From:	Alex Saloutos
To:	All Alders
Subject:	Opposition to Proposed Agreement with Madison LakeWay Partners Inc., Legistar File ID No. 88832, item 41 on July 15, 2025 council agenda
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Attachments:	250717_MEMO_LAKEWAYAGREEMENT_COMMONCOUNCIL.pdf

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Dear Alders,

Please find attached my analysis of the proposed Madison LakeWay Partnership Agreement, which I urge you to reject in its current form. As former Alder Ken Golden would say, "It's not soup yet" - this rushed agreement asks the City to enter a 10-year marriage without even dating first, cedes control of our public asset's brand to a private entity, and commits significant public resources without any evidence of the Partners' fundraising capacity. The attached memo details these concerns and proposes a more prudent phased approach that better protects the public interest while still enabling private philanthropic support.

Respectfully,

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M E M O R A N D U M

Date. July 15, 2025

To. Common Council, City of Madison

From. Alex Saloutos

Re. **Opposition to Proposed Agreement with Madison LakeWay Partners Inc., Legistar File ID No. 88832**

I respectfully urge the Common Council to vote NO on the proposed Cooperative Agreement with Madison LakeWay Partners Inc. in its current form, which is item 41 on your agenda this evening. While public-private partnerships can provide valuable support for civic projects, this agreement contains significant structural flaws that undermine democratic oversight, create problematic precedents, and fail to adequately protect the public interest.

Simply put, this agreement asks the City to enter into a 10-year marriage without even dating first. We're being asked to commit significant public resources and cede control over our public asset's identity to a partner whose capacity to deliver meaningful support remains entirely unproven. This is not prudent governance.

Critical Concerns

1. <u>Inappropriate Private Control of Public Asset Branding</u>

The most troubling aspect of this agreement is that Madison LakeWay Partners Inc. owns and controls all trademark rights to the "Madison LakeWay" brand (Schedule A of the Trademark License Agreement). This arrangement is fundamentally inappropriate for several reasons.

- Public Land, Private Brand. The LakeWay encompasses 1.7 miles of public lakefront and 17 acres of city-owned property. Allowing a private entity to own the brand identity of a major public asset sets a dangerous precedent.

- Perpetual Dependency. The City must seek permission from a private organization to use the name of its own public space. Even after spending hundreds of millions in taxpayer funds, the City will not own the brand of its own park.

- Termination Vulnerability. Upon agreement termination, the City has only 180 days to discontinue use of the LakeWay branding, potentially requiring costly rebranding of a major public facility.

2. <u>Circumvention of Democratic Oversight</u>

The timing and structure of this agreement appear designed to facilitate the exemption of the $320 million project from voter referendum requirements.

- Rushed Process. This complex agreement, potentially binding the City through 2035, was only made public on July 1, 2025, when introduced at Common Council. After being negotiated behind closed doors for an unknown period, the Council is expected to approve it just two weeks later. Why the rush to approve a decade-long commitment with only 14 days of public review?

- Referendum Avoidance. The agreement legitimizes the Partners as the "official non-profit collaborator" just as the Council considers exempting the project from the voter-approved referendum requirement (MGO 8.35).

- No Accountability Mechanisms. The agreement lacks meaningful performance metrics, financial transparency requirements, or mechanisms for public input into Partners' activities.

- Coordination with Exemption Vote. The simultaneous push to exempt the LakeWay from referendum requirements while rushing through this partnership agreement suggests coordinated efforts to limit public input on this transformational project.

3. <u>Excessive Benefits with Minimal Obligations</u>

The agreement provides substantial benefits to the Partners while imposing minimal concrete obligations.

City Provides.

- $25,000 cash payment

- Free office space valued at $15,000/year

- Utilities, IT services, supplies, and equipment

- Exemption from all park fees for up to 20 events annually

- Marketing rights and official status

Partners Required To.

- Use "best efforts" for fundraising (no specific targets)

- Provide annual updates (no detailed reporting requirements)

- Maintain website and marketing materials

4. <u>Lack of Financial Transparency and Accountability</u>

- No Fundraising Targets. The agreement sets no minimum fundraising goals or timelines despite the Partners' primary purpose being financial support. For a project of this magnitude ($250-300 million), private philanthropy should contribute a meaningful portion—at minimum 20-30% of total costs.

- No Feasibility Study Required. The agreement commits public resources without requiring Partners to demonstrate fundraising capacity through a professional capital campaign feasibility study.

- Vague Financial Reporting. Annual updates to Council lack requirements for detailed financial statements, donor lists, or spending breakdowns.

- No Public Access or Open Records Requirements. Despite receiving public resources, the Partners' board meetings, financial records, and decision-making processes remain private.

5. Problematic Governance Structure

- Limited City Representation. Only one voting board member appointed by Park Commissioners, with non-voting positions for the Mayor and Parks Superintendent.

- No Removal Provisions. The agreement lacks mechanisms to remove underperforming board members or address conflicts of interest.

- Auto-Renewal Clause. The agreement automatically extends to 2035 if either party provides notice, with no performance review required.

6. Intellectual Property Concerns Beyond Trademarks

- Right of First Refusal Complications. The complex provisions regarding IP transfer (Section 7.c) could entangle the City in legal disputes if the Partners dissolves or faces financial difficulties.

- No Work Product Ownership. Materials, plans, or concepts developed by Partners using City resources remain Partners' property.

7. Premature Long-Term Commitment

This agreement represents a 10-year commitment (potentially extending to 2035) to an unproven partner. The City is essentially being asked to get married without dating. Before entering such a lengthy partnership, the City should.

- Verify the Partners’ fundraising capacity through professional assessment

- Test the partnership through a limited-term arrangement

- Establish performance benchmarks based on demonstrated capabilities

- Ensure the relationship structure protects public interests

Committing public resources for a decade without evidence of the Partners' ability to raise meaningful private funds is fiscally irresponsible.

Recommended Amendments

If the Council wishes to pursue a partnership, the following amendments are essential.

1. Transfer trademark ownership to the City immediately, with Partners receiving a revocable license to use the marks for fundraising purposes only.

2. Require professional feasibility study. Partners must complete a capital campaign feasibility study by a qualified consultant with demonstrated experience in campaigns ranging from $30 million to $100 million within 24 months. This agreement should terminate upon completion of the study, with any long-term partnership contingent on study results demonstrating viable private fundraising capacity.

3. Establish meaningful fundraising targets. For a project of $250-300 million, private donations should constitute at least 20-30% of total project costs ($50-90 million). This represents a meaningful private contribution while recognizing the public nature of the asset.

4. Create performance milestones.

   - Year 1-2. Complete feasibility study
   - Year 3-5. Raise 25% of private fundraising goal
   - Year 6-8. Raise 50% of private fundraising goal
   - Failure to meet milestones triggers agreement review/termination

5. Require quarterly detailed financial reporting including donor lists, expenditures, and progress toward goals.

6. Increase City representation to a majority of board positions.

7. Include explicit support for referendum process rather than circumvention.

8. Mandate open meeting requirements for Partners' board when discussing use of public resources.

9. Reduce in-kind contributions until feasibility study demonstrates viable fundraising capacity.

Alternative Approach

Rather than rushing into this flawed agreement, the Council should.

1. Approve only a short-term agreement (24 months maximum) focused solely on completing a professional capital campaign feasibility study

2. Require the feasibility study be conducted by a qualified consultant with proven experience in $30-100 million campaigns

3. Make any long-term partnership contingent on feasibility study results demonstrating capacity to raise at least 20-30% of project costs through private philanthropy

4. Defer decisions on trademark ownership and long-term commitments until feasibility is proven

5. Conduct competitive RFP process for fundraising partners if feasibility study shows limited local capacity

6. Retain City ownership of all LakeWay branding and intellectual property

7. Establish clear performance metrics tied to continued City support

Conclusion

While private fundraising support could benefit the LakeWay Project, this agreement subordinates public interests to private control in unacceptable ways. Most critically, it commits the City to a 10-year relationship without any evidence of the Partners' capacity to raise the tens of millions needed for meaningful private contribution to this $250-300 million project.

The rushed timeline—from July 1 introduction to July 15 vote—for an agreement potentially lasting until 2035 is itself reason for rejection. Major partnership agreements deserve thorough public vetting, not two-week turnarounds. If this partnership is truly in the public interest, it can withstand proper scrutiny.

The Council should reject this agreement and direct staff to develop a two-phase approach. first, a limited 24-month agreement focused on completing a professional feasibility study, then, contingent on positive results, a long-term partnership with appropriate performance metrics and public protections.

The citizens of Madison deserve a partnership that enhances, rather than undermines, democratic governance of their public spaces, and that ensures private fundraising commitments are realistic and achievable before committing public resources.