

# Mesa voters approve Gaylord deal

by **Gary Nelson** - Mar. 10, 2009 08:31 PM  
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Mesa voters Tuesday overwhelmingly approved tax incentives for two large resorts and a conference center near Phoenix-Mesa Gateway Airport.

Now, the project rests in the shaky hands of the economy.

The 84 percent pro-Gaylord vote far exceeded backers' most optimistic projections. All suspense, such as it was, ended when early-ballot results flooded in about 8 p.m., prompting cheers from supporters at the Arizona Commemorative Air Force Museum in Mesa.

"What a great day for our city," Mayor Scott Smith told the crowd. "I'm a little choked up."

The vote gives a green light to plans by Gaylord Entertainment Co. of Nashville to build an upscale hotel of at least 1,200 rooms with a convention center of 225,000 square feet or more.

Another large resort is to be built just south of the Gaylord project, along with a championship golf course and other amenities.

Bennett D. Westbrook, a senior vice president for Gaylord, said the company will watch conditions in the credit and hospitality markets before deciding when to break ground.

"We have not locked down a schedule," he said. "Right now there's too much uncertainty in the world."

The project's master developer, DMB Associates of Scottsdale, sees the vote as a first step in developing its 5-square-mile tract on land where General Motors Corp. has tested vehicles since the early 1950s. DMB bought the land in 2006 and leases it to GM, pending the automaker's move to Yuma later this year.

Over time, DMB wants to create what some planners call an "aerotropolis," a mixed-use city center that both feeds and benefits from a nearby airport.

DMB began foreshadowing its plans for a large resort nearly two years ago. Grady Gammage Jr., a leading Valley land-use expert who has worked closely with DMB, told a Mesa audience in August 2007 that the Gateway region had vast economic potential.

And, he said, a signature resort would be the best way to begin tapping that potential. By then, Gaylord and DMB already were talking building one of the Nashville company's massive resort-convention center complexes in Mesa.

Gaylord operates four such facilities. The newest, a year old, is near Washington, D.C.

The company contacted Mesa City Manager Chris Brady in 2006, looking for help finding a site in Arizona. After DMB bought the GM property, Brady put it in touch with Gaylord.

Their marriage was announced Sept. 3 in a gala rollout at the Mesa Arts Center. "This is where dreams intersect with reality," Smith said then.

But despite the promise of \$1 billion in private investment, the companies and Mesa said tax incentives were needed to make the project viable.

The election was triggered by Mesa's offer of bed-tax rebates. Over 30 years, the resorts will retain up to \$51 million in bed taxes that otherwise would go to the Mesa Convention and Visitors Bureau.

Under the development agreement, the resorts must use the rebated bed-tax money for the same purpose.

Mesa also will use a provision in state law allowing it to buy the resorts and convention center for \$5,000 apiece and lease them back to Gaylord and the second unnamed resort.

That will trigger a "government property lease excise tax," which will save the resorts millions in property taxes but will require them to pay millions to various local governments.

Gaylord and DMB spent more than \$500,000 to promote the deal, listed on the ballot as Proposition 300. No organized opposition surfaced.