

Highlights

Los Arcos Arena & Proposed Stadium District • Land Acquisition Hijinks
Rawhide Detention Basin • New COPP meeting date & location • Development Updates



COPP News

Coalition of
Pinnacle Peak, Inc.
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SHOULD TAXPAYERS PAY FOR A SPORTS ARENA FOR WEALTHY HOCKEY PLAYERS WHILE DESTROYING A NEIGHBORHOOD?



Zraket says YOU should have a vote

City Council voted 4-3 to create the Stadium District which would begin the destruction of the Los Arcos neighborhoods by installing a hockey arena. Council Members Campana, Thomas, Robbins and Pettycrew, in approving the district, pretended that their approval was to "let the residents vote on the issue." However, George Zraket, by intense questioning, made it clear that the Council does not intend that you be allowed to vote on the existence of the arena, only on the question of using tax dollars to build it. Council members Zraket, Lukas and Manross opposed the council's action.

COPP supports referendum to overturn City Council vote

COPP will, in every way, help the residents of the Los Arcos area to collect the 4,000 signatures needed in the next 25 days, forcing a city-wide vote to overturn the Council's action creating a "Stadium District" for the Coyotes hockey team.

An energetic committee of residents of the southern neighborhoods (South Scottsdale Revitalization Coalition, or SSRC) has formed to defeat this plan and will spearhead the referendum effort. The political committee, NO PUCKS (Neighbors Organized to Prevent Unwanted Community Killing in Scottsdale) is already out in force gathering signatures. COPP Board Member and General Counsel Alan Kaufmann will coordinate our efforts with the SSRC

Every member of COPP is asked to help with this referendum
Call 585-0430 for petition forms and gather at least 15 signatures of Scottsdale registered voters. Or send your cash donation to COPP indicating it is to be used in the NO PUCKS referendum.

COPP believes that the first question which should be asked is: **DO THE RESIDENTS OF SCOTTSDALE WANT AN ARENA IN LOS ARCOS?** If so, then the question becomes, **DO TAXPAYERS WANT TO PAY FOR IT?**

COPP creates legal defense fund

Funds are needed to assist the South Scottsdale Revitalization Coalition (SSRC) in paying for competent legal counsel. Many residents of that area are young families or retired folks of modest means. As good neighbors and believing that we all have an interest in such major developments in our city, COPP wants to help preserve their neighborhood. **PLEASE MAKE A GENEROUS CONTRIBUTION** - send your check payable to COPP, earmarked for the "SSRC Legal Defense Fund."

Letter to the Editor

Scottsdale is rushing to create a "multipurpose facilities stadium district" to build an arena for the Phoenix Coyotes in Los Arcos with your tax dollars. According to the *Scottsdale Tribune* of December 3, 1998, "previously the Coyotes had said they would pay for the building themselves." So why is the City Council moving with unseemly haste to create a stadium district with your money, and what will that district be empowered to do when it is formed?

Under state law, the stadium district is created when it is adopted by two or more municipalities in the county. No public vote is required to form the stadium district. The district is controlled by an unelected and unknown board of directors appointed by the municipalities. These unelected officials are not accountable to the people of Scottsdale and cannot be removed by our citizens.

The district's boundaries will include all of the area of the participating municipalities. The district is NOT limited to the Los Arcos project or any other designated area. Within the district, the unelected board of directors immediately will have the powers of eminent domain (the power to take property without the consent of the owner) and immunity from taxation, which means property owned by the district will not pay property or school taxes. These powers exist the moment the district is organized and the directors are selected. No vote of the public is needed or allowed.

The district also has the right to ask you to pay taxes for the "multipurpose facility" and anything else that it deems necessary for its purposes. By law, those taxes need not necessarily be limited to the redevelopment area but, if approved by you, can apply city-wide. Do you want to pay for the proposed arena or anything else that the unelected and unknown board might want to build?



A vote by the City Council to create this district simply is not an innocent or innocuous act. By its unelected and unidentified directors, the district will have tremendous powers the moment it is formed. The truth is that there is no reason to establish this district until the citizens of Scottsdale have first agreed that they want to have a professional hockey arena located in Los Arcos and that they are willing to pay for it. That public decision has not yet been made. Until that choice is clearly understood, it is backwards and wrong for Scottsdale to rush to set up a stadium district with such broad powers which will be controlled by unelected and unknown officials. A City Council that acts in such haste should be held accountable by the taxpayers and voters for all that the district might do in these circumstances.

Alan B. Kaufman

Remodeled Los Arcos: YES Arena: NO!

(reprint from *The Plain Truth*, newsletter of SSRC)

A powerful developer and certain members of the Scottsdale City Council want us to believe that we must accept a 20,000 seat sports arena in our neighborhood as the price to pay for redeveloping Los Arcos. This simply is not true. The Ellman Companies, who own the mall, are developers of shopping malls throughout the U.S. Ellman knows how to build successful centers without the addition of a sports arena. In fact, no other Ellman development includes a sports arena.

The truth is that two earlier Ellman plans for Los Arcos - which were presented to your City Council - had all of the elements we have repeatedly told city planners we want in our neighborhood mall - a home improvement store, supermarket, multiplex movie theater, restaurants and other neighborhood-friendly shops.

The third plan with the addition of the arena was a last-minute deal. The further truth is that we do not have to accept this sports arena in our midst. If we defeat it, Los Arcos will still be redeveloped. Ellman Company has millions of dollars already invested in the property. To believe they would leave that money tied up in boarded-up buildings - as has been threatened - is absolutely absurd.

Carefree residents not allowed to comment

When the Carefree City Council voted to join Scottsdale in the "stadium district" plan, no public comment was allowed. However, Scottsdale's Mayor Sam Campana was present and fully participating in the persuasion. Carefree Mayor Hugh Stevens returned the favor by speaking in support in Scottsdale's City Hall. Legend Trails resident Will Magoon coined a great name for the stadium district, saying that since it's for the developers' benefit, it should be called "Scotfree."

Development Updates

YEARLING ESTATES

South of Jomax, east of 116th. COPP and the residents of Desert Views east of Troon Mountain have agreed to support this plan for 18 houses on lots which exceed two acres. Compromises were reached with Monterey Homes on issues of height, walls, NAOS, turn lanes, and especially drainage. While the residents did not achieve every item desired, the end result sets an excellent pattern for future development in that area. It's another "win" for COPP! The plan will be heard by City Council January 5.

ABCO SUPERMARKET

North of Jomax, east side of Alma School

Commercial zoning exists just north of the old "Cook Shack" parcel and ABCO proposes to build on 8 acres there, with a strip shopping center. No rezoning is planned and at this time, they plan to take their design to the Development Review Board in mid-January. However, COPP will carefully review past zoning cases on that parcel to determine what is actually legally permitted.

Fred Davidson remains on Planning Commission

Again, COPP's efforts produced. The City Attorney advised there was confusion with the Mayor's letter indicating City Council had decided in (illegal) private session to replace Davidson. The letter was repudiated, and Davidson was asked to remain on the Commission. For members who wrote the newspapers and the city - thanks much for your help! YOU helped achieve results - YOU are important!

The holiday social was so nice at Legend Trails that meetings will be held there in 1999, until the new community center is completed at Pinnacle Peak and Pima Roads. Also, because City Council meets on the first Monday of the month and we would like to make it possible for Council members to visit COPP now and then, the meet-

ing day will change to the second Monday of the month, starting in February.

COPP meets JANUARY 4 and FEBRUARY 8 at Legend Trails Community Center (7 miles north of Pinnacle Peak to Legend Trails Parkway, then east one mile to the Legend Trails Community Center)

Rawhide Detention Basin

Some 65-70 residents gathered at the COPP Holiday Social and meeting on December 7 to hear a presentation of the city's plans for a 35 foot dam at Jomax and Pima. Tim Bray of Southwest Community Resources, Inc. provided maps and other information. The following is excerpted from a letter later sent from COPP to Mr. Bray.

...As you probably concluded, there was no support for the proposed basin from either COPP members or the public attendees. The entire Desert Greenbelt is anathema to the residents in the north and the basin is seen as just another unnecessary piece of the overall project. While the City keeps describing the Greenbelt as a flood control measure, there has been no public demand for "flood control" nor has the proposal been put before the voters for approval. In other words, the City has yet to demonstrate a need for the project.

Additionally, there is concern about what the project will do to the desert environment when washes are diverted to man-made channels. As you know, the U.S. Army Corps of Engineers is very concerned about this important question and will probably require an EIS to be completed.

Cost is another issue. Spending over 100 million dollars on a project that the local residents don't

need or want simply doesn't make any sense. The rationale that it will save flood insurance costs is economically disingenuous as homeowners will probably be asked to pay an assessment to a flood improvement district in addition to the use of their taxes to pay for the project.

There is also the widespread belief that the Desert Greenbelt is nothing more than another means to make way for greater development of marginal land. For a variety of reasons this is an undesirable objective, particularly if, in the case of the proposed basin, Phoenix will be the greatest beneficiary and not Scottsdale.

Lastly, the basin would be an unsightly structure no matter how it is configured above ground. It is plainly a dam that will not only be an unnatural addition to the area, but could pose a danger to downstream residents if it fails because of faulty engineering. The City's engineering record for drainage control basins in our area is poor, at best.

For all of these reasons, the Coalition of Pinnacle Peak cannot support the proposed basin and will oppose it when it is brought before the City for approval of a General Plan amendment.

R.J.Vairo

NOTE: The plan was on a January agenda, but does not so appear at present.



The Plain Truth

Newsletter of the South Scottsdale Revitalization Coalition
Volume 1 Number 2
December 17, 1998

Stadium District is \$385 Million Corporate Welfare Subsidy for Ellman & the Coyotes!

It's actually MORE than the subsidy for Bank One Ballpark

The Ellman Companies, the Coyotes and the city hierarchy have teamed up to subvert a plan to help the community of South Scottsdale into a corporate welfare package worth over \$385 million. That figure eclipses the infamous tax subsidy given to build Bank One Ballpark--which was worth a paltry \$240 million.

Considering that the developer's estimate of the total project cost this week has grown from \$600 million to \$700 million, fully half of the project is to be paid for by public subsidies.

These are the figures compiled by Gary Tredway, editor of the monthly *The Current* and expert in identifying and exposing corporate welfare schemes. Tredway has little use for the statute enabling establishment of "Multi-Purpose Facility Districts," which are essentially sports districts. "This twisted decision-making structure insulates the state legislature and the governor from the citizen animosity that results from the giveaways of specific sports subsidies.

And because the district must pass on the ballot of only two cities, the rest of the state is being put at a disadvantage by the vote of a fraction of its citizens. This is an ingenious method of promoting corporate welfare while protecting the politicians," Tredway said.

How the Subsidy gets to be \$385 Million --and Counting

Ellman's Robert Kaufman estimates the state sales tax subsidy will be \$200 million to \$300 million for the first ten years. Under the sports district law, the developer will get half of these tax revenues--or a tidy \$100 to \$150 million. But the developer's subsidy package includes much more than the sales tax rebate, even though it is the only component ever mentioned in the media or by politicians. Public infrastructure elements under the district law will be untaxed. Tredway alleges the district board will attempt to classify the arena, parking garages, convention space and other areas as "public infrastructures." Then the district will issue tax-exempt bonds to cover the "public" costs and hand the money to Ellman. Since the interest the bond purchasers earn

is tax-exempt, the developer needs to pay less interest to attract buyers. If bonds worth \$300 million are issued, the developer's savings over the first ten years would be \$90 million. Also "public" portions of the district are exempt from real estate taxes and state property tax adding another \$85 million or so.

As if that wasn't enough, Tredway point out, Ellman announced it would be asking for all of Scottsdale's portion of the sales tax.

THE GRAND (?) TOTAL

Over ten years here's what Tredway estimates Ellman's total subsidy will be:

| Source | Millions |
|----------------------------------|----------------------|
| State sales tax rebates | \$150 |
| Tax-exempt bond interest saved | \$ 90 |
| Real and Property tax exemptions | \$ 85 |
| City Sales tax rebates | <u>\$ 60</u> |
| TOTAL | \$385 MILLION |

SAY "NO" TO CORPORATE WELFARE FOR ELLMAN AND THE COYOTES!

SAY "NO" TO THE DESTRUCTIVE ARENA AT LOS ARCOS!

FEEDING FRENZY OR LAND ACQUISITION?

In 1998, the City of Scottsdale and Pima County voted to spend \$2 billion to acquire thousands of acres of Sonoran Desert for preservation. Repeatedly, the public has authorized municipalities to acquire open space for conservation purposes, but what are the pitfalls associated with such an acquisition? How will land speculators attempt to bilk the city and what are the common mistakes municipalities make? Finally, how will "insiders" line the pockets of their business friends?

To answer these questions, I interviewed public officials, licensed appraisers and real estate attorneys. Here is what I learned:

DECEPTION BY THE LAND SPECULATORS

PIECE MEAL ACQUISITIONS

You don't buy soap suds one ounce at a time nor should a piece-meal approach be taken with any land seller. Negotiations with land owners should encompass all of the land they will sell. Fragmented purchases means higher prices.

BUBBLE DESIGN

In an effort to inflate the value of their property, land speculators will deceive the City by suddenly transforming their raw land into a "master planned community." Basing their property on the "development approach," they'll try to get the City to value their land in terms of "what it could be." However, government need only pay "fair market value" for land and should not reimburse sellers for "blue sky" ideas. Existing zoning, comparable prices, improvements and proximity to services are the primary considerations.

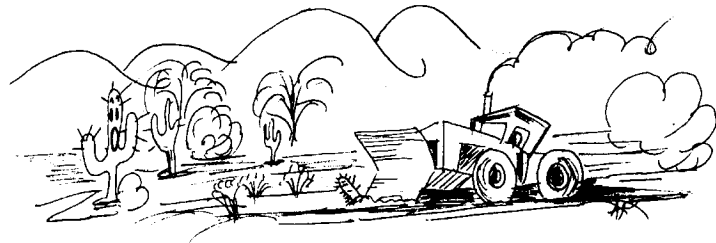
APPRAISAL SHOPPING

While professional appraisers are licensed and monitored by the Arizona Department of Real

Estate, no barrel is without its rotten apples. Because discretion is part of the appraisal process, land speculators will simply present the highest appraisal in their negotiations with the City.

FRIENDLY SALES

Land appraisal is primarily based on sales of similar property known as "comps." To inflate the cost of land, speculators sell property back and forth amongst the "friends", each time recording a higher price. These "friendly transactions" provide the "comps" to substantiate increased prices to the City. In fact, just one "friendly transaction" could affect the price of thousands of surrounding acres.



MUNICIPALITY MISTAKES

OUT OF TOWN APPRAISERS

It makes no sense for the City to hire an appraiser without local experience. Familiarity with local topography, developers, communities, etc. is essential lest the City's appraiser be duped by the clever land speculators seeking inflated prices for their land.

LACK OF RESOURCES/SKILL

How many times has the City's staff purchased \$2 billion worth of land? Does staff have adequate time and the appropriate skills for such a massive undertaking and the additional workload? In the months ahead, staff will confront high-powered attorneys who are specialists in land valuation and the art of negotiation. Taxpayers must be equally represented and if staff does not have these skills, the skills should be contracted for this project.

INSIDER MANIPULATION FIRST ROUND/ SECOND ROUND

Who decides which land is purchased first? What is the effect on subsequent purchases? Let's assume that contiguous parcels 1, 2 & 3 are identified for purchase. In so doing, all parcels surrounding 1, 2 & 3 now adjoin Preserve land and will command a higher price stage in the future. If the surrounding parcels are purchased at a later date, the City will pay more because of the improvement *it created*. Land speculators can profit mightily by being left out of the first round, and research from previous acquisitions suggests this is one of the

tactics insiders use to inflate prices. Fraud is difficult to prove because of the wide latitude provided the land acquisition committee.

In summation, an experienced staff with adequate resources is essential if the taxpayers are to maximize the use of their \$2 billion. Scrutiny of all planned transactions is an absolute necessity if insider activity is to be controlled. Perhaps the best defense of the \$2 billion would be a statewide, properly funded, citizens oversight committee whose members are selected from neighborhood groups.

I welcome any additional information from readers.

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COPP Meeting Jan. 4, 7pm
Legend Trails Community Center

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Need up-to-the minute information or materials? Need a speaker for your Association?
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