

Is Scottsdale spending too much money on the TPC golf course?

NO

Given the amount of information presented in a recent *Arizona Republic* article about Scottsdale's investment in the TPC golf course, it is important to clearly state the reasons for the city's continued investment of bed-tax dollars in the city-owned TPC Scottsdale golf complex.

When the city of Scottsdale, PGA Tour and TPC first partnered in the late 1980s to create TPC Scottsdale and move the Phoenix Open there, the tournament was just another stop on the PGA Tour. But that public-private partnership created a destination event that is the most attended golf tournament on the planet and a powerful economic engine for Scottsdale and Arizona.

To keep that engine running strong, the City Council unanimously approved investing a portion of bed-tax dollars (generated by people who stay in Scottsdale-area hotels) into this venue and this event. Investing tourism dollars into tourism infrastructure like this is exactly the reason Scottsdale voters put the bed tax in place.

So what do we get for that investment?

First and foremost, Scottsdale is guaranteed to host the tournament for at least 10 years. The city is guaranteed an increase of about 20 percent (about \$200,000 per year) in the lease payment TPC makes to the city.

On top of that, the city is guaranteed television coverage. In 2013, more than 26 million viewers from around the country and around the world watched spectacular golf in spectacular Scottsdale — perfect exposure to advance our tourism and economic development goals.

These are direct benefits that the city receives by contract, which more than justify the \$15 million investment in our golf course and meet the strict standards of state law and the city charter.

The local and regional economic benefits of this tournament go far beyond those guaranteed by contract.



My Turn
DAN WORTH

An Arizona State University W.P. Carey School of Business study calculated the regional economic impact of the 2012 Waste Management Phoenix Open at \$222 million, including nearly \$50 million in direct spending by

the Thunderbirds, PGA Tour and others who host the event. The tournament also generates an estimated \$5.5 million in direct regional sales-tax revenue.

TPC Scottsdale hosts an event with broad appeal and big impact. Approximately 30 percent of those attending the 2012 tournament were from outside the metro area who spent nearly \$90 million during their stay.

Scottsdale, the Valley and the state will benefit greatly by remaining open to the Waste Management Phoenix Open, and our investment of bed-tax dollars at TPC Scottsdale will guarantee those benefits for at least the next decade.

Scottsdale is an open and accountable organization, and we believe public scrutiny of city expenditures is always appropriate. Investing tourism dollars in the city-owned TPC Scottsdale stands up to that scrutiny, and will benefit our community for years.

Dan Worth is acting city manager of Scottsdale.

YES

A recent *Scottsdale Republic* editorial misstated the facts regarding Scottsdale's subsidy to the Professional Golf Association. These are the facts:

» The TPC (a division of the PGA) leases the course from the city of Scottsdale. Is the lessor expected to lose money?

» Even if it were OK to just break even on a lease, the state Constitution's gift clause and Scottsdale's more restrictive citizen-ratified Proposition 412 require that the direct benefit to the city be substantially equal to the cost. Whatever "marketing" benefits the editorial board is touting are prohibited by law from being counted as direct benefits.

» Prior to amending the lease, the TPC was required to pay for maintenance and improvements — as you would expect with any lease. The amendment shifted that burden from the for-profit PGA to the taxpayers.

» The editorial board creatively parsed the language of the issue in stating that "city taxpayers aren't the ones paying for the renovations." However, bed-tax money is still taxpayer money. It is paid by taxpayers (even though they are visitors), and once that money comes into the coffers, it belongs to the city and its taxpaying residents. It doesn't belong to the mayor, the City Council or their cronies.

» Except for the token increase in fees, the PGA was already committed



My Turn
JOHN WASHINGTON

to everything they supposedly gave the city in exchange for offloading their maintenance obligation.

No one disagrees that the tournament is good for Scottsdale. However, it is a false equivalence to say that because it is good for Scottsdale, we should

bend or break the rules for the TPC and that we shouldn't be concerned about the cost to the taxpayer. This is especially true in light of a planned \$8 million deficit for the 2013-14 fiscal year.

Our infrastructure is in such bad shape that according to Mayor Jim Lane, the City Council and the Chamber of Commerce, it is vital for us to borrow more than \$200 million through bonds this fall. That will push our debt upwards of \$1.5 billion — far more than Glendale's — and debt service will bleed off more than one-third of our General Fund expenditures.

Can Scottsdale really afford to subsidize professional golf, even if such subsidies were not illegal?

The TPC lease amendment should be abandoned. If an amendment is warranted, it should be negotiated in good faith to the benefit of Scottsdale's taxpayers. That's the job of city government: to look out for the taxpayers, instead of political cronies.

What the mayor and City Council have done through this amendment is to turn the lease into a management agreement. If we are going to abandon the notion that a lessee (the city) should make money from a lease, let's get competitive bids in accordance with the city's procurement code.

John Washington is a former mayoral candidate in Scottsdale.

Everyone agrees that the Waste Management Phoenix Open showcases Scottsdale and the Valley at a time of year when other areas of the country are dealing with often unpleasant and inclement weather. DAVID KADLUBOWSKI/THE REPUBLIC

