

## Courage and Patience

Written by

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I hope I am proved wrong, but it looks like the Isle of Capri (IOC) is going to renege on its \$10-million obligation to Bettendorf to help build and operate a \$15.8-million events center as part of its development agreement that was included in the city's Vision Iowa grant. This would likely cause Bettendorf to forfeit \$4 million because of IOC's nonparticipation. Why should IOC care? It has its new hotel, doesn't it?

Davenport's application for \$13.8 million from the same state fund (Vision Iowa) is in jeopardy because of IOC's failure to build its \$40-million casino hotel on the riverfront. The Community Attraction & Tourism (CAT) application was premised on that \$40-million investment, and if the Isle of Capri doesn't deliver, the city would be eligible for roughly \$8 million less in state funds. Alternatively, the state could force Davenport to re-start the application process.

How many times do the gaming operators (past and present) in the Iowa Quad Cities get to fail in their commitments to the cities in which they operate? More specifically, what is it going to take for our city leaders to wise up and start negotiating on behalf of taxpayers rather than in spite of them?

I do not want to hear about the marginal benefits these casinos provide in terms of jobs and largess. They do the bare minimum - what is required by law to operate - and nothing more. That is their right as private businesses. But when such corporations directly lobby for and rely upon public resources to support their own business plans, operations, and profitability, the public deserves a much higher level of performance than has been exhibited by IOC over the past five years.

Recall promises to renovate the Blackhawk Hotel as provided in the original gaming agreement between IOC and Davenport taxpayers, entered into when IOC took over operations from the Connelly Group. Now the Blackhawk Hotel sits vacant and in far greater disrepair than before IOC's involvement - further hobbling Davenport's convention business.

City leaders continue to hire consultants that are nothing more than information jugglers, who make sure that data lands in such a way to make whatever case it is hired to make. These poseurs perform no arm-length analysis to determine the merit of a project. Instead they conjure data to sell it to the taxpayers at the behest of city leaders who are doing the bidding of the special interests - in this case, IOC. In Davenport's case, it often shares the same

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consultant with IOC (as is the case with yet another forthcoming RiverCenter study), and then it wonders why the studies have no credibility with the public.

Past negotiations have revealed that much of the city administration and many councilmen are sorely lacking in business acumen. Maybe that's one motive for the past council to rely so heavily on DavenportOne's lobbying for the last development agreement. Hopefully this council will cease listening to such advice, at least when it comes to future casino negotiations. The selfish, shortsighted, and manipulative spin that dominated the last casino agreement negotiations gained these entities far more civic contempt than fiscal reward.

It is also painfully obvious that neither Bettendorf nor Davenport has done the necessary due diligence on IOC's overall financial status to determine the true viability of the agreements they enter into. Somehow IOC has the Quad Cities buffaloed about its financial ability to perform. Instead of a solid risk assessment, participation is based on more smoke and mirrors, whether because of extreme naïveté or pure negligence is moot.

So what are a city and council lacking the skills necessary to effectively negotiate with a publicly traded corporation (represented by superior legal advice) to do? Open up the proceedings to the public and remember that because IOC is yet again seeking more public resources, the taxpayers' interests are the priority, not the casino's. If an open and transparent process is adhered to, citizen experts in the community will come forward once again with critical perspectives and constructive criticism. In 2005, elected officials were too obtuse to heed the warnings of such citizens about market forces, future legislation, and the folly of building south of River Drive; eventually IOC officials succumbed to these glaring financial realities.

There isn't a good business deal in existence that largely benefits one party over the other. So why go there? IOC has a responsibility as a for-profit enterprise to negotiate the best possible deal for its shareholders. That means securing as much gain as possible for the least expenditure possible. Coincidentally, municipal leadership has the same responsibility to its taxpayers. Luckily, there is plenty of room in the middle to balance the equation to satisfy both interests. Imbalance occurs when one side is substantially weaker than the other, whether because of inability, corruption, indifference, or ignorance. Shareholders won't stand for this scenario, and neither should taxpayers.

Shareholders respect what management inspects. This holds true for municipalities, as well.

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Taxpayers/voters will respect what city leadership inspects. In addition, rivals will respect one another. Right now, IOC has every right to disrespect city leaders. Their willingness to settle for so much less than they should does not inspire respect, or good faith for that matter. IOC consistently asks for the moon - and gets it, much to its own amazement, I'm guessing.

If this next round of casino negotiations cannot be conducted with the transparency that is this community's right, then perhaps it is time for Davenport to generate some competition for the valuable right to operate a profitable gambling casino within its city limits. This transparency is the duty of both the city administrator and the city council. Perhaps it's time to instill some courage in the city's negotiations with the IOC. How long does the Riverboat Development Authority, which holds the license, have to operate with the IOC in Davenport? Does the city have any say in that relationship? Are there performance clauses in revenues, and are those being met? How different would the deal-making landscape look if a third operator were bidding for the right to operate in competition with IOC in the Quad Cities? Certainly rushing into yet another new, unenforceable agreement with IOC, just so the city can make a grab for potentially scarce state CAT funds, does not allow for such long-range thinking, does it?

As Third Ward Aldermen Keith Meyer recently said, "Countless hours were put into the simple task of returning LeClaire Park to greenspace. We should give the Isle of Capri proposal no less consideration. The timetable should not depend on what is best for the CAT grant but what is best for Davenport and its people."