 3 Category 4 three-bedroom units | = 12 employees (approx 2,850 SF) |
| 18 TOTAL UNITS | = 36 EMPLOYEES (approx 10,350 SF) |

Community Housing

The proposed amendment to the definition of hotel allows up to 25% of residential uses not used in connection with hotel operations. In the Ketchum Lodge, the whole ownership residential units that are not required to be available for short-term rental will comprise approximately 28,800 net square feet or 33,900 gross SF using the City's 15% adjustment from gross to net. This portion of the project comprises less than 20% of the project's gross FAR square footage of approximately 173,000 SF. As these units represent less than the 25% threshold, they would not be subject to the community housing requirement.

The remainder of the Ketchum Lodge, the traditional hotel rooms and fractional residences, meet the definition of hotel in that all rooms will be rented, when available, on a short term basis to the public. They will have shared facilities, including on-site food and beverage service, meeting space, and spa and fitness facilities. There will be two lobbies, one of which will be staffed 24 hours/day. The main lobby will allow access to all hotel rooms and fractional residences and will accommodate check-ins for both the hotel and the fractional units. The fractional units are intended to be sold in 1/8th shares, whereby each owner has access to his/her unit for 6 weeks annually, in two week intervals. Therefore, each owner's occupancy will not exceed 30 consecutive days or 90 days within a calendar year.

The recently adopted Ordinance 1033 provides that the community housing requirement will be waived "for the residential portion of Hotel Project that meet the Hotel definition adopted by the Ketchum City Council provided the project obtains a complete building permit prior to June 1, 2010." We expect this project to obtain a building permit in 2009.

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While the Ketchum Lodge may not be required to provide community housing, the City has indicated they would like to see the project include a community housing component in addition to the employee housing component. Accordingly we propose to build 5,000 square feet as a benefit to the community as a whole. In addition, to the extent that the Sun Valley Center for the Arts is required to provide up to 2,500 SF of community housing, we believe we can accommodate it on the Ketchum Lodge site, provided the Center requests such housing and a suitable agreement can be reached with them.

Per the Ordinance, one-half of the units provided will be within Categories 4 and 6 with an average of Category 5, and one-half will be within Categories 7 and above with an average of Category 8. The majority of the units (up to 10, depending on final unit size) will be one-bedrooms suitable for singles or couples without children. An additional studio unit may be provided to ensure the 7,500 SF minimum is reached.

We feel that the plan outlined above will accommodate our hotel's need to house a portion of its employees while also providing a substantial amount of community housing above the requirement. We look forward to presenting this proposal to the Planning and Zoning Commission in the near future, and if I can answer any questions in the meantime, please do not hesitate to contact me.

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