

Work continues on Gorman project

March 24,2006

By Mayor Dave Cieslewicz

I wanted to take a moment to update you on the latest developments regarding the Gorman project on the 800 block of East Washington Avenue. Our office has been hard at work developing alternative proposals, which could enable this project to move forward, with a responsible level of City financial support.

One of the key sticking points on this project has been the need to purchase all of Don Miller's property at once, even though the project itself will be built in phases over a period of several years. Last week, I proposed to Gorman and Co., a solution to this issue. Under my proposal, the City would purchase the entire Don Miller property for \$5.5 million, use \$2.2 million in TIF to write down the cost of the land, and sell the property to Gorman for \$3.3 million. This is very similar to the successful arrangements we made with Gorman in developing the SuperSaver site in the Allied Drive neighborhood. The proposal would have resolved many of the financial difficulties cited by the developer in moving the project forward. By providing Gorman with \$5.5 million worth of land for only \$3.3 million, the developer would have access to assets, which he could then borrow against.

Unfortunately, the developer did not accept this proposal. As you will recall, prior proposals included our initial offer of \$2.2 million in TIF assistance, representing nearly half of the City's TIF budget for the entire year; and a subsequent offer to provide the \$2.2 million, plus an additional loan of \$2 million. The latter proposal was rejected by the developer because of the City's insistence that it have legal recourse for repayment of the loan. Throughout these discussions, an important issue the City must consider is how this project compares with similar projects. It would be unfair to other local developers if the City were to provide TIF assistance for Gorman that would give them a competitive advantage over other developers.

However, I am glad to report that discussions are ongoing between my office, city staff and the developer. The developer is preparing some new ideas for moving this project forward, and we are eager to hear them. I have said from the beginning that this is an outstanding project with strong neighborhood support, and that if we can find a way to provide a responsible level of public financing, it will move forward with my strong support.

Throughout the process of developing complicated projects such as this one,

there are often unexpected setbacks and lengthy negotiations. This project is not different. While there are never any guarantees that a project of this magnitude will ultimately come to fruition, it is very encouraging that all parties are continuing to work together in good faith.

If you have any questions or comments about this or any other issue, you are welcome to contact my office at 266-4611, or write me at [mayor@cityofmadison.com](mailto:mayor@cityofmadison.com).