



# Time-out, dammit!

By Ken Harwood

To suggest that we are all worried about the effects of the economy on our community would have to be an understatement. To be honest, this little column of mine was more fun to write when I could joke about little pink houses, suggest we market our community a bit more effectively or become a little more green. Those were the days, simpler thoughts for simpler times ... and that was just six months ago.

I have more recently written about balancing financial stability, jobs and consumer confidence. I have suggested massive layoffs are not the answer, especially when combined with huge federal bailouts, and I have stressed our need to work with newly elected officials. I am now offering one more overly simplistic solution for the greater economy and our community. The financial "time-out," just like a basketball game that is headed south. Let's call a time-out while there is time left in the game.

I'll use the example of the Overture Center to illustrate. The game so far has a \$205 million asset, a \$28 million debt, a benefactor who should be sainted instead being chastised for his vision, banks that are being asked to forgive large chunks of a loan, an operational trust that is gone, layoffs, a mayor who is saying we can't place the problems on the taxpayer, and a board that is trying to restructure in the worst possible economic environment. Oh, yeah, and we need a solution. NOW.

Rather than foreclose, bailout, go dark, find new owners or transfer the problems to the taxpayers, why not freeze all the assets, debts and other liabilities for three years. A financial time-out. Then we restart the game with a pay-as-you-go operational budget and manage the facility accordingly. Finally, all the players agree that before the end of the three-year period, there will be an acceptable plan in place for the continued operation of

the facility. The cost of this idea is actually far less than any of the current proposals. The downside is that in three years we do not have a solution, but we should be in a better economy and have a better understanding of the problem.

The time-out plan might also work for home foreclosures, business failures, personal debt, commercial development refinancing and retail downturns. Of course, plan A is the current, vogue option ... you know — homeless, unemployed, bankrupt, developers living in abandoned Macy's buildings...

## Major projects

The new \$150 million private-public research facility on the UW-Madison campus will use a geothermal system for heating and cooling. The system should save 10 percent in energy costs for the entire facility. The building will be completed by December 2010 and was funded by the state, the Wisconsin Alumni Research Foundation and \$50 million gift from alumni John and Tasha Morgridge.

Several Madison area companies were bright spots in an otherwise gloomy economy in 2008. Specifically Epic Systems in Verona, Virent Energy Systems, Broadcast Interactive Media, Musicnotes Inc., and Networked Insights (oh! This guy's on our cover!) were all recognized nationally as leaders in their respective fields; expect to see continued growth.

## Homes/Condos

Mortgage rates are at 30-year lows and the Madison area continues to fare better than most metropolitan statistical areas when it comes to foreclosures, declining values and stalled sales. While not recession-proof, we have a more stable economy and job market according to some experts. Let's hope.

## Commercial/Office

Several hotels remain on the drawing boards or have actually begun to build in Madison. I still believe we need a business-friendly transit system to tie this room inventory into the downtown and convention center areas.

Shorewood Hills will see a \$15-million 74,600-square-foot LEED-certified office building on University Bay Drive. The four-story building is being built by Krupp General Contractors and was designed by Potter Lawson architects.

## Retail

Iowa-based Hy-Vee grocery wants to build a 83,000-square-foot, full-service grocery on part of the current Westgate Mall site. Hy-Vee is already working on an east side store in the former Kmart. The Willy Street Co-op is still looking at Metropolitan Place downtown but has now added two Middleton locations to the list of possibilities for a second store. The Macy's store at Hilldale has survived round one of store closings for the retailer. Eleven other Macy's will close nationwide. Some are suggesting other retailers may follow suit after slow holiday sales.

## Conclusion

We may not get to the time-out option, but the current solutions are not working well. Here is to hoping that I am writing about bamboo floors and pontificating city council members in the very near future. ■

.....  
*Ken Harwood edits Wisconsin Development News, an e-mail/online news blog, and is founding partner of FutureWisconsin.com. He is also a Verona alderman. Contact him at editor@WisconsinDevelopment.com, (608) 334-2174.*