

Charity for the Super-Rich

Mesa voters should deep-six the city's plan to funnel \$84 million to greedy corporations

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Here's the lowdown on one of the latest scams to put local taxpayer money into the pockets of billion-dollar corporations.

This is a tale that starts 33 years ago in a small town in Missouri and will hopefully end on May 17 when Mesa voters cast their ballots in the most contentious municipal election in years.

The Mesa electorate should drive a stake through a ridiculous plan by the Mesa City Council to funnel more than \$84 million in future sales taxes to a mega-developer, a greedy anchor tenant and auto dealers proposed for the Riverview at Dobson shopping mall.

What is this, charity for the super-rich?

The May 17 ballot has three issues, all related to Riverview. If any one of the three fails, the shopping mall project and \$84 million subsidy are dead.

That would be a good thing. Defeat of the project would send a powerful signal to other municipalities that taxpayers are fed up with cities diverting sales taxes to wealthy developers, big-box retailers and car dealerships.

Tax money showered on private enterprise means there will be less of it in the future to pay for desperately needed public services ranging from road construction to parks to salaries for police and firefighters.

Defeat of Riverview would strongly suggest to the Arizona Legislature that it's time to pass a law putting an end to cities engaging in sales tax rebate wars to lure retail projects to their communities. Two bills are pending this term that would limit such sales tax rebates.

Riverview is a prime example of what is wrong with this idea. It's not as if Riverview is fraught with serious problems and needs taxpayer assistance to make it a viable project. It's almost a sure thing that the shopping center will strike pay dirt.

The plan for Riverview calls for it to be built on a 250-acre cotton field at one of the most desirable commercial real estate locations in the Valley -- the intersection of the 101 and 202 freeways in west Mesa.

The site is so hot that Riverview is attracting national attention. Kimco Realty, the nation's largest publicly traded owner of neighborhood and community shopping centers, with \$4.5 billion in assets, is the developer, and it certainly has the financial clout to do this project without taxpayer assistance.

But Kimco has stopped at nothing in its relentless drive to tap the public well. Kimco's scorched-earth tactics deployed on Riverview should raise public suspicion over the private versus public benefits of the development.

First, Kimco launched a ruthless campaign to crush any opposition to its project. It hired a team of lawyers and high-powered political consultants to ram the project through the Mesa council. But since the project required rezoning, a handful of small business owners successfully launched a referendum to put it on the ballot.

Then, Kimco sued the backers of the referendum, alleging their campaign slandered the developer. Next, Kimco unsuccessfully challenged the signatures on the petitions in a failed attempt to keep the referendum from going before voters.

Finally, Kimco appears to have engaged in some shady negotiations with Mesa city officials. The Arizona Attorney General's Office is investigating to determine whether the city violated the state's open-meetings law in its discussions with Kimco.

The company spent more than \$1 million to first keep voters from having a say on the deal, and now is trying to convince the public that Riverview is a golden opportunity that can't be missed.

But, as I'll detail below, the only gold in this deal is going to private enterprise at a tremendous cost to taxpayers.

Even more controversial than Kimco's role in the project is the role of one of the primary anchor tenants. Besides a Super Wal-Mart, the main attraction at Riverview is expected to be a Bass Pro Shop.

That's right, a glorified sporting goods store instead of a high-end department store. The most successful malls typically are anchored by a ritzy retailer such as the Nordstrom stores at Chandler Fashion Center and Scottsdale Fashion Square.

Riverview is staking its fortune on earthworms.

Bass Pro Shop's rise to the retail elite began in the most humble setting. In 1972, a 24-year-old Missouri man named John Morris started selling rare fishing baits inside his father's liquor store.

The store was on the way to a popular fishing lake, and, before long, it became a hot spot for swapping fishing stories and the merits of Morris' newest lures over a few beers.

Morris put together a catalogue of his products, and sales started to burgeon, so much so that he opened a warehouse in Springfield, Missouri, and called it Bass Pro Shop. Then, on a European vacation in the 1980s, he stumbled across a concept that would make him a very rich man.

"Morris discovered a hunting retailer with its own firing range and decided that Bass Pro should similarly offer the experiences of firing guns and shooting arrows," according to Bain & Company, the management-consulting firm.

Morris pushed the concept beyond a simple firing range. He decided to re-create the great outdoors -- indoors.

"Before long, he'd outfitted the Springfield store with firing and archery ranges, a four-story waterfall, five fishponds, and, of course, the taxidermy museum," Bain & Company reports.

Next thing you know, the Bass Pro Shop in Springfield somehow becomes the Show Me State's number-one tourist attraction.

The huge store full of lures, guns, duck whistles, waders, bows, ammo, boats, waterfalls and dead animals on the wall is supposedly an even bigger draw than the Gateway Arch in St. Louis.

Morris started building Bass Pro Shops around the country, and now has 27 stores along with a lucrative mail-order business. Revenue in the privately held company topped \$1.6 billion last year.

The stores' extravagant layouts attract customers who are willing to travel long distances and spend hours dropping big bucks on items that can be purchased for far less at discount stores.

Morris is the classic rags-to-riches story.

But here's the twist.

Bass Pro Shops aren't cheap to build or operate. Yet their present ability to attract customers from afar gives them a powerful political card the company loves to play.

The game goes like this: Bass Pro execs argue that since folks come from miles away to shop at their stores, the entire community benefits. Therefore, Bass Pro won't come to your town unless it receives substantial "incentives" to set up shop. Politicians, eager to deliver an icon project to distinguish their term in office, are more than willing to spend your tax money for what they call an "inducement" to land a Bass Pro.

Bass Pro swept into the Valley about a year ago to test the waters -- the company wanted to see if any city would, um, take the bait. Mesa, desperate for some sort of economic boost to its flagging economy, eagerly snapped at Bass Pro's hook.

Bass Pro wanted a bundle to set up shop at Riverview, a whopping \$30 million. Kimco agreed to front Bass Pro the bucks. But Kimco insisted that the city reimburse Kimco for the \$30 million, plus 7 percent interest. The interest alone could cost Mesa an additional \$25 million.

What this means to Mesa taxpayers is that up to \$55 million in future sales taxes generated at Riverview -- which would have gone into the city's general fund -- will now go toward Kimco's and Bass Pro's bottom line.

It gets worse.

Mesa also agreed to allow automobile dealerships that locate at Riverview to keep a portion of the sales taxes they pay. The total cost of Mesa's sales tax rebates to private businesses at the mall is projected to exceed \$84 million.

The Bass Pro subsidy is the deal buster, says Mesa City Councilman Tom Rawles.

Rawles says it will take 68 years for Bass Pro to generate the same amount of city sales tax revenue that it's costing taxpayers to bring the retailer to Riverview. The shopping mall could be built without the massive subsidy to Bass Pro, Rawles declares, and generate far more tax revenue for the city's general fund.

But, Rawles says, four of his fellow council members want a "project with more style, more panache." They want the whistles and bells that come with a Bass Pro.

"The biggest flaw in this whole project is that the city created the need for the subsidy by requiring the presence of Bass Pro Shop," Rawles says.

Rawles has a long history of fighting corporations trying to raid public coffers. As a member of the Maricopa County Board of Supervisors in the early 1990s, he cast the only dissenting vote against the quarter-cent sales tax used to raise \$238 million to pay for construction of Bank One Ballpark.

But unlike the BOB deal where taxpayers never had the opportunity to cast ballots, the Riverview project must gain voter approval. And voter interest in the project is running very high in Mesa -- already more than 25,000 early ballots have been requested.

It's not just the outlandish giveaway of taxpayer funds that troubles me in this deal.

It's also Bass Pro's cocky attitude.

At the same time that Bass Pro is demanding \$30 million in "incentives" from taxpayers, the company refuses to provide even a glimpse of its financial records.

Bass Pro is growing very rapidly and plans to open eight new stores this year. The company's also in a pitched battle with publicly owned Cabela's Inc. in a nationwide competition to build glitzy sporting goods showrooms.

Common sense tells me that Bass Pro could be up to its gills in debt to finance its ambitious expansion.

There are myriad reasons to vote against the Riverview plan, but voters should never hand over \$30 million in public funds to a company that could be hiding something.

It would be a dumb move.