

Steller: Financially strapped racetrack begs for redevelopment



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The latest financial investigation of Tucson Greyhound Park could not be much clearer about the racetrack's prospects.

They're dim.

Accountants from Veriti Consulting in Scottsdale ran down a litany of misfortunes at the South Tucson gambling center, referred to as TGP, in a report to the Arizona Racing Commission:

- "TGP's debt position is worse than the industry average."
- "Net losses fluctuated from approximately \$191,000 in 2009, which was 4.4 percent of revenues, to a loss of approximately \$544,000 in 2013, which was 12.3 percent of revenues."
- "Without external financial support from its owners, TGP's operations cannot sustain future viability."
- "Should they cease to fund operations, TGP will likely go bankrupt."

Nevertheless, in July, the Racing Commission took the word of the Florida-based owners that they would continue funding the operations of the track as needed. The commission went ahead and gave Tucson Greyhound Park another three-year license.

This is not all that surprising — the operations of the Arizona Department of Racing and the commission are funded by assessments on the racetracks and betting sites that they regulate. So they have an interest in keeping racetracks going.

What's more surprising is that the longtime owners, **Joseph Zappala** and **Philip Robert Consolo Jr.**, continue to fund a money-losing business that sits on a huge property with unrealized potential for redevelopment.

Why do Zappala and Consolo do it? I sat down Tuesday afternoon with the track's new manager, **Dale Popp**, at a table in the racetrack's bar. Outside the bar, about 30 men bet on races simulcast from Florida and other states on dozens of screens mounted on the walls, some urging on the dogs and horses.

Popp couldn't say much, but explained that from his perspective, the owners' "motivation for standing behind the business, even though it has been showing losses, is their commitment to their employees."

Popp came to Tucson early this year from Florida, where he worked in the jai alai business.

That's also the state where the owners live.

"I had concerns before I came here," Popp said. "They made a commitment."

It could also be the business isn't quite as bad for the Zappala and Consolo as it appears. They pay themselves a "management fee" that in the past has topped \$2 million per year. The report notes that the park owed them \$1.8 million in management fees as of the end of 2013.

These fees not only allow the owners to pocket some profit but also reduces the likelihood that the track will have to pay taxes on the betting there. Under a complicated state formula, if the track makes less than it did in a benchmark period, 1990-1994, the track may get a "hardship tax credit." Last year, receiving that credit meant that Tucson Greyhound Park avoided paying \$291,202 to the state.

"We are the only state, to the best of my knowledge, that does not tax the simulcast handle (the amount bet on races simulcast)," said **Susan Via**, a Tucsonan who advocates for greyhound dogs.

Her ally, Tucson city Councilman **Steve Kozachik**, noted that state law requires Tucson Greyhound Park to have live races in order to also have simulcasts. The Legislature could eliminate the live-race requirement and allow the park to become essentially a sports bar with betting that could also be taxed.

The lack of tax revenue from the track is, of course, discouraging in a state with a looming budget deficit. But it's also frustrating that loopholes for racetracks seem to perpetuate a business that has outlasted its usefulness and is no longer the best possible use of its site.

The 15 or so acres that Tucson Greyhound Park occupies are on the bedraggled southern end of South Fourth Avenue, where the vibrant string of restaurants to the north trails off into parking lots, abandoned land and the crumbled down Spanish Trail Motel.

The land from East 36th Street to the north to Benson Highway on the south, between South Fourth on the west and a railroad track on the east could be combined into a massive redevelopment project. It has the advantages of frontage on Interstate 10 between two nearby exits, and the rail spur.

"I think it has the physical attributes that you want," said commercial broker **Greg Furrier** of Cushman & Wakefield/Picor. "Finding big inner-city pieces to develop is tough."

The possibilities have not escaped South Tucson city officials or **Morgan North**, whose business, Borderland Construction, sits between Tucson Greyhound Park on the north and the Spanish Trail Motel on the south.

"I've been trying to buy the greyhound park," North told me. "They aren't interested in selling it."

North would like to attract a light-industrial user to the site.

"I'm just a big believer in South Tucson," he said. "The city is easy to deal with. They've been very good to us over the years."

But city officials prefer the idea of retail development. Retail businesses pays sales taxes,

which the financially strapped town desperately needs.

When I asked Mayor **Paul Diaz**, he imagined “a good investor with at least one big anchor store, possibly a Lowe’s.”

What the area needs most of all is a visionary developer who can see its potential is much greater than a cash-strapped racetrack will ever offer.