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# MEMORANDUM

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Date: March 12, 2013

To: The Honorable Chairman and Members  
Pima County Board of Supervisors

From: C.H. Huckelberry  
County Administrator

Re: **Stadium Expenses**

The attached article appeared on March 5, 2013 in *The Arizona Republic* related to Cactus League Spring Training costs incurred by the Phoenix-area cities. As you will see, eight of nine cities hosting Spring Training teams lost money, with a combined deficit of more than \$10 million annually.

In addition, the attached March 9, 2013 article in *The Arizona Republic* discusses the Town of Gilbert's experience with the Big League Dreams concept, which also is returning very little funding to the municipality that incurred significant capital costs in developing these facilities.

Based on our experience constructing the Kino Sports Complex for two Major League Baseball Spring Training teams that relocated to the Maricopa/Phoenix metropolitan area, we are well aware of the financing and funding deficits of these types of facilities. Our facility cost \$38 million to construct, a fraction of the \$200 million cost of the Glendale facility constructed for the Chicago White Sox and Los Angeles Dodgers.

As of this fiscal year, there is an outstanding debt of \$16,335,000 on Kino Stadium. At the current schedule of payments, the facility will be paid off on January 1, 2018. However, we expect to continue to run operating deficits as high as \$2 million annually in the coming years. In the past, we have been transferring \$1 million per year from the General Fund to support Kino Sports Complex operations. We need to continue to examine all available options for expanding the uses and venues to utilize our stadium.

Such expansion has included Major League Soccer and professional and amateur soccer programs. The County will invest approximately \$3 million from the Chicago White Sox settlement to develop five permanent soccer facilities, along with an additional medium-sized soccer stadium on the north complex of the Kino sports facilities.

Recently, the stadium has hosted international professional soccer, the All-Star Football Game, Major League Soccer Spring Training, Pima Community College football, selected

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Major League Baseball Spring Training for charity purposes and AAA Baseball. We need to continue to emphasize the multi-sport aspects of the stadium.

For this reason, consultants Populous and The Planning Center are engaged in conceptual professional and amateur sports facility review for the Pima County Sports and Tourism Authority to place emphasis on specific improvements that can be made to our stadium to promote its multi-sport use, as well as major community events, including concerts. We will continue to examine and pursue all options to make maximum community and multi-sport use of the stadium to reduce its financial dependence on the County General Fund.

CHH/dph

**Attachments**

c:     **Martin Willett, Chief Deputy County Administrator**  
       **Hank Atha, Deputy County Administrator for Community and Economic Development**  
       **Tom Burke, Director, Finance and Risk Management**  
       **Chris Bartos, Director, Stadium District**

## THE ARIZONA REPUBLIC

# Cactus League costs: Phoenix-area cities lose millions operating stadiums but say it's worth it

By Allie Seligman and Peter Corbett, The Republic | [azcentral.com](http://azcentral.com) Tue Mar 5, 2013 11:09 PM

Cactus League baseball has boosted Arizona tourism for decades, but the annual migration of several hundred thousand fans to the Valley is costly for taxpayers.

Last year, eight of the nine cities that host spring-training teams lost money on their stadiums and practice facilities, with combined deficits of more than \$10 million annually, according to municipal records examined by *The Arizona Republic*.

The Cactus League, with an average of 221 games the past five years, generates tens of millions of dollars at the ballparks throughout the season, but the teams take the lion's share of game revenue.

Plus, the cities pay the majority of the costs to maintain the ballparks, watering and mowing the grass and meticulously grooming the fields.

*The Republic's* analysis of financial records of the nine cities that host spring training revealed that:

Mesa has lost an average of \$1.47 million annually over the past five years hosting the Chicago Cubs at Hohokam Stadium and Fitch Park.

Phoenix lost an average of \$1.7 million over five years hosting the Oakland Athletics at Phoenix Municipal Stadium and an additional \$1.8 million annually at Maryvale Baseball Park, spring home of the Milwaukee Brewers.

Peoria lost an average of \$1.63 million annually over the past five years hosting the San Diego Padres and the Seattle Mariners.

In four years of operation at Camelback Ranch, Glendale has lost an average of \$18,882 annually. The Chicago White Sox and Los Angeles Dodgers are responsible for most day-to-day operations there. In 2012, the city's revenue agreement with Phoenix kicked in, and Glendale made \$57,804.

The Salt River Pima-Maricopa Indian Community east of Scottsdale declined to provide comparable data for its operation of Salt River Fields at Talking Stick for the Arizona Diamondbacks and Colorado Rockies.

Tribal President Diane Enos said the information is confidential. But she said the tribe is pleased that the baseball complex has generated spinoff revenue on the reservation and in the East Valley.

It has spawned redevelopment at the nearby Pavilions at Talking Stick shopping center and development of a butterfly pavilion northeast of the stadium that is the first element of a planned \$170 million entertainment complex.

But Andrew Zimbalist, a sports economist at Smith College in Massachusetts, said spring-training facilities are rarely profitable.

A study of Florida's economy after the 1990 Major League Baseball lockout that canceled most spring-training games showed the cities and towns with teams saw no discernible impact on retail sales or tax revenue that year, Zimbalist said.

Arizona and Florida draw visitors from late February through March regardless of spring training, he said. "One type of spending replaces another type of spending, and there's not a net gain," he said.

It's possible some cities could fare differently, Zimbalist said, but any modest economic increase is offset by the cost it takes to build and maintain the facilities.

"If you want to justify it, rather than looking at economic gain, you should look at if there's a social or cultural benefit," he said.

### **Outside uses**

Cactus League officials argue that the cities' investment in baseball for spring and year-round training generates more than \$600 million annually for the state's economy. A 2012 study for the Cactus League Association revealed more than \$230 million in visitor spending that goes to hotels, restaurants, rental-car agencies and other businesses catering to tourists.

It did not show the sales-tax revenue generated for the cities that invest in spring training, but 86 percent of the direct spending is in Maricopa County.

City officials also say the stadiums are used for much more than spring training. Most ballparks are rented out to third-party users year-round to help offset the costs to run the multimillion-dollar facilities and serve as sites for community engagement and activities.

Renting space to outside users can bring in hundreds of thousands of dollars each year. In Peoria, 58 percent of facility use was sporting and non-sporting rentals in 2012.

"It's a site that we need to use year-round," Peoria Sports Facilities Manager Chris Calcaterra said. "Otherwise, you've just got a facility you're just putting money into, and it's not bringing out-of-town guests to spend money."

Used-car sales, arts festivals, concerts, company picnics and weddings fill spaces across the campus year-round, Peoria Sports Complex Manager Chris Easom said.

"You name it, we've probably done it or thought about doing it here," he said.

Goodyear has found its niche in high-school graduations and youth and adult baseball tournaments.

The year Goodyear Ballpark opened, it hosted 18 non-baseball events that brought in \$144,000. That grew to 59 events last year that brought in \$479,000.

When the Los Angeles Angels and its minor-league players aren't using Tempe Diablo Stadium and its six practice fields, the city uses the 44-year-old facility for high-school playoff games, men's league games and tournaments, and recreational-vehicle shows, said Kathy Berzins, Tempe community manager.

### **Community assets**

Other non-baseball events go beyond making money.

Cities use their ballparks for holiday gatherings and other special events. Goodyear's Fourth of July fireworks show draws about 15,000 people. Salt River Fields hosts a Halloween hot-air-balloon festival.

Such events and partnerships with community leagues and high-school teams may not bring in money, but they do add to the quality of life for residents, Peoria's Calcaterra said.

"Revenue maker? Probably not. But community enhancer? Absolutely," he said. "Cliche as it may sound, we build memories."

Surprise goes one step further, using its stadium as a recreation campus. Only about half of Surprise Stadium's expenditures go toward professional-baseball operations, said Mark Coronado, director of Community and Recreation Services.

About 65 percent of games, practices and other activities at the complex are community- and city-run.

"You're playing 190 games collectively on one Saturday morning, plus you are hosting practice opportunities for these teams all week long," Coronado said. "If you ask residents, they'll tell you that the Surprise recreation campus is their recreation-activity hub."

### **Revenue generators**

Officials argue that the cost to build, maintain and operate the facilities is far outweighed by the out-of-state visitors and sales-tax revenue they bring in.

A Cactus League economic-impact study released in December estimated that direct spending by visitors last year was \$230 million, up 36 percent from the previous study in 2007.

"The Number 1 reason they came was the Cactus League — baseball," said Coronado, who is also president of the Cactus League Association. "Truthfully, if you are a spring visitor to the Arizona market, to Phoenix, you know to stay away in March if you don't like baseball because you're not going to get a room."

The league, which expanded to 15 teams in 2010, attracted a record 1.7 million fans last year, roughly 56 percent out-of-town visitors.

Adding a multiplier effect of those expenditures pushes the economic impact of the Cactus League to \$422 million, said Bruce Fohr, president of FMR Associates, a Tucson firm that conducted the study for the Valley cities, Arizona Commerce Authority and Arizona Office of Tourism.

A second study by Elliott D. Pollack & Co., the first of its kind, estimated that the year-round baseball activity involving minor-league players, coaches and other personnel at the team complexes adds an additional \$210 million to the state's economy.

### **Catalysts for growth**

Fostering development and attracting visitors have always been major goals of the Cactus League.

Peoria, which built Peoria Sports Complex in the 1990s, is working to revamp the surrounding area. Plans are in the works to build a hotel, boutique shops and trendy restaurants. The city is expected to donate about 17 acres of land, currently used for parking at Peoria Sports Complex, and pay for a \$30 million parking garage.

Goodyear, Surprise and Glendale — in much-less-developed areas — hope to emulate the growth other ballparks around the Valley have fostered.

About 500 acres stands empty around Surprise Stadium. The long-term plan is to attract restaurant and entertainment options there, Coronado said. In Glendale and Goodyear, development constructed in a reeling economy never took off.

### **Other costs**

Next month, construction will begin on new team clubhouses that came as part of Peoria's negotiations to sign the Mariners and Padres for another 20 years. The \$14.1 million Padres clubhouse and the \$13.9million Mariners clubhouse are expected to be completed in time for next year's spring-training season.

Mesa is spending \$84 million on a new stadium for the Cubs and an additional \$15 million on utilities and parking for a new baseball complex at Riverview Park, southeast of the Loops 101 and 202 interchange. Adjacent land is designated for a retail and entertainment complex. The Cubs will move in next season.

Meanwhile, Mesa approved a 20-year deal Monday with the Oakland Athletics to move from Phoenix Muni to a refurbished Hohokam Stadium in 2015.

Mesa will pay up to \$17.5 million to improve Hohokam and the practice facilities at nearby Fitch Park. The Arizona Sports and Tourism Authority will pay \$8.2 million of Mesa's costs, said Chris Brady, Mesa city manager.

It's part of the evolution of the Cactus League, which has rarely been static over the past 20 years, with teams moving or getting new facilities nearly every year.

Rob Harman, Phoenix deputy parks director, said the city has had a good relationship with the A's since 1982 but could not afford to provide the facility improvements the team wanted for a long-term deal. "I've come to think of it as almost a Cactus League arms race," Harman said of the escalating costs of spring-training facilities.

Phoenix is spending \$1.5 million for clubhouse improvements at the Maryvale Baseball Park in west Phoenix for the Milwaukee Brewers.

In exchange, the Brewers extended their contract with Phoenix through 2022, but the team can leave any year after 2014 if it gives the city notice.

At this point, the Brewers' options are limited in the Valley because stadium funding from the sports authority is tapped out. But Phoenix recognizes that it could lose both its teams.

"I'm not sure we need to be in the stadium business to reap the benefits of the Cactus League," said Harman, noting that spring-training visitors use the city's airport, rent cars and stay in Phoenix hotels.

Phoenix would no longer spend \$3.5 million subsidizing the spring-training operations at Maryvale, Phoenix Muni and the A's practice fields at Papago Park.

### **A new model**

Some cities are moving away the traditional city-run ballpark setup.

At Glendale's Camelback Ranch, the White Sox and Dodgers run day-to-day operations. Glendale paid \$200 million to build the facility, a portion of which it expects to get back from the Arizona Sports and Tourism Authority.

The city also provides fire and police services each year, a combined \$42,208 to \$53,808 annually, along with about \$25,000 in transportation staff costs. Capital expenses, another city responsibility, have ranged from \$55,335 to \$128,557 per year.

Still, an agreement with Phoenix, where the stadium is located, gives Glendale 80 percent of the sales-tax revenue generated in and around the ballpark for 40 years or the city is paid \$37 million.

Mesa's new contract with the Cubs is closer to what Glendale is doing at Camelback Ranch than the more traditional Cactus League model.

Under the current deal, the Cubs, Mesa and HoHoKams civic group have different splits of the ticket revenue, concessions and sponsorships, said Brady, Mesa's city manager. The city hired groundskeepers and staff to take care of the fields, operate concessions and run the stadium on game days.

## Cactus League costs

Most Valley cities spend more on operating costs for their stadiums and baseball complexes than the direct revenue they receive. This includes costs and revenue not associated with Major League Baseball teams. Here are the costs, revenue and subsidies for each city averaged over the past five years, unless otherwise noted:

**Peoria Sports Complex:** Costs: \$4.3 million. Revenue: \$2.7 million. Subsidy: \$1.6 million.

**Camelback Ranch (Glendale)\*:** Costs: \$147,992. Revenue: \$129,110. Subsidy: \$18,882.  
*\*Numbers from 2009 to 2012.*

**Surprise Stadium:** Costs: \$3.5 million. Revenue: \$1.7 million. Subsidy: \$1.8 million.

**Goodyear Ballpark:** Costs: \$2.9 million. Revenue: \$1.1 million. Subsidy: \$1.8 million.

**Phoenix Municipal Stadium:** Costs: \$1.7 million. Revenue: \$532,097. Subsidy: \$1.2 million.

**Maryvale Baseball Park (Phoenix):** Costs: \$1.8 million. Revenue: \$628,023. Subsidy: \$1.2 million.

**Tempe Diablo Stadium:** Costs: \$1.2 million. Revenue: \$437,234. Subsidy: \$766,439.

**Hohokam Stadium (Mesa):** Costs: \$7.9 million. Revenue: \$6.43 million. Subsidy: \$1.47 million.

**Scottsdale Stadium:** Costs: \$1.34 million. Revenue: \$509,427. Subsidy: \$837,422.

\*\*The Salt River Pima-Maricopa Indian Community declined to provide financial records for Salt River Fields.

# THE ARIZONA REPUBLIC

## Gilbert baseball complex no homerun for town

By Srianthi Perera, The Republic | azcentral.com Sat Mar 9, 2013 11:10 PM

Big League Dreams Gilbert, an elaborate amateur-baseball complex pitched a decade ago as a financial and recreational boon for the town, cost taxpayers millions more than officials expected to spend on building it and appears to have generated little of the economic impact they predicted.

Now, five years after it opened, the eight-diamond complex, modeled after historic major-league ballparks, is posing a new headache as the town squabbles with the company that built it over who will pay to fix crumbling pieces of its infrastructure.

Big League Dreams Gilbert is the product of the kind of public-private partnership that municipalities often use to jump-start expensive economic-development projects.

After learning in 2003 about the California-based Big League Dreams USA's concept, town officials embraced it as an answer to two problems confronting Gilbert.

On the one hand, they had \$16 million to build new parks and recreational facilities for the rapidly growing town, which at the time was 247 acres short of the National Recreation and Park Association standards, but said they had no money to maintain them once they were built.

Town officials wanted a big-draw recreation complex that would lure visitors to Gilbert and generate new businesses. But the town estimated such a complex would need at least \$500,000 annually for maintenance, records examined by *The Arizona Republic* show.

Once Big League Dreams offered its proposal, officials quickly envisioned converting about 63.2 acres of empty fields at Power and Elliot roads into a financial greenbelt that would generate new tax revenue from the visitors and businesses the stadium complex would attract.

A decade later, the complex draws 400,000 players and spectators annually to play in its replicas of eight historic baseball stadiums and its 20,000-square-foot field house for indoor soccer. Almost 2 million have visited it since the park opened in 2008, the company said.

Big League Dreams calls its Gilbert venture — one of 11 it has built through public-private partnerships in four states — a success because the town has more ballfields and it is saving the town \$500,000 to \$750,000 in maintenance costs a year.

But current Gilbert officials are not convinced.

They are trying to renegotiate a 30-year operating contract with Big League Dreams to get a bigger slice of the venue's annual revenue, and they don't see it as the economic-development engine their predecessors predicted it would be.

Well before the first pitch, the town's partnership with Big League Dreams became a taxpayer's nightmare. Through interviews and a review of hundreds of pages of records obtained under the state Public Records Law, *The Republic* found:

Big League Dreams, not the town or an independent consultant, prepared the glowing economic-benefit analysis that the council used to justify the sports complex.

The study projected that the complex would have a cumulative economic benefit of \$40 million over 30 years, through maintenance savings and a share of revenue, and would generate even more money for the town by attracting hotels and businesses to the area.

The town in January 2005 agreed to begin negotiating a formal agreement for construction of a \$22.7 million stadium complex. By the time final approval came in 2006, the tab had risen to \$33.6 million — largely because town administrators added landscaping and other amenities and because the price of steel, lumber and concrete had sharply increased.

The cost later soared to \$42.7 million as the town included improvements to Elliot Road and nearby Western Power Line Trail and right-of-way acquisitions. By the time the town in 2021 pays off the bonds it floated for the project, the final cost will exceed \$53 million.

Big League Dreams says it earned about \$9.4 million between January 2010 and last December. Of that, the town has received \$250,570. At that rate, taxpayers won't recoup their full investment for more than 100 years. So far, the town has paid more than \$21 million toward the bond debt.

The anticipated economic development around the stadium complex never materialized. Town officials say Mesa hotels benefit far more than Gilbert's from the visiting teams and supporters who play at the complex. They also say the complex was built too far from the town's business hubs to attract new stores or other companies.

The complex barely made a dent in the town's overall recreation and park needs. Moreover, town residents' use of the complex is limited.

Because the town agreed to only a one-year warranty on the complex's infrastructure, Gilbert officials are now grappling with numerous structural defects, such as crumbling steps, unstable handrails and cracking concrete surfaces, some of which are the subject of injury claims.

The contractor, M.A. Mortenson Co., says it stands by its work. The town filed a lawsuit last month against the company but on March 1 said that it was suspending the legal action in an effort to get the repairs done. The defects have so far generated four claims and one lawsuit over injuries by spectators who say they fell.

Jeff Odekirk, Big League Dreams co-founder, maintains that the town made a good investment.

"None of these issues changes the reasons why the town of Gilbert asked us to manage a sports park for them," he told *The Republic* in an e-mail. "The town of Gilbert needed more ballfields and had budgeted to fund the construction AND maintenance and operations for a sports park before they ever heard of Big League Dreams. They were going to operate and maintain it themselves and absorb all the costs to do so.

"We have done exactly what was asked of us and expected by the sitting Town Council since we opened in 2008."

Gilbert resident Alan Regier, a professional baseball scout who tried to get the Town Council to consider an alternative to Big League Dreams, told *The Republic* that he always believed town officials acted too quickly.

“Everybody got hook, line and sinkered on the deal,” he said. “No one can say, ‘I was against it, not in favor of it.’ They all supported it and went forward together.”

### **Born in the boom**

Based in Chino Hills, Calif., Big League Dreams USA is the brainchild of brothers Rick and Jeff Odekirk, former professional baseball players who in the 1990s came up with an idea to re-create a major-league experience for amateurs.

Since the first park was built in 1998 in Cathedral City, Calif., the company has partnered to open six more in California, two in Texas and one each in Las Vegas and Gilbert. Gilbert’s venue, one of two with eight diamonds, was the eighth to be built.

Big League Dreams parks are built with four, six or eight fields that are scaled-down replicas of famous ballparks. In addition to Yankee Stadium and Wrigley Field, Big League Dreams Gilbert offers replicas of Boston’s Fenway Park, Anaheim’s Angel Stadium, New York City’s Polo Grounds, St. Louis’ Sportsman’s Park and the Valley’s Chase Field.

Big League Dreams complexes also incorporate an indoor soccer pavilion, batting cages and other amenities.

Big League Dreams’ foray into Gilbert was initiated in 2003 by town resident Lanny Brown, a member of Gilbert’s now-disbanded Economic Development Advisory Board who responded to the Town Council’s quest for public-private partnerships that would support some of Gilbert’s future recreational needs.

Moreover, Gilbert officials were looking for a marquee attraction for the town, heralded as the nation’s fastest-growing community but offering little to interest tourists or day trippers.

In 2003, negotiations had broken down between Big League Dreams and Tempe over a proposed stadium on the north shore of Town Lake. Staffers determined that “the repayment period on its investment would have exceeded the useful life of many components within the project” and that “it did not make financial sense,” Tempe spokeswoman Nikki Ripley said recently.

The proposal quickly captured Gilbert officials’ attention — especially because Big League Dreams would operate the stadium complex and pay for maintenance while Gilbert paid for its construction.

Regier, the Gilbert resident who was a scout for the Boston Red Sox, said the Town Council’s enthusiasm is best understood in the context of the times.

“It’s before the recession,” he said. “We’re a growing area, we’re exploding. There are houses going up everywhere, there’s development money coming in from the homes, we can’t keep up with the infrastructure, with the roads — it was just chaotic here, and not in a bad way. It was the land of milk and honey; it was just flowing everywhere.”

Then-Vice Mayor Don Skousen, who cast the lone dissenting vote against starting negotiations with Big League Dreams but later voted for the agreement, now concedes the council didn’t examine the deal closely enough.

“Big League Dreams guys had been involved in these kinds of things before with cities, and we had not. We had never done anything like this before, and, when push came to shove, I think they just kind of outfoxed us on the contract on some things that we didn’t understand,” he said.

### **Controversial study**

The Big League Dreams proposal involved a public-private partnership of a size that was unprecedented for Gilbert. And while the town had its own economic-development department, local officials decided in July 2004 to have Big League Dreams prepare the feasibility study.

The town paid Big League Dreams \$90,000 with the understanding that money would go toward construction if the town decided to build a complex.

Then-Town Manager George Pettit recalled that the council didn’t want the town to do the study because it didn’t know exactly what it wanted studied.

Nevertheless, Pettit told *The Republic* in a recent interview, town officials did look hard at Big League Dreams. “There was some due diligence that was done in terms of what the projects were doing and what they represented,” Pettit said.

Big League Dreams concluded that an eight-field softball/baseball complex and related facilities would be self-supporting and become a significant economic engine for the town. Unlike Cactus League facilities, it noted, Big League Dreams Gilbert would be in use year-round as it hosted tournament and league games.

“The findings in this report indicate that through the development of a quality regional facility, the town’s image would be enhanced, the quality of life for its citizens would be increased, economic development would be stimulated,” Pettit said in his September 2004 memo.

The council opted for a 30-year agreement, which, according to the feasibility study, would put the “town direct benefit” at \$40 million.

Although two other stadium developers approached the town, the council paid them little attention.

Joan Krueger, a council member from June 2005 to May 2009, attended the 2005 council meetings before her election and recalled her concern over the speed with which the council approached the deal.

“There were these gaps,” she said. “I was in sales and marketing at the time, and I recognized a sales pitch when I could hear one. ... I did not feel comfortable that it was being vetted well enough and that the town had invested enough time to isolate the unintended consequences of the vote.”

The earliest “unintended consequence” turned out to be the most expensive.

### **Cost escalates**

For Gilbert taxpayers, the \$22.7 million construction cost projected in 2004 climbed to the final \$42.7 million tab four years later through a seemingly endless series of change orders that Pettit and his staff submitted to the Town Council.

Jeff Odekirk, the Big League Dreams co-founder, told *The Republic* in a recent e-mail interview:

"It is not unusual ... for costs to increase from the original estimate. The reason for that is because when we begin negotiating with a new municipality, the cost estimates that are available are the actual cost for the completed construction of the most recent Big League Dreams park to have been built."

Don Webber, Big League Dreams vice president of development, however, never raised the possibility of cost increases in a Jan. 4, 2005, letter to Gilbert officials as they began formally considering the deal, calling the \$22 million park "simply one scenario" and indicating cheaper options were available.

Convinced of the project's merits, the Town Council on May 24, 2005, approved it unanimously.

A year later, Chris Kartchner of Kitchell CEM, whom the town hired for engineering advice, wrote to M.A. Mortenson, the company building the complex, that "the project estimate is substantially over the project budget."

On July 11, 2006, town staff asked the council to set a new cap of \$33.6 million, stating that they had overlooked a number of safety requirements, utility issues and other amenities. Moreover, the cost of lumber, concrete and steel was rising, town staffers told the council.

By April 2007, costs had increased by 10 to 15 percent per year.

### **More change orders**

Shade canopies at the park entry, safety netting, overhead backstop netting and screening are a few of the items that were not accounted for or budgeted for at the beginning and had the town scrambling to include during the tail end of construction.

Kartchner in an e-mail to Big League Dreams co-founder Ron Odekirk dated June 28, 2007, criticized the company for submitting late, incomplete and contradictory changes.

He complained that Big League Dreams had issued four separate furniture, fixtures and equipment lists that differed in cost, specification and scope.

Then-Town Manager Pettit also had written to Big League Dreams on June 22, 2007, chastising the company for raising safety features and other details so late in the process.

Noting the town had paid Big League Dreams \$640,000 to identify safety and other issues before work started, Pettit wrote: "The safety concerns and other issues being raised by BLD at this late date should have, and easily could have, been addressed during the design phase of the park."

Big League Dreams CEO Scott Parks LeTellier on June 22, 2007, countered that his staffers had experienced communication problems with Gilbert staff, including unreturned phone calls and abrupt hang-ups.

Krueger, the former councilwoman, said she felt town officials were disappointed in the way the arrangement was turning out.

"I think that they felt that the relationship was turning out to be something other than what they had planned on," she told *The Republic*. "They had thought that Big League Dreams would be more of a partner interested in becoming more of the Gilbert community and sensitive to the budget needs of the town, and that wasn't the case."

To pay for most of the complex's cost, Gilbert floated \$37 million in bonds at an average interest rate of 4.69 percent annually.

The bonds won't be paid off until fiscal 2020-21, bringing the town's total cost to \$53 million.

### **The complex opens**

On Jan. 12, 2008, amid a gathering of thousands, Big League Dreams Gilbert opened.

A month later, the infield mix and grass were found to be defective and players began complaining about slipping on the fields and balls taking bad hops and odd bounces, though those issues were quickly addressed.

However, after the park was handed over to Big League Dreams in January 2008, the town conducted no periodic inspections — which turned out to be a costly mistake.

In the wake of several accidents that led to claims against the town, town lawyers ordered an engineering evaluation to determine if the stadium complex's walking surfaces conformed to the town's building code. They also wanted to identify any other potential hazards.

The evaluation, filed in August 2012, revealed that the park had several areas that did not conform to code at the time of construction.

The 68-page evaluation pinpoints 39 trouble spots, supported by photographs. They include cracks in the concrete and asphalt with noticeable offsets; crumbling concrete; uneven steps with varying tread depths and riser heights; no handrails in places where they should have been installed for safety; and excessive ramp slopes.

On Feb. 5, 2012, the town sued M.A. Mortenson to get the issues corrected, but a month later announced that it was delaying further legal action in the hope that it could resolve the matter with Mortenson's help.

In all, Gilbert paid Mortenson \$35 million for construction and an additional \$1.8 million for design and preconstruction services. The construction warranty lapsed after one year.

Mortenson officials declined to be interviewed, but Chris Norcross, vice president and general manager of its Phoenix office, issued a statement:

"Mortenson has been actively working with the town of Gilbert to help identify and resolve those issues that require remedial action. As the design builder, we stand behind our work, along with the work of our subcontractors, and we are committed to the town's satisfaction."

### **Disappointing impact**

Current Gilbert Town Manager Patrick Banger has also been negotiating an equally expensive issue with Big League Dreams — how much the town should receive from the company annually.

The contract entitles the town to 6 percent of the venue's gross revenue, plus bonus payments if annual revenue exceeds \$3 million. The payments, to be made quarterly, were to begin in the fourth year, giving the company three years to build the business. The company reported revenue of about \$9.4 million over the last three years.

Since May 2012, the company has been making quarterly payments of 6 percent of its gross annual revenue plus the bonus payments based on a formula. Gilbert has received a total of \$250,570.

The economic analysis Big League Dreams submitted before it won the contract painted a picture of new jobs, economic growth, enhanced quality of life and a more dynamic image for the town.

Since opening on Jan. 12, 2008, the complex has hosted 14,500 teams playing in tournaments, according to Big League Dreams co-founder Jeff Odekirk.

But the reality for taxpayers isn't so impressive, particularly with its predictions of new hotels and businesses and an economic shot in the arm for the companies near the complex site.

Town officials in 2008 cited a report by Applied Economics, a Phoenix research firm, that estimated complex visitors would spend at least \$2 million annually on food, beverages and lodging.

But Town Manager Banger said that the complex's location makes it challenging for Gilbert's businesses to benefit.

"It's probably closer to a lot of Mesa restaurants and hotels than it is to Gilbert," he said.

At the time the Town Council was considering the stadium-complex proposal, Gilbert had only one hotel. Since then, four hotels have opened — none near Big League Dreams Gilbert.

Jamy Belcher, director of sales at Hampton Inn & Suites Phoenix/Gilbert, said the sports complex seems to attract many out-of-towners.

"Unfortunately, we don't get a lot of the business from Big League Dreams. A lot of those guests stay in Mesa. ... We don't have a tourism department, and our tourism tax dollars do not work with the Big League Dreams," he said.

Banger said that Gilbert has not commissioned a formal study of the complex's economic benefit since it opened. "I'm sure it has spurred some. To what extent and if that offsets the total cost to the town, that I could not say," he said.

"I'm sure there are people coming to town for tournaments that have eaten at restaurants and stayed at hotels, but I can't tell you to what extent that is."

Former Vice Mayor Skousen, said "part of the dream was that they were going to create some economic growth in that area with all the people coming in."

"I think, in hindsight," he said, "it would appear that they knew better than we knew what to put in the small print in their contract. (With us) never having done that before, maybe they got the upper hand on that."