

**Office of
the Mayor
Burlington,
Vermont**



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Open Letter to the People of Burlington,

Early in my campaign for Mayor I promised a “go/no-go” decision on the Moran Plant project within 90 days of taking office. I made this aggressive commitment knowing that, despite the complexity of the issue, it is time to take decisive action with respect to a waterfront property that has languished for over 25 years.

“No-Go”: The City will not go forward with the former administration’s plan to have the City of Burlington serve as the developer of a complicated, speculative, commercial real estate venture. I will not risk Moran becoming another Burlington Telecom.

However, after years of delay, further inaction is also untenable. The City must move forward with a plan for redeveloping this critical piece of our waterfront. Therefore, in addition to the promised decision, I also am announcing today a five-point action plan for near-term progress on the northern waterfront:

- 1. The City will go forward with a new, open, focused, and competitive process (the first in 17 years) to determine the future of the Moran building and site.**
- 2. The City will go forward with Waterfront Access North, the long-planned improvements to the site around Moran that include remediating environmental concerns, burying power lines, creating parking, establishing storm water facilities to protect the lake, and building a new skate park.**
- 3. The City will go forward to find a permanent home on the Burlington waterfront for the Lake Champlain Community Sailing Center and attempt to establish a long-term agreement with the Sailing Center within the next year.**
- 4. The City will go forward to begin the work of transforming our bike path, which has a proven track record of attracting visitors and revenue to our City, into an enhanced, modern, world-class recreation amenity. To responsibly fund this project, I will ask the City Council and the voters this fall to support a multi-million dollar tax increment financing (TIF) investment in the path.**
- 5. The City will go forward with planning the best ways for the public to enjoy and benefit from the Urban Reserve, our potentially remarkable City asset immediately north of Moran that was set aside 20 years ago for our generation to revive.**

A more detailed analysis and explanation of my Moran decision and northern waterfront action plan are attached to this letter.

I want to thank the large team of Burlington employees, consultants and attorneys who have been working hard and effectively on Moran redevelopment efforts for many years and who committed themselves to the serious policy review that has resulted in these decisions. Although we are changing course today, their years of work will be critical to the ultimate redevelopment of the northern waterfront.

I look forward to working with the City Council and the people of Burlington to see this plan implemented.

Sincerely,

Miro Weinberger

"No-Go" Decision Regarding Former Administration's Plan Details

The City will not go forward with the former administration's plan to have the City of Burlington serve as the developer of a complicated, speculative, commercial real estate venture. I have come to this conclusion for a number of reasons:

- 1) There is no precedent for the City of Burlington succeeding as a commercial developer. The City's Community and Economic Development Office (CEDO) has been involved in many ambitious and innovative projects over the last 30 years, but never in a role that involved public development and operation of a real estate project with comparable pre-development, permitting, construction, financing, and marketing complexity. The most comparable project the City ever attempted is Burlington Telecom. *The taxpayers cannot assume the risk that Moran will become another BT.*
- 2) After five years of work, the prior administration's plan remained far from ready to implement and the fundamental feasibility of the project remained far from certain. When I became Mayor, only 25 percent of the project financing was fully committed, the development faced potential permitting complications, construction cost overruns were a serious concern, the project faced highly-consequential and potentially unattainable deadlines, and there were no committed tenants for the building. Moreover, the success of the project relied on successful implementation of the most complicated financial deal I have seen in my 15-year career specializing in complex public-private projects.
- 3) Now is not the time for further speculative financial adventures by the City. The recent Moody's Investors Service three-step credit rating downgrade was a painful reminder that the City faces a prolonged period during which it must be extremely disciplined about its finances. Over the past four years, the City has spent \$750,000 of the City's capital funds on the Moran redevelopment and has loaned over \$500,000 from the cash pool to the project. It would take at least an additional year and an estimated \$900,000 of at-risk public spending to close the deal. While we will ultimately gain value from some of the funds already spent, we cannot continue to advance funds with only the hope that the project as envisioned by the former administration will eventually close.

Therefore I have decided "no-go" on the former administration's Moran plan. While the challenges to that plan may be surmountable by a development organization using private funds, it is not appropriate for the City of Burlington to continue to play the project developer role at this time. Today I am sending letters to the Community Sailing Center and Ice Factor advising them of my decision and putting them on formal notice that, at the end of a thirty-day notice period, the City intends to terminate the Memorandums of Understanding between them and the City of Burlington.

Five-Point Action Plan Details

The decisive steps below will allow the City to move forward with the redevelopment of the northern waterfront in a manner that will minimize the risk and expense to the City and its taxpayers, while maximizing the ability of all Burlingtonians to use and enjoy one of our City's greatest treasures.

1. The City will go forward with a new, open, focused, and competitive process to determine the future of the Moran building and site. The last time the City led a competitive process seeking feasible ideas and independent partners for the redevelopment of the Moran site was 1995. While that effort was unsuccessful, much has changed since then. As a result of many years' work, the City has converted a polluted industrial area into an excellent development opportunity for an independent partner. The City now can offer an environmentally clean site, a resolved site plan for the area surrounding and supporting the Moran building, detailed design documents and construction estimates, and TIF-funded public infrastructure investment. It is time to solicit competing proposals again. By September 30 we will commence a competitive process intended to solicit a broad set of responses. This competitive process will be:

- **Open** – Respondents will be allowed to propose uses for the building and site that are consistent with the current building and site designs, or that take the property in a new direction.
- **Focused** – My goal is an efficient process created in partnership with the City Council that allows the City to commit to a new direction *no later than April 2013.*

- **Confirmed by the voters** – Burlington voters will have the ultimate say on the outcome of this new process, most likely through a binding vote on TIF investment in the Moran redevelopment.

2. The City will go forward with Waterfront Access North.

Waterfront Access North is the related, but separate, project that involves enhancements to nearly six acres surrounding the Moran site. This project will markedly improve the northern waterfront through traditional public infrastructure investments and public facilities that will:

- Address environmental contamination of the site that stemmed from its historic industrial use.
- Create important storm water treatment facilities that will protect Lake Champlain from pollution.
- Modernize and improve this northern waterfront by removing a large electrical substation, burying power lines, and substantially improving Lake Street.
- Create parking and improve access for waterfront events and the ultimate uses of the Moran site and the Urban Reserve.
- Create a world-class skate park.

To date, with the help of Senator Patrick Leahy, CEDO successfully has secured over \$3 million of federal funds for Waterfront Access North. The approximately \$2 million balance of the project can be paid for by Waterfront TIF funds that must be spent in the next few years on public infrastructure serving the waterfront. Waterfront North represents a prudent use of these dedicated funds. I will seek support for this TIF investment from the City Council and on the November local ballot.

3. The City will go forward to find a permanent home on the Burlington waterfront for the Lake Champlain Community Sailing Center and attempt to establish a long-term agreement with the Sailing Center within the next year.

For 18 years the non-profit Sailing Center has provided excellent opportunities for residents and visitors of all income levels to experience our treasured Lake Champlain. The organization was recently recognized by US Sailing, the sport's national governing body, as one of the top community sailing centers in the country. After years of short-term agreements that have limited the ability of the Sailing Center to invest in its future, it is time for the City and non-profit to commit to a permanent, stable home for the Center, either as part of the Moran site or elsewhere on the Burlington waterfront.

4. The City will go forward to begin the work of transforming our bike path into an enhanced, modern, world-class recreation amenity.

The Bike Path Task Force has opened the eyes of the community to the need to repair, enhance, and better maintain our beloved, 25 year-old bike path. The path has proven its ability to draw tourists, generate tax revenue for the City, and improve the lives of all Burlingtonians. However, it is falling into disrepair and does not meet modern standards. While we must be disciplined in how we approach enhancements given the City's financial situation, we have an opportunity to improve the critical, heavily-trafficked section of the bike path between Perkins Pier and the north boundary of the Urban Reserve without impacting property taxes. I will ask the City Council to authorize the investment of approximately \$3 million of Waterfront TIF funds to rebuild this section of the bike path. TIF funds allow the City to make public investments that will generate future economic development and property tax revenue without burdening current property taxpayers.

5. The City will go forward with planning for the best ways for the public to enjoy and benefit from the Urban Reserve, the land that abuts the Moran site.

In 1992 the formerly industrial Urban Reserve, or North Forty, was set aside for future generations to plan and reclaim. An interim use and management plan for this land ends in 2012 and the future is now here – it is time to transform this neglected swath of the waterfront into something inspiring. Over the next year we will take the first necessary steps towards this transformation by defining the area that must by deed be conserved, creating a planning process and schedule for making decisions about the balance of the site, and exploring low-cost opportunities for Burlingtonians to start accessing and enjoying this potentially magnificent part of the City. Waterfront Park began with an experiment called "the Community Boathouse" – it's time to bring this kind of innovation to the North Forty.