

Lake Street Hotel
St. Albans, VT
Project Description

Overview

The City of St. Albans and PeakCM are pleased to announce a public / private partnership to construct an 84-room, nationally-franchised hotel in Downtown St. Albans. The hotel will be developed by PeakCM, a Winooski-based company and operated by American Resort Management, a national hospitality management firm. The principals of both PeakCM and ARM collaborated on the recent expansions at Jay Peak and Q Burke. The Lake Street Hotel is the final piece of the City's downtown core project, which involved construction of a new State Office Building, a City-owned parking garage, and now a multi-story high quality hotel.

According to City Manager, Dominic Cloud, "this hotel is the perfect complement to the new office building and helps ensure the long term vitality of the downtown."

Background

The Lake Street Hotel is the result of years of planning and preparation by City officials. Long envisioned, the hotel was featured prominently in the City's application for a tax increment finance district in 2012. Under the City's TIF plan, the proposed purchase of the existing State Office Building by Mylan Technologies would allow the State to move into a new office building adjacent to a new City parking garage. Both the parking garage and office building opened in 2014. The final piece of the project was to construct a nationally-franchised multi story hotel that would cater to both business travelers and tourists.

While the TIF district was a key element in transitioning from vision to reality, the City took many smaller steps along the way to create the right conditions to attract a hotel. The City proactively bought the land where the hotel will be built and demolished the buildings. The City commissioned a market study to demonstrate the demand and projected occupancy of a hotel in St. Albans.

In 2014, the City released an RFP to select the development team for the Hotel. PeakCM was selected through that process and the City is delighted to be working with a Vermont developer and an experienced operator.

Public-Private Partnership

A guiding principal for St. Albans redevelopment success has been that private investment will follow public investment. In the words of Mayor Elizabeth Gamache, "We must invest in ourselves if we expect others to invest in our community."

This is particularly true when recruiting high value projects like a nationally-franchised hotel. Under terms of the agreement, the City has agreed to provide the following incentives:

- Provide an equity investment up to one million dollars, to be repaid as a preferred return and never to exceed PeakCM's investment;
- Convey the land necessary for the Hotel for one dollar;
- Clean the site of environmental contaminants;
- Complete Streetscape enhancements to Lake Street;
- Provide parking rights for 105 spaces in the garage.

In return, PeakCM has agreed to the following:

- Construct a nationally- franchised hotel of at least 84 rooms with a high level of service and quality;
- Pay taxes on a hotel property appraised at no less 7 million dollars;
- Pay parking fees of no less than \$450 per space per year;
- Re-pay the City's equity investment.

Without the City's package of incentives, there is little doubt this project could not be completed. Indeed across the country, it is common for municipalities to partner with hotel developers to bring a hotel to their community because of the economic development benefits to the community. In the words of Real Estate Investment Consultant David White, "Nationally, it is commonplace for communities to offer incentives to attract a project like this. What is unusual is the City's ability to make an equity investment using non-tax dollars. That has been the critical difference between an idea and a project."

City funds invested in the project came from the sale of the land and parking rights for the property where the State Office Building was constructed.

Why PeakCM and American Resort Management

PeakCM and their operating partner American Resort Management were the only team that came forward with both a developer and an operator. That was a critical difference in the eyes of the City. They have worked together on other successful projects and were actively looking for another project.

According to City Manager Dominic Cloud, "we knew we needed both an experienced developer and an experienced operator to make this successful. We're delighted that we were able to find that experience and we're eager to break ground."

The project is slated to break ground this August.

For more information contact Dominic Cloud at 802 309 – 1775 or d.cloud@stalbansvt.com.