



Arizona Sports & Tourism Authority

14500 N. Northsight Blvd.  
Suite 312  
Scottsdale, AZ 85260

(480) 505-0533 Phone  
(480) 505-0534 Fax

www.az-sta.com

### In this issue

- **Cardinals Stadium Update** — AZSTA Supports BCS National Championship Game.
- **Cactus League Update** — Scottsdale Stadium Improvements Approved, League Set Attendance Record for 2005, Baseball & Softball Commission Presentation Online.
- **Youth Sports Update** — Free Public Workshops held Valley Wide for Youth and Amateur Sports Grant Assistance, Funding for Valley Wide Youth Health Organization Approved, Nation's Busiest YMCA Expands with AZSTA's Help, New Desert Mountain Park in Queen Creek Opens.
- **Financial Overview** — Total Revenues for March up 3.5% over Forecast.

### CARDINALS STADIUM UPDATE

AZSTA and the Fiesta Bowl are working together to ensure that college football's national championship game will be played in Glendale in January 2007.

A bill introduced in the state legislature Mar. 29 creates legislation to strengthen Arizona's bid to host the Bowl Championship Series (BCS) National Championship Game (NCG). The BCS plans to rotate the BCS-NCG among 4 bowl cities: Glendale, Miami, New Orleans and Pasadena, Calif.

The BCS national championship game creates a high-profile and exceptional tourism opportunity for the metro Phoenix area. Each year the Fiesta Bowl contributes an estimated \$150 million to the local economy. When the national championship game is added to Glendale once every four years, the Fiesta Bowl will hold both events – a regular bowl game and the additional national championship game – within a week of each other. It would be reasonable to assume that the additional game would essentially double the Fiesta Bowl's impact on the state's economy to \$300 million.

If passed, the legislation would strengthen Arizona's bid for the BCS-NCG by giving it exclusive rights to the marketing and pricing of all seats, club seats, suites and revenue from concessions. State law requires that sales-tax revenue from all football games played in the stadium be used to pay off the bonds used to build the stadium; however, the proposed statute would allow the Authority to return the sales tax or admissions to the BCS once the Authority has made complete and timely repay-

## Monthly Report — March 2005 Issue 43

ment of principal and interest on any outstanding bonds to which the revenues are pledged.

### CACTUS LEAGUE UPDATE

On Mar. 25, the Board of Directors approved \$20 million to fund renovations to the Spring Training facilities at Scottsdale Stadium and Indian School Park.

The board voted to approve an intergovernmental agreement (IGA) which would \$13.3 million from AZSTA's Cactus League revenues and \$6.7 million from Maricopa County Stadium District (MCS D) funds forwarded to AZSTA by the MCS D.

The San Francisco Giants have agreed to play at the stadium for an additional 20 years, through 2025, with an option to extend the lease to 2035. The Giants hold their major league and minor league training operation at the two facilities. Scottsdale Stadium is consistently one of the top attended venues in Arizona's Cactus League. The Scottsdale Charros organize and promote San Francisco spring training in the city.



AZSTA Board Member Jon Garrett (r) with Scottsdale City Manager Jan Dolan (c) and Pat Dodds, Scottsdale Public Affairs Officer.

The total cost of the project is estimated to be \$23.1 million. The City of Scottsdale will be contributing \$3.1 million.

Key renovations to Scottsdale Stadium are to include:

- Construction of one full practice field and one half practice field east of the stadium;
- Expansion of the Giants stadium Clubhouse; Creation of new deck and terrace seating in the right field berm area;
- Construction of a walkway connecting the left field berm and the right field berm areas.

Key renovations to Indian School Park are to include:

- Renovation of four full practice fields and one half practice field;
- Expansion of the Giants Minor League Clubhouse;
- Reconstructed batting cages.

Construction is expected to take place in different phases between June of this year and February 2007. For more information about the project go to: [www.ScottsdaleAZ.gov/projects/giants](http://www.ScottsdaleAZ.gov/projects/giants).

AZSTA has committed \$68.3 million in funding for renovations to Cactus League facilities in Scottsdale, Tempe, Phoenix and Surprise. It is estimated that over 30 years, AZSTA will contribute \$205 million to the refurbishment of Cactus League facilities in Maricopa County.

#### **Cactus League Looking to Set Attendance Record**

Preliminary indication from the Cactus League Association is that attendance this year will break last year's record-setting pace. Last year's attendance was 1,248,642.

The Chicago Cubs had the highest attendance of all Spring Training clubs this year with 193,993 fans, beating last year's attendance of 189,692. The San Francisco Giants had the second highest attendance with 152,185 fans. The San Diego Padres saw the biggest increase in attendance with 24,106 fans more than last year.

#### **Baseball and Softball Commission Presentation Available Online**

Along with board members John Benton and Larry Landry, AZSTA President/CEO Ted Ferris provided an overview of the Authority's Cactus League projects for the inaugural meeting of the Governor's Baseball and Softball Commission at the Scottsdale Civic Center Library. The presentation is available on line at: <http://www.azsta.com/cactusleague/index.html>

#### **YOUTH SPORTS UPDATE**

AZSTA held a series of grant assistance workshops throughout this month to kick off the 2005 funding cycle of its Biennial Youth and Amateur Sports Grant Program.

The free workshops were open for organizations with an interest in youth and amateur sports and physical activity seeking funds for facilities or physical activity programs. The sessions provided attendees with information and assistance in applying for a portion of the \$2.2 million dollars in the Authority's next funding cycle.

Kerri White, Youth Sports Grant Coordinator, ran the six workshops which attracted participants from around the Valley. The workshops were held in Central Phoenix, North Phoenix, Avondale, Tempe, Scottsdale, and Chandler.

#### **Funding for Valley Wide Youth Health Organization Approved**

The Board of Directors approved the funding of \$225,000 to support the newly formed Maricopa Council on Youth Sports and Physical Activity (MCYSPA).

The board voted to provide \$75,000 per year over three years to MCYSPA, which is formed from an innovative collaboration of representatives from the public, private and independent sectors to promote youth sports and physical activity in Maricopa County. The organization, a

donor-advised fund of the Arizona Community Foundation, seeks to combat childhood obesity through increased participation in physical activity programs.

AZSTA's contribution will also include in-kind support from Kerri White, Cactus League and Youth Sports Grant Coordinator. The funding will initially go toward completing the work on a Community Assessment Needs Study and the Youth Sports Facilities Geographical Information System (GIS), both being conducted by Arizona State University.

Other funding sources for MCYSPA include the Robert Wood Johnson Foundation, Arizona Cardinals, Virginia B. Piper Charitable Trust, Arizona Community Foundation and Suncor Development Companies.

AZSTA has provided funding to 17 Youth & Amateur Sports projects throughout the Valley with a total contribution of \$4.8 million.

#### **Nation's Busiest YMCA Expands with AZSTA's Help**

On Thursday, March 31, the Glendale-Peoria YMCA broke ground on a \$2 million expansion project designed to accommodate its overwhelming number of members – it currently has the most usage per square foot than any other YMCA in the country.

AZSTA board members Herman Orcutt and Rod Williams and Kerri White, AZSTA Cactus League and Youth Sports Grant Coordinator, were on hand for the groundbreaking activities along with local dignitaries Glendale Mayor Eileen Scruggs and Glendale City Councilmember Steven Frate.

AZSTA awarded a grant in 2004 for \$150,000 towards construction of a gymnasium for the facility which is located near 59th Avenue and Greenway Road. Construction on the expansion project will begin in July.

This grant marks the third awarded to Valley YMCAs. AZSTA has also awarded \$150,000 for a sports complex at the South Mountain YMCA and \$65,000 for field lighting at the Mesa Family YMCA.

#### **New Desert Mountain Park in Queen Creek Open**

The new \$6 million Desert Mountain Park in Queen Creek was dedicated April 2, 2005, as only the second park in an area which is seeing dramatic growth – more than 1,700 homes were built here last year. The southeast Valley community has grown from a



*AZSTA Board member Herman Orcutt was a featured speaker*

population of 2,000 to 20,000 in just 15 years.

The project, located behind Desert Elementary School at 22201 S. Hawes Rd., includes four lit ball fields, two multi-purpose fields, basketball courts, an amphitheatre, an equestrian area, and playgrounds.

Queen Creek Mayor Wendy Feldman-Kerr kicked off the ceremonies which included the introduction of Board Members Bill Peltier and Roc Arnett.



*AZSTA Board Member Bill Peltier (l) helps dedicate the new park.*

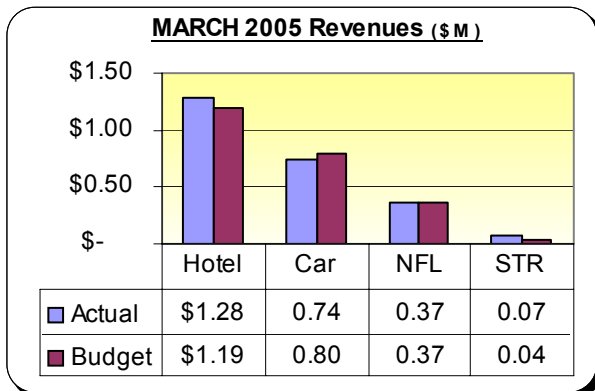
AZSTA

granted the project \$250,000 in 2004. Additional funding came from the Town of Queen Creek, the Arizona State Parks Heritage Fund, and other private contributions. The Insight Bowl donated a portion of the sod for the fields.

The demand for the facility is apparent, the Southeast Diamondbacks Little League started play on the fields at 8 a.m. that morning, well in advance of the 2 p.m. dedication ceremonies.

**FINANCIAL UPDATE**

**Sources** – The following chart provides our monthly revenue results for March 2005 which represents transaction activity from January 2005:



The Authority's total revenues for March 2005 outperformed our forecast by \$82k or 3.5%, which continues the trend from last month's positive performance. The individual revenue components performed as follows:

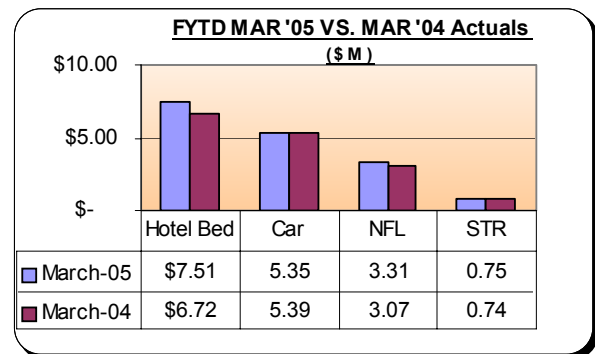
- The combined **tourism revenues** (hotel bed tax and car rental surcharge) posted \$2.0 million in revenues - \$45k or 2.3%, above forecast. The **hotel bed tax** outperformed its projection by \$97.7k or 8.2%, and the **car rental surcharge** was below its forecast by \$52.7k or 6.6% (there may have been some timing issues as last month's car rental surcharge results

were 44.0% ahead of projections). YTD tourism revenues through three-quarters of the fiscal year continue to exceed forecast. Through March we have posted a total of \$12.9 million in tourism revenues versus a \$12.4 million forecast – a positive performance of \$0.5 million or 3.9%.

- The **NFL income tax** is determined by the Arizona Department of Revenue prior to the start of each fiscal year. This was on-budget at \$367k for the month and \$3.3 million year-to-date.
- The Authority received its sixth and final month of Arizona Cardinals' home game-related **sales tax recapture revenues** for the 2004 NFL season. We received \$73.0k in March compared to a forecast of \$35.3k – a \$37.7k or 106.9%, above budget result. Overall, for the current fiscal year, we received a total of \$754.5k, \$117k or 13.4%, below budget. We did request that the Arizona Department of Revenue research this issue as our results over the past two fiscal years have significantly underperformed our expectations as well as have underperformed the results from our first two years (2001 and 2002). The AZDOR has indicated that they will be researching this issue for the Authority in the near-term.

**Sources – Comparing Fiscal Years 2005 and 2004 –**

The next chart provides a fiscal year-to-date comparison between March 2005 and March 2004:



Our total fiscal YTD revenues through March are running \$1.0 million or 6.4%, ahead of the same period during the prior fiscal year. Of the four revenue categories, three are currently outperforming last year's figures – the car rental surcharge continues to perform slightly behind last year's amount through nine months - \$32.9k or 0.8%. The hotel bed tax is ahead of last year's figure by a total of \$768.4k or 11.7%. We are anticipating that the tourism revenues will continue to strengthen through the balance of the year while the NFL Income Tax, barring any current legislative efforts to the contrary, will come in on-budget.

**Senior Bond Debt Service** – The Authority will be accruing a total of \$11.1 million for senior bond debt service payments this fiscal year. Approximately 75% of the total amount will be sourced from our tourism revenues. The balance will come from the facility revenues – the pledged portion only. This split is based on statutory language that limits the debt service from tourism revenues to the equivalent of no more than \$165.5 million of the bond principal which is \$221.95 million.

**Tourism** – During fiscal year 2005 the Authority will be distributing \$4.65 million in tourism funding to the Arizona Office of Tourism. This amount is increased by five percent annually.

**Cactus League** – The Cactus League fund is to receive a total of \$3.0 million in the current fiscal year. Of this amount \$2.3 million will be used for subordinate bond debt service payments, \$0.5 million for funding the required bond reserve account and the balance is earmarked for spring training baseball renovation projects in the cities of Tempe and Scottsdale.

**Youth and Amateur Sports** -- \$1.3 million will be distributed into this fund this fiscal year. This annual distribution grows by \$100,000 each year. The Authority has also fully funded a \$1.2 million youth and amateur sports reserve fund.

**Authority Operations** – The Authority's current operating budget is \$2.8 million of which \$0.9 million is for our stadium management operator's pre-opening startup operating budget.



Submitted by: Ted A. Ferris, President/CEO