

Public/Private Partnerships Best Practices and Lessons Learned

white + burke
**VERMONT
DEVELOPMENT**
CONFERENCE

Public/Private Partnerships
Best Practices and Lessons Learned

Dominic Cloud

David White

Tim Sampson



Public/Private Partnerships Best Practices and Lessons Learned

Why are we here?

What do we want you to take away from this?



Public/Private Partnerships Best Practices and Lessons Learned

**Municipalities can facilitate private
development**

**In particular housing development – as part of
a solution to Vermont's housing crisis**



Public/Private Partnerships Best Practices and Lessons Learned

Take Aways:

- Understand the role a City or Town can play in facilitating private development
- Remember that role when you or your clients are considering development opportunities
- Consider the City or Town a partner to be engaged in development – not an obstacle to be overcome or avoided



Public/Private Partnerships
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What prompts this?

Vermont's housing crises

Encourage “all hands on deck” solutions



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What are we not here to do?

**Not going to add much to the description of the
Housing Crisis**

**Not going to add much to a debate about what policy
changes need to occur**



Public/Private Partnerships Best Practices and Lessons Learned

**Explore how a municipality can help fill the
gap in that market reality**

Municipalities are large, long-term landowners

**Municipalities have a lower cost of capital than
private sector actors**



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**Principles of Entrepreneurial Public/Private
Partnerships**







WELCOME



Eaton's

Eaton's FINE JEWELRY



1. Great places don't just happen they are made.



2. Identify the market failure, and champion the need to intervene.







3. Play both offense and defense.







4. Use powers of public finance to accomplish what the community envisions.







5. Crowdsource the vision through the ballot box.



Vote Yes

September 10

*Let's keep the
momentum going*



ABOVE: The proposed State Office building, left. Proposed five-story parking garage, center.



The city's Streetscape is almost complete - a vital part of the city's revitalization.

Vote Yes
**TUESDAY,
SEPTEMBER 10**
at St. Albans City Hall
7 A.M. - 7 P.M.

Vote to **build the parking garage** that will be
one of the key anchors to St. Albans City's future growth...
'...the greatest opportunity to come before the city in decades.'



LIZ GAMACHE, MAYOR



RYAN DOYLE



TIM HAWKINS



AARON O'GRADY



JIM PELKEY



CHAD SPOONER



JEFF YOUNG

Members of the St. Albans City Council



MAKE WAVES ON TOWN MEETING DAY

YEAR-ROUND COMMUNITY POOL TO GO IN AT HARD'ACK

- Sidewalk project to make progress as well -

Dear St. Albans City Voter,

Investing in your community

On Town Meeting Day, we have an opportunity to keep the momentum moving forward and continue to invest in our community. All ballot articles are unanimously supported by the City Council.

LOT Tax

The foundation of this year's proposal is the local option tax. This is projected to generate \$630,000 per year. It would apply a one percent tax to hotel rooms, meals, alcohol, and sales. Unlike the property tax, it is also paid by people visiting the City for work or pleasure, not just those who live here. For example, a \$50 restaurant meal would now cost \$50.50.

It also applies to internet sales so we can capture some of the commerce that has moved online and use the funds to strengthen our downtown.

Property Tax effect

Most importantly, the Local Option Tax (LOT) allows us to reduce our reliance on the property tax. For example, our budget proposal has a zero percent increase in the property tax. That hasn't happened in ten years. And it's all because of the LOT.

Pool at Hard'ack

This year, the local option tax is intended to fund the community pool and the neighborhood sidewalks. The pool is a \$2.75 million bond to construct a year-round pool at Hard'ack with St. Albans Town. The sidewalks are a \$1.5 million bond and are the final piece in the neighborhood sidewalk program. Voting yes to approve these items and the local option tax will not increase property taxes.

Fonda Site

We are also seeking voter approval for \$1 million in tax increment finance bonds for the former Fonda container site. These funds will be used to address environmental concerns and prepare the site for redevelopment. The Genesee and Wyoming Railroad has signed on to relocate their offices from Federal Street to a portion of the Fonda site, pending voter approval in March.

Keep the momentum moving

The last five years have seen record public and private investment in the City. Our \$20 million public investment has produced \$70 million in growth to our tax base through new and expanded buildings and businesses. The local option tax and the Fonda TIF bond allow us to keep the momentum moving and continue to offer our tax payers a strong return on their investments.



Make sure you're registered and ready to vote on Town Meeting Day, March 3

Tim Smith,
Mayor



Chad Spooner,
Council President



Tim Hawkins,
City Councilor



Marie Bessette,
City Councilor



Jim Pelkey,
City Councilor



Mike McCarthy,
City Councilor



Kate Laddison,
City Councilor



6. Acquire the land to control its destiny.





7. Keep your eye on the transformative project, not an individual property acquisition.





HARD ROCK
ST. ALBANS
9/23/23

AFTERGLOW Music Festival
Suicide Awareness

FAMILY FRIENDLY
FOOD TRUCKS
SAINT ALBANS

SAINT ALBANS
WELCOME

Main St
Congress St

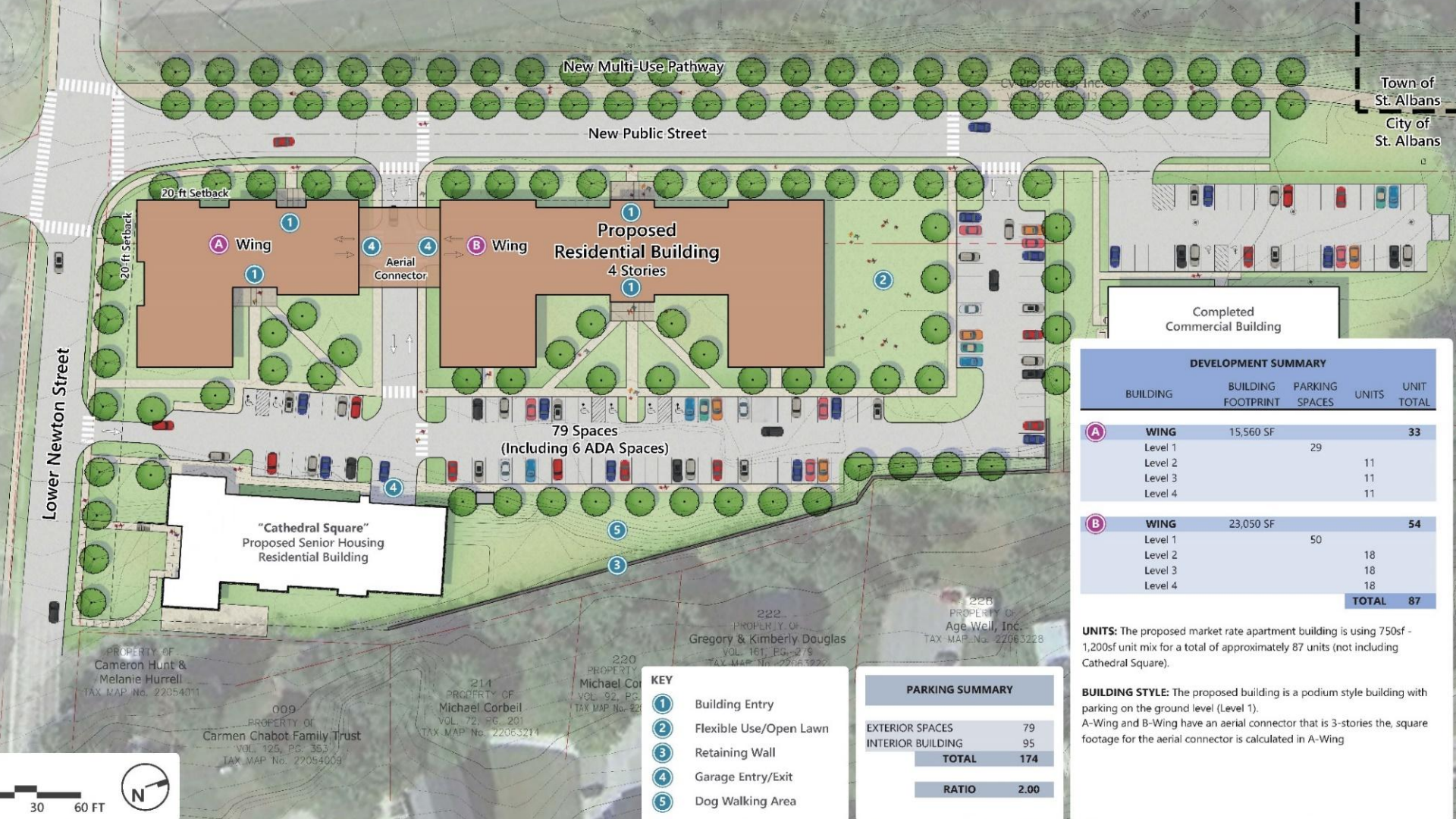
S & MAIN

SAINT ALBANS
DOWN TOWN

SAINT ALBANS
BIEN

8. Selling good ideas is part of creating a community of distinction.





9. Risk is a part of leadership. It should be managed, not avoided.





10. Never waste a crisis.







How a vacant lot became a mixed use, multi- developer project



Congress & Main

- City bought vacant lot & three buildings out of foreclosure
- Goal – Multistory development





Problem#1

- Not enough parking
- Solution: City buy more land





Problem
#2



Problem #2

- Existing building too rough to renovate
- Price too expensive for 21 units
- Solution: demo and build more
 - CHT
 - Market rate – private developer



Problem #3

- Brownfield – urban soils
- Solution: City obtained grants



Problem #4

- Residential rents vs development costs
- Solution(s):
 - City created condo
 - City paid for site development & podium
 - City sold podium air rights for \$1.00
 - City helped obtain VHCB loan/near grant for \$900k





Problem #5

- Commercial: Limited market
- Solution: major employers
 - CCV - tenant
 - NMC – tenant and investor
- Solution: VEDA subordinate loan



CONGRESS & MAIN

VERMONT
TECH



COMMUNITY COLLEGE
CCV OF VERMONT

Problem #6

- CCV couldn't pay more rent that current costs
- Solution: City needed a new police station
 - Commercial developer buy and redevelop old CCV building into police station
 - Hold in same LLC as commercial building





Problem #7



Problem #7

- Bank wouldn't lend on speculative retail space
- Solution: City guaranteed minimum breakeven rents



Problem #8



Problem #8

- Need to demo three historic buildings
- Solution: City buy and renovate more significant fourth building







Congress St

Congress St

Bans City Hall

d Cup

PathStone

ut Bar
Donuts

shadows
The Spirit
Gift shop

N Main St

Tangled Beauty Studio

Community
College of Vermont...

Maiden Ln

Maiden Ln

Best Practices and Lessons Learned

- Project must align with City objectives
- City – Assemble team
- Roadblocks – problems to solve, not reasons to stop
- More tools available than you realize



Best Practices and Lessons Learned

- Sometimes go bigger
- Major employers can be key
- Layering of capital stack
- Developer-city relationship: good-faith, open book – mutual problem-solving



Public/Private Partnerships
Best Practices and Lessons Learned

The Municipal Development Agreement

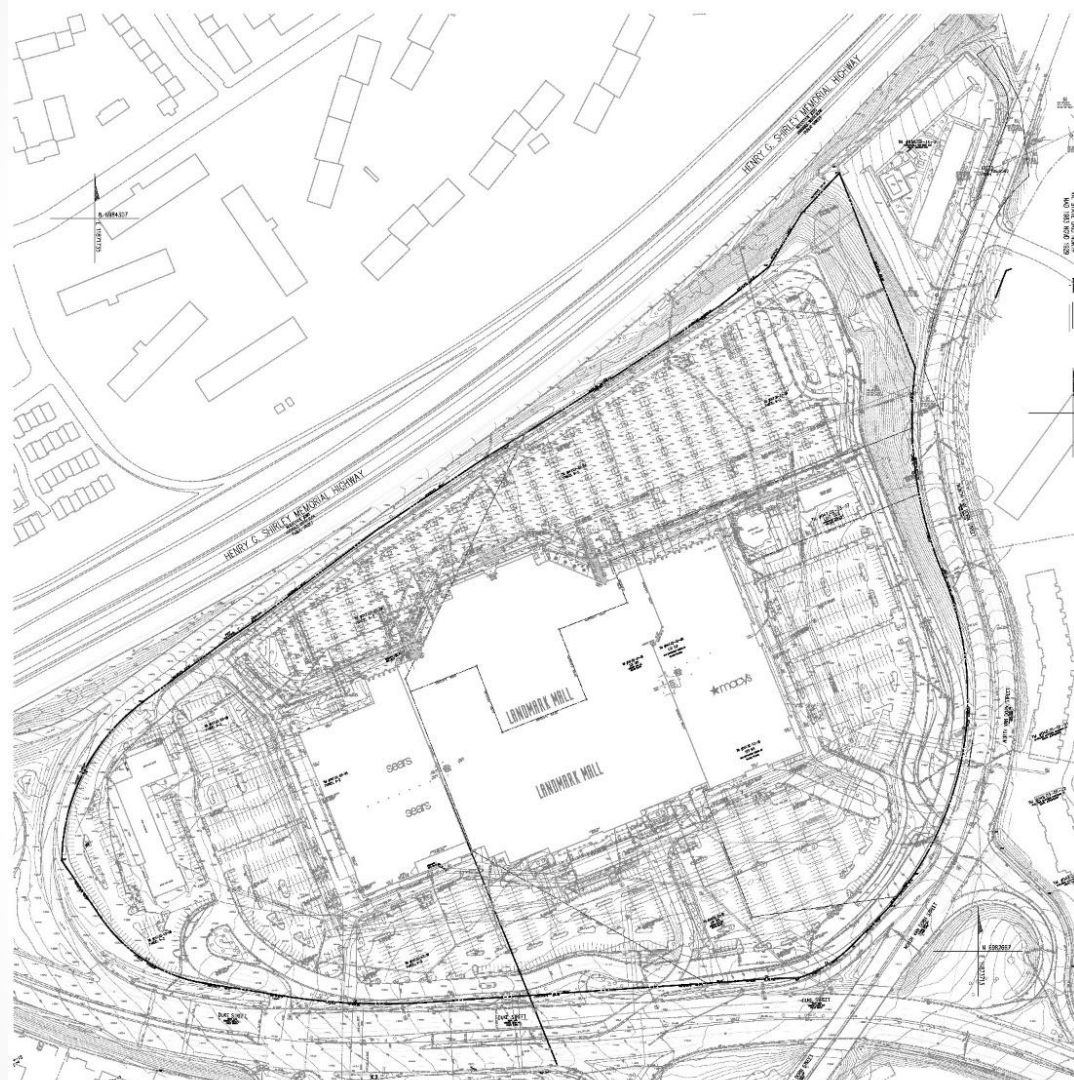


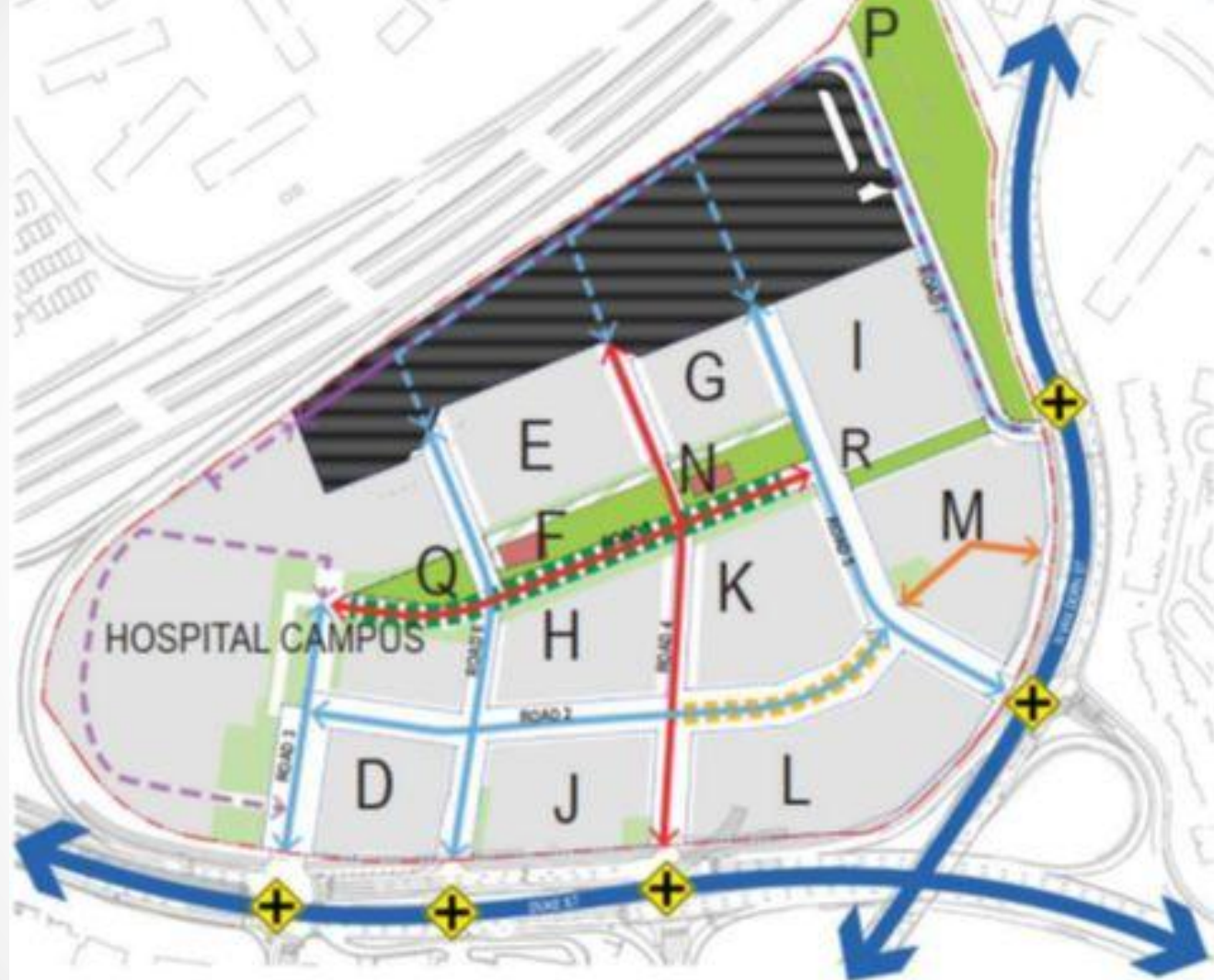
Municipal Development Agreement – Key Concepts

1. Reciprocal Understanding and Respect of Motivations
 - a) Private Sector – Return on Investment
 - b) Public Sector – Public Interest
 2. Relationship Between Public Improvements and Private Improvements
 - a) Public vs Private Improvements
 - b) Role of Private Improvements in the MDA
 3. Protection of Public Interest – Especially if the MDA does not compel the Private Improvements
 - a) Timing relationship between construction of Public and Private Improvements
 - b) Timing of the municipal funding of the Public Improvements
 - c) Owner backstop of City's risk in issuing debt if Private Improvements are delayed or do not materialize as planned
 4. The Rest
 - a) Scope and Budget
 - b) Allocation of Work
 - c) Construction Agreement Details
 - d) Conditions Precedent to Starting
- 

Case Study – Landmark Mall Redevelopment City of Alexandria, Virginia. “WestEnd Alexandria”

- Old 1950s era Suburban Mall - 52 acres, ~ 7 miles outside of D.C.
- “Suburbs” no more. Vital location near public infrastructure. Redevelopment a top priority for the City.
- Private developer contracts with Mall owner to buy the site. Will tear down the Mall and redevelop over 4m SF of new mixed-use development.
- Project is anchored by a new medical center. There is an existing Alexandria Hospital about 3 miles away, but it too is old and in need of substantial rehab, but there’s no more land to build on its campus. The Hospital will spend \$1B to relocate to the new project then sell its current hospital land for residential development.
- Neither the developer nor the Hospital can pay to buy the Hospital site or construct the substantial public infrastructure necessary to support the project.
- So, the City of Alexandria issues \$180m of general obligation debt to pay for the acquisition of the new Hospital site (\$55m) and the construction by the developer of public infrastructure (\$125m).
- The City ground leases the Hospital site to the Hospital, which then builds the new Hospital.
- The City gets (i) redevelopment of the clunky old Mall, (ii) a new Hospital, and (iii) an increased tax base. The Hospital gets 99 years of land for a new Hospital. The Developer gets the ability to deliver 4m SF of its product.











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Further Considerations



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Questions?



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Thank you!



QUESTIONS?

SPEAKERS

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