

Public-Private Partnership: City and Downtown Hotel + Living Project As of February 2025

The Downtown Hotel + Living Project will complete the Center Street block at Center & Wales with a seven-story building providing 99 hotel rooms under a name-brand hotel chain, while also incorporating 26 new market-rate apartments on the 5th and 6th floors. A restaurant, bar and rooftop bar will complete the on-site amenities. The City of Rutland has been working collaboratively with the project's development team for over two years to bring this to fruition.

With the state of the construction industry, the cost of living, and the challenges of downtown development, the contributions of the City are absolutely critical. When complete, the benefits to the City will be significant and catalytic.

Downtown Hotel + Living by the numbers:

- \$40 million in private investment into downtown Rutland
 - Including \$5 million of contamination remediation
- 7 stories
- 99 hotel rooms
- 26 apartments
- 1 restaurant
- 1 first floor bar
- 1 rooftop bar

Immediate benefits to all Rutland residents:

- Filling in “the Pit”! No more pit. No more contaminated site.
- A cozy comfortable place for friends and family to stay when coming to visit; and also enticing for business guests and tourists traveling to the region.
- Downtown housing for twenty-six households with fantastic views, in-unit laundry, off-street parking and storage spaces; access to hotel amenities.
- An anchor “tenant” that completes the Center Street block
- New life into downtown, especially when combined with the new opportunities at the Paramount, too
- Increased economic activity downtown
- Visual improvement to the Center Street gateway into downtown, including buried utility lines
- Major infrastructure upgrades to benefit all that will:
 - reduce unexpected business closures when water mains break,
 - protect downtown blocks with increased fire suppression/sprinkler capacity,
 - reduce the flooding of downtown buildings during extreme weather events by separating the storm water from the sewer mains
- Jobs creation – both construction and operational
- Housing for local businesses to attract new workers

Tax benefits of the project to contribute to the cost of running Rutland’s city government and school system:

- A significantly increased assessment, growing the grand list
- Ten years after the hotel opens, 15% of the increased municipal tax revenue will contribute to the municipal tax load, providing relief for all city taxpayers – approximately \$600k over the first 20 years of operation

- Once the hotel opens, 30% of the increased state tax revenue will contribute to Education Fund – approximately \$2 million over the first 20 years of operation
- After the TIF bond is paid (20 years), and forever more, 100% of the increased tax revenue will contribute to school AND municipal taxes – ~\$410k/year to General Fund and ~\$450k/year to Education Fund.
- When the hotel opens, it will generate ~\$500k in rooms and meals tax annually
- Approximately \$976k in special benefits district tax revenues will also be generated over the first 20 years of operation
- Additional local option tax annually

**Without City partnership, this project would not be possible.
There would be NO increase in tax revenue of any kind, and the Pit would remain.**

City's Contributions at a Glance

- Relocate traffic light meter and equipment, April 2025
- Build ~\$8M of infrastructure in 2026 using combination of TIF, grants, sales tax reallocation, and other financing mechanisms
 - Utilities: Bury utility lines on Wales St and add transformer
 - Water: New Wales St water main
 - Sewer & Stormwater: New Center St sewer and stormwater mains
 - Streetscape: Sidewalk, curbing, stormwater basin, etc. on Wales & Center
- Tax Stabilization
 - 10 years municipal tax stabilization after 2-year construction period
 - Estimated savings to developer over 12 years: \$4.6M
- Other reductions or waivers:
 - Waived permit fees
 - Water and sewer rate reduction (over 10 years)
 - Stand-by water fee waived (over 10 years)
 - Business Personal Property Tax exemption
 - Estimated savings to developer: \$750k

WHAT'S THE CITY'S RETURN ON INVESTMENT?

A \$40 million-dollar private investment, plus tremendous tax revenue short- and long-term, downtown economic vitality, and job creation. Further, the City's leveraging of financing sources will result in infrastructure that while catalyzing this project, will be publicly-owned assets serving the core of the City. This is a significant return on investment for less than \$1 million in waivers and tax stabilization (of taxes that would not otherwise exist).