

Mesa may sell 'water farm' to finance Cubs deal

by *Jim Walsh* - Jun. 3, 2010 10:30 AM
The Arizona Republic

Mesa will cover the entire \$84 million cost of a new spring training complex for the Chicago Cubs if necessary by selling 11,000 acres of Pinal County farmland that was originally purchased 25 years ago for its water rights.

But while the city is promising to cover the stadium's costs to soothe the increasingly jittery nerves of the Cubs after a state financing bill failed in the legislature, Mayor Scott Smith said he is still hoping for legislation during next year's session to fix cracks emerging in the Cactus League's financial underpinnings.

Beyond Mesa, other Cactus League cities "need a regional solution too. We're all in the same boat," Smith said. "Because of the lack of a regional solution at this time, we are stepping up."

Smith also said Mesa will not ask voters in November to approve bonds to pay for the city's share of the project, relying on the land sales instead. He said Mesa no longer needs the Pinal County land to assure its water supply.

Voters will, however, be asked to approve an increase in the bed tax to 5 percent from 3 percent, bringing it in line with recent hikes in Scottsdale and Tempe. The \$1 million increase in revenues from the bed tax would be applied to the \$5-6 million estimated debt

service on the new stadium.

The Cubs have been asking for new spring training facilities after Glendale and Goodyear built state-of-the-art stadiums and practice fields.

Mesa cannot tap the \$8.4 earmarked previously by the AZSTA for upgrades to Hohokam Stadium until 2016.

Mesa's memorandum of understanding with the Cubs, which gives the city exclusive negotiating rights against interests attempting to lure the team to Naples, FL., expires on July 12 because the Legislature failed to pass the controversial funding bill.

Other Cactus League teams and Major League Baseball vehemently opposed a Cactus League-wide ticket surcharge that was widely deplored as a "Cubs tax," even though money would have been earmarked to improve other league facilities in future years.

While the city has informed the Cubs of its plans to guarantee the new complex's construction, the Cubs are expected to resume negotiations with Florida.

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"We want to make it very clear. Mesa will deliver on the stadium," Mesa City Manager Chris Brady said. "At the end of the day, everything gets built. We have the **financial plan** to make that happen."

But while the Cubs have thanked Mesa for its reassurances, "they are not taking a position right now," he said.

Peter Chase, a team spokesman, said in a prepared statement that "The Cubs are appreciative of Mesa's efforts and look forward to **learning** more about the details of the latest funding proposal. The club will not comment further at this time."

Smith said the city's move to guarantee construction of the stadium is necessary to put Arizona on equal footing with Florida, where three billionaires have agreed to front the money for construction of a new complex until state funding can be approved.

"We will figure out a way to make it adequate for the Cubs," Smith said.

Collier County, in southwest Florida, is attempting to lure the Cubs, the Cactus League's biggest draw, as retaliation after Arizona swiped a series of Florida teams that have moved to new west Valley stadiums in recent years.

Those teams include the popular Los Angeles Dodgers, who train at Camelback Ranch Glendale, but also several teams with far less enthusiastic followings, including the Texas Rangers and Kansas City Royals in Surprise and the Cleveland Indians and Cincinnati Reds in Goodyear.

The Cubs are the Cactus League's perennial

attendance leaders and are estimated to have a \$130 million economic impact each year on the Valley. More Cubs fans travel to Arizona from other states and stay here for longer periods, spending more money on hotels, rental cars and meals.

Smith said Mesa continues to approach the Cubs as an excellent business decision. In return for facilities capped at a publicly subsidized cost of \$84 million, the Valley would receive more than \$100 million a year in tourism revenues, he said.

Mesa spent \$33 million in 1985 for the 11,000 acres southeast of Coolidge for its water rights, but Brady and Smith said conditions have changed in the past two decades and the land is no longer needed.

Mesa has an assured supply of water to handle its maximum population and no longer considers it practical or politically feasible to use water allocated to another county, they said.

"The odds of the City of Mesa receiving one drop of that water from that land are slim to none," Smith said.

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Smith said Pinal County farmland would be sold off gradually as needed during a 5 to 15 year period to maximum market conditions. He said Mesa doesn't need to sell any land yet because construction on the new stadium wouldn't start until 2012, with the first pitch thrown in 2013.

All funds used on the Cubs training facilities would come out of the city's enterprise fund, which includes revenues from utilities, the convention center and golf courses, and not the general fund, which finances basic government services.

Brady said Mesa never mentioned the farmland proposal in February for fear it would torpedo efforts to pass a regional funding solution. Smith said two or three previous land sales have netted the city \$5 to \$10 million in recent years.

Although the bill collapsed, other cities with Cactus League teams have realized that a regional solution is required to shore up the league's finances, greatly improving the odds of a bill passing next year, Smith said.

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