

August 20, 2012

During this city council election debate, claims have been made that “More economic growth means more revenue to fund vital city services such as police and fire protection, parks and transportation.” This is the most egregious of all statements made in all the flyers and candidate statements, and the crux of the debate over which direction Scottsdale should take. A number of candidates then say they support growth for these reasons, and that it “will create jobs”. However there is a fundamental fallacy in this argument. The truth is that development does not pay for itself, even on a maintenance (yearly income vs. expense) basis. This isn’t just an opinion, it was demonstrated by properly analyzing the data contained in a report the city had done on sustainability. The city report did not include the impact of tourism on the city’s income, a fatal mistake for a report addressing sustainability as tourism is certainly one of the keys to Scottsdale’s sustainability. When the impact of tourism is included, the numbers clearly show that development does not support itself and that tourism has made up for the losses incurred by development so far. Therefore more growth may produce more revenue, but not nearly enough to make up for the additional expense it creates. Following this argument further, continued growth actually hurts the city and will result in more expenses than any revenue increase can cover, so those vital city services will actually receive less than they need to service all the new residents and businesses. The net result is a degradation of vital services unless the residents vote to increase their taxes to maintain those services. In the event this growth also negatively impacts our tourism industry, which it surely will, the expense to income ratio will go up even more, which translates into even higher taxes and/or a loss of services and quality of life. None of this includes the capital cost of infrastructure which will surely go up as well. The city does have some cost recovery mechanisms, to try to cover some of the additional cost that results from development, but history has shown it is not nearly enough to cover the actual costs of the infrastructure upgrades required and certainly doesn’t cover the cost of the maintenance of that increased infrastructure.

The argument for growth is that business owners think they will get more business and make bigger profits, however the reality is continued growth will drive out our tourists and higher income residents, increase our taxes, and degrade the quality of life we moved here to enjoy. It is also quite possible that business income will actually go down as we replace high income residents and tourists with lower income apartment dwellers. This is why the update of the General Plan, recently rejected by the voters, and this city council election are so important to the future of our city, our tourism industry, and our quality of life.

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