

## The Cingular Deal: What Could Have Been

Written by

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The announcement last week that Cingular Wireless has selected Davenport for a 510-job call center was great news, but with a big asterisk.

There's no denying that the jobs (which will pay an average of just over \$21,000 a year) are welcome. They probably won't attract new people to the Quad Cities, but they will provide a substantial number of people with higher incomes.

And a \$3.4-million loan from the City of Davenport - to be repaid through taxes from increased property values at the call-center site - seems a fair incentive, given the magnitude of the project and the fact that the jobs will actually be new.

But the location of the call center combined with the size of the incentive gives me pause. These jobs might merit millions of dollars in assistance, but that money should be used to encourage development where it wouldn't happen otherwise. In other words, this is a project that deserved tax-increment financing downtown, but not at the northern-Davenport site Cingular is considering.

And the way Davenport handled the announcement and the incentive stinks, making me think city leaders would prefer that citizens don't sniff around too much or think too deeply about the deal.

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To start, a press release on the jobs came out midday on December 20, mere hours before the city council was asked to consider preliminary approval for the package at a meeting that night. That would be problematic at any time, but it's particularly egregious so close to the holidays, when the citizenry's attention is generally otherwise occupied.

City officials will claim that there are several hurdles yet to be cleared next month, and that people with concerns will have plenty of time to raise them. But that's disingenuous. There has been the municipal equivalent of a handshake deal, and city-council members will no doubt tell you that to renege on that agreement late in the process would do irreparable harm to the City of Davenport in future efforts to lure businesses here. It's as good as done, and it was sneaked through.

The sly way the deal was sealed raises questions about the city's ability to negotiate effectively, related in particular to the placement of the call center in northern Davenport.

Why is the city offering incentives for a project on land that would likely be developed in the near future *without* incentives? What did the city do to try to persuade Cingular to either renovate or build downtown? Did the city try to sweeten the pot in exchange for a downtown site, or at least tell Cingular that it could only get the incentive package it sought with a central-city site?

I know the objections to a downtown site. There's no suitable existing building downtown. There's not enough parking. Cingular wanted to be close to the shopping and restaurant amenities along 53rd Street. Building or adapting a building downtown is more expensive than erecting something on a green field.

Fair concerns all, but they shouldn't be deal-breakers. We've had a flurry of new construction downtown in recent years, from the NewVentures Center and the Figge to new jail and police facilities to a new office building for Lee Enterprises and McGladrey & Pullen. We've already built two parking garages. And haven't we been spending millions of dollars in downtown Davenport to make it a thriving retail and dining destination?

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The issue of downtown construction costs is the most difficult, but here the city has room to be creative. The project has a reported budget of \$19.3 million. Let's say that a downtown site would cost 50 percent more - about \$30 million. Could the city have eaten a majority of that extra cost to move those jobs downtown?

Consider that a north-Davenport Cingular site - the company is reportedly considering Elmore Circle - will be effectively taken off the tax rolls while the loan is repaid. That's most likely lost revenue to local taxing bodies, because that land would almost certainly be developed without tax-increment-financing incentives in the next few years.

At a central-city site, though, tax-increment financing is less likely to lead to lost revenue, because there are plenty of underused properties downtown that are in no danger of being redeveloped in the near future. Figure out the natural developed value of the north-Davenport land, subtract the current assessment, and the incremental property taxes represent the amount of money the city could use to lure Cingular downtown at no long-term cost to the municipality or other taxing bodies. You could even jack that amount up by adding in the congestion and infrastructure costs associated with a north-Davenport site.

Consider also what Cingular could do for downtown Davenport. With the exception of 60 management employees, these workers will not be buying homes; they'll be renting. This project could accelerate existing efforts to make downtown Davenport a housing destination.

And think of what 510 jobs downtown would do for existing restaurants, stores, and cultural amenities.

The city should have started serious negotiations by asking Cingular: What would it take for you to agree to a central-city site? And then Davenport should have figured out a downtown assistance package in the best interest of both Cingular and the city.

Maybe the city framed the question that way. Maybe Cingular was immovable on the issue of location. Maybe there truly is no downtown location that would be suitable for a project this size.

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But at this point, there's no evidence to suggest any of that's true.