

## If You Believe These Numbers, I've Got a Bridge To Go With This Deal

Written by Kathleen McCarthy  
Tuesday, 19 September 2000 18:00

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For nearly four months, a mayor's ad hoc committee made up of several members of the Davenport community (including myself), along with various aldermen and city staff, has struggled with what to do with 220 acres the City owns as part of the failed 53rd Street Mixed-Use Development project. The original purpose of the committee was to explore possible land-use options and make a recommendation to the Mayor and City Council on the best plan for the City to pursue.

To that end, the committee held four public meetings last week to get public input on six separate land-use options brought forth from the committee. Three of the six options were developed and presented by committee members: John Caffery provided what is referred to as Option D—sell the more valuable frontage property (approximately 32 acres) to offset some of the costs, and keep the rest of the land for a multi-purpose public park that includes such amenities as soccer fields and baseball diamonds, a pool, possibly a recreation center and/or branch library, bike trails and picnic areas.

Bob McGivern submitted another plan referred to as Option E—keep all the land and create a public/private partnership to develop an 18-hole golf course. A private developer would pay for the development of the course and keep the greens fees as reimbursement. The City would still own the land, then after 30 years, ownership of the course would pass to the City. Also included in this plan are certain park amenities that the City would be responsible for. However, there would be no revenue to offset costs.

Michelle Magyar proffered Option F—keep a small portion of land (between 40-50 acres) for some public purpose and sell the rest after development controls are in place, such as conservation and public-works-facilities zoning ordinances. The revenue from the sale of the property should recoup investment costs, giving the city 40 and 50 acres at no cost. The zoning requirements would constitute a means to control development in the area without having to own the land. It would guarantee green space throughout the property and also provide for adequate public services. If the 40-50 acres were to become a park, it would be comparable to VanderVeer, which is 34 acres.

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The other three options include Option A—sell all the land and recoup the city's investment (approximately \$5 million for land acquisition, debt, and administrative costs); Option B—keep all the land as a passive park with no developed amenities. This would allow the city to take more time to determine a best use, but it would offer no offsetting income except for farm leases; and Option C—keep all the land and develop a public park on the entire acreage. The same type of amenities would be included as in Option D, but with no offsetting revenue from the sale of frontage property.

Alderman Tom Engleman chairs the committee appointed by the Mayor and perhaps that is where the systemic problem lies. After four months of meeting nearly every week, the public could reasonably expect that the options this committee presented to them would include all relevant information and facts to make an intelligent, methodical comparative analysis of the various options. Instead, the public was given brief narratives on each scenario, along with a half-baked comparative financial-analysis chart with missing numbers, inaccurate financial summaries for each of the options, and no reference to any of the data actually included. Values were misleading within the context of the chart, and the entire analysis was incomplete at best, incompetent at worst. (Unfortunately, this erroneous information was published in the QC Times last week.) Yet the public was asked to vote on the options using the narrow scope of the information presented. To put it mildly, it was an embarrassment to those of us on the committee who made every effort to provide the public with more relevant information to no avail.

Several members of the committee (namely Magyar and myself) took it upon themselves to investigate the financial data and flesh it out more so that at least the information presented would be more coherent from a comparative viewpoint. Using the foundational numbers given to the committee by the city finance director, and using the appraisal commissioned by the city (to which several members of the committee, including myself, strenuously objected to because of the low valuation placed on the land), we reconstructed the chart and filled in the numerous blanks left by Alderman Engleman so that a more comprehensive and fair analysis could be done.

Our contention was that the chart included in the information packets handed to those who attended the public meetings did not accurately reflect the cost/revenue potential of the land-use plans. By furnishing costs (such as land acquisition and bond debt) for one plan but omitting them for another, the financial projections were deliberately skewed to favor one plan over another. The same was true for potential revenues (such as tax revenues and land sales). In some plans it was included, in others omitted. With such data missing, how can any of the plans be fairly assessed under such arbitrary conditions? Another inaccuracy in the chart was the inclusion of the cost to the city for constructing a two-lane road to connect 65th and 67th streets. This road is north of the city-owned property and outside the 220 acres. Therefore, it should not be included in the land-use scenarios—cost or benefit—without being accounted for in the land valuations, as well, which it is not. Nor should it be. Whether or not the city is legally responsible for putting in the street is still not settled. It is a consideration as an aside versus a direct consideration, such as infrastructure costs or bond debt.

Finally, the criticism of the appraisal valuations for the 220 acres was based upon the impact

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the values had on the outcomes of each of the land-use plans. If the valuations are low, then the outcomes are dramatically affected, usually negatively, depending on which costs have been included. The highest value was placed on the 32 acres that front 53rd Street at \$35,000 per acre or .80 cents per square foot. Most of the unimproved land tracts sold in that area during the past four years reflect a value much greater than this—some tracts have sold for as high as \$5 per square foot! Imagine how differently the options look when, for instance, the 32 frontage acres sold for \$80,000 (purportedly the price at which Trinity bought approximately 40 acres of unimproved property just down the road). We go from \$1.1 million (\$35,000/acre) to \$2.5 million. But let's be conservative and stay in the middle at \$57,500 per acre for \$1.8 million.

The other way to look at this is to take the entire parcel at a price-minus-infrastructure-improvements per square foot. Take the same \$4-\$5 per square foot for smaller parcels of improved land, which is conservative by most standards if you use \$2 per square foot for infrastructure improvements, especially considering the current dollar amount for such improvements is \$0.96-\$1.25 per square foot. That is a difference of \$4.5 million versus \$19 million and \$28 million, respectively. Not only are the city's costs reimbursed, there is a substantial amount of revenue to pursue some of the other options with little or no additional cost, or apply it to other capital-improvement projects altogether. It begs the question whether the community should be using such high-priced property for public amenities. Would we be better-served selling this land and purchasing less expensive land in that same general location, using the gain to further offset costs?

There is also the question of tax revenues. If we keep the land, we forgo that income, which could be substantial in light of the high commercial valuations of the property in that area. Residential tax revenue isn't really a positive income stream for any city because for every dollar of city services spent on residential, only 80 cents is collected in residential tax revenue. It is commercial tax revenues that really carry a community. For every city service dollar spent on commercial, \$1.18 is generated in tax dollars.

When asked how to reconcile the low land valuation issue in evaluating the land-use options, Alderman Engleman maintained that these were conservative valuations to be used in considering the plans. If we could generate more revenue, all the better. Unfortunately, this response hardly resolved the systemic problem of presenting information that had no basis in reality. And no amount of persuading could make Aldermen Engleman, Caldwell, or McGivern consider anything else.

Other information missing from the packets included the "needs assessment" from the golf-course study by ERA (consultants for the golf course portion of the failed Mixed-Use Development), which showed that golf in the Quad Cities was in equilibrium. In other words, we didn't need another golf course, yet. Even though Alderman Engleman had it in his possession prior to the public meetings, he neglected to include it.

The proponents of golf will tell you that there is most definitely a need for another golf course in Davenport—that current courses are overused and people must wait for long periods to play. However, when my family visited over the July 4th weekend, they had no trouble securing tee

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times at any of the area golf courses. They didn't attempt playing in the earlier hours between 7 and 9 a.m., so it could be that the range of times when it is crowded is the morning hours, but that does not justify a whole new course.

Furthermore, Davenport's greens fees are substantially lower than the other Quad Cities golf courses; therefore more people come to play on them. If Davenport's Parks Department were to raise fees to be more competitive with the rest of the area, perhaps that would spread the golfers more equally among the courses and take the burden off of Davenport's.

Back to the land-use options. In the next week, after the Committee has had the opportunity to review the amended chart, and we can look at the costs relative to potential higher land valuations, hopefully a clearer picture will emerge which option is in the best interest of the community. After all, the Mayor charged us with making a single recommendation to the council, not a group of options for the council to further debate. However, as a committee, we have not been able to come to a consensus about any one plan. Add to that the fact that three of the committee members are especially devoted to their particular plans, evidenced by their efforts to present and lobby for them throughout the evaluation process. If the committee has a remote chance of coming to some kind of consensus, it will be through quantitative analysis, more than philosophical. Maybe there is a happy medium we can come to, where a mix of plan elements can achieve full committee support. Either way, it is incumbent upon us to deliver as much factual, in-depth, comparatively fair data as is possible at this juncture—something most of us have patently failed to do thus far.