

## Another Land Deal on the Backs of Taxpayers

Written by Kathleen McCarthy

Wednesday, 27 September 2000 18:00

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You would think the minute the Davenport City Council heard the word TIF (tax increment financing), their little ears would perk up and their brains would start quaking. When the recent news of the proposed TIF to subsidize Sentry Insurance's move to Davenport came to their attention, the City Council should have been on it like ducks on June bugs. Instead, they are better described as ostrich heads buried in the sand.

The vote was 10-0 in favor of the subsidy. Several of the alderman admit to "struggling" with the finances of the Davenport Museum of Art (a deal that leverages \$24 million for the city's contribution of \$6.5 million and impacts the entire community with direct and residual economic benefits too numerous to count), but none of them even blinked at \$1.5 million to secure a land deal for McCarthy Bush, who recently merged with Premiere Partners (does this resemble a Tom Carroll TIF deal or what?). Nothing about this deal spells economic impact, except of course for McCarthy Bush and Sentry. (See fnews story on page 5.)

The Alderman asked a few hollow questions on the subject, got some rudimentary answers, then proceeded to vote in favor of moving forward on advancing the needs of a few at the expense of the many.

Alderman Sherwood, self-proclaimed Mr. Urban Sprawl himself, actually endorsed the idea by rhetorically, albeit absurdly, asking if the employees from Sentry wouldn't then stop on their way home from work to purchase goods and services from Davenport's stores. Someone needs to explain to this Council that they do anyway, at least the 105 employees of Sentry who are residents of Davenport and already live, shop and play here. As for the other 245 employees, they live elsewhere in the Quad Cities, so they are most assuredly going to continue to live, shop and play in those places they are accustomed to.

This TIF has less to do with jobs, and far more to do with securing a lease for yet another developer. More than a year ago, Sentry bought John Deere Insurance, a Moline based company, which created a combined workforce of 350 people. According to reports, Sentry now plans to lay off 100 employees, then hop over to Iowa and create 95 new jobs—a net loss of 5 jobs to the QC community, but a loss of a 350+ workforce for the City of Moline, a city that we are supposed to have a nonaggression pact with.

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For that hop, Davenport is giving Sentry \$1.5 million in “economic incentives” through TIF; the State of Iowa is kicking in \$700,000 because Sentry is “coming from out-of-state into Iowa.” Never mind that it is just across the river and still part of the same larger metropolitan area. This is the kind of business activity that Quad City Development Group, the organization who helped facilitate this “great opportunity for the community”(as stated by Davenport One president Dan Huber during last week’s council meeting), is supposed to avoid. It is hardly considered an opportunity, let alone a great one, when you steal a company from one side of town and put it in another. Finally, the Eastern Iowa Community College District is contributing \$1.2 million in job training funds to train 95 new workers, while 100 current employees are let go. What is wrong with this picture?

All this in the name of economic development—this council wouldn’t know true economic development if it got up and slapped them. And the developers are laughing all the way to the bank. They have a guaranteed lease for ten years, partially subsidized by the good citizens of Davenport. Meanwhile, Davenport taxpayers are facing betrayal, once again, by the very people who vowed not to abuse TIF on their watch. This is another classic example of development on the backs of the taxpayers through TIF—a financial tool whose original intent was to mitigate blight and encourage development where it might not otherwise occur. And guess where the \$10 million dollar structure that will house Sentry is going to be built? Bingo! In the 53rd Street commercial corridor area, probably the fastest growing tract of land in the entire state—hardly an area in need of financial incentives. The Sentry building will face a pretty little pond with a pretty little fountain, compliments of the taxpayers of Davenport, Scott County, and the State of Iowa.

When asked how the city ensures that wages are truly at \$18 to \$21 per employee, the city assured that they will get a wage report twice a year confirming it. The “report” they receive is based on the median wage paid at the company, which means, theoretically, that the average wage could be far below the median because such monitoring cannot tell how far above or below the median the employees actually are. Also, there is nothing in the award requirements that denotes what positions are making what wages. At a minimum, the Council should demand that the reporting function be more reliable and informative to ensure those specific wages for a specific number of jobs. If medians are used, the possibility exists to actually cut down on the number of new jobs, or the required job base by inflating or deflating wages for a select few. The potential for these types of scenarios is very real. Bottom line—if we’re buying, at least make sure we get what we paid for.

The city and council are justifying this TIF under the guise of saving jobs. Quad City Development Group admits that early in the negotiations, Sentry made the decision they did not want to leave the Quad Cities. Why would they? The entire workforce of the company they recently acquired resides here. When pressed for other locations being considered by Sentry, none outside the QC area was forthcoming. So, in reality, there was never any substantial risk of losing the 350 jobs in the first place.

All this information should have been discerned by the City Council. Instead, after they have already voted to proceed, the community at large has to do their job for them. Why didn’t the council ask any of these questions, themselves? It is as if they are too afraid to investigate

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matters, too intimidated by the information. They don't want the public to know how uninformed they really are, which is fruitless because the public sees for itself just how unprepared the council consistently is regarding the myriad of items on their bi-weekly agendas, precisely because they don't ask questions, or seek intelligent, meaningful information.

### **New Rules Of Order Stifle Public Debate**

In this week's Quality Assurance meeting, Thursday afternoon, September 28, at 3:30pm in Council Chambers at Davenport City Hall, the committee will vote on the final draft of the new Rules of Order. However, there are some serious issues with their version that are being ignored by the majority of aldermen on the committee. First, allowing important issues that should be discussed in public to slip on to the consent agenda, thereby avoiding public scrutiny; the rule governing public input is being written to allow less public input, rather than more, which was the original intent of drafting new rules of order in the first place (this appears to be the council's knee-jerk reaction to members of the community raising issues and criticizing the staff and aldermen. It is also a means to take away more of the Mayor's authority because he has jurisdiction over the public addressing the council during meetings); Rule #12 governing aldermen's voting when "conflicts of interest" arises. This committee wants a strict interpretation to mean abstention from voting only when a "legal" conflict arises. The public is demanding that ethics also be included, obligating aldermen to abstain when they have an interest, whether actual, apparent, or potential. Please attend the Quality Assurance Committee Meeting this week to ensure continued public debate within City Hall.