

## Some question Sal DiCiccio's stake in South Mountain Freeway plan

43 comments by [Sean Holstege and Scott Wong](#) -  
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The proposed [South Mountain](#) Freeway has defined Sal DiCiccio's return to politics.

A year ago, the Phoenix real-estate broker filled a vacancy on the City Council, reclaiming the seat he held a decade earlier. Ever since, he's championed moving the planned Loop 202 extension south, from Ahwatukee Foothills to the Gila River Reservation.

To supporters, DiCiccio is working to find the best outcome for his Phoenix constituents. Opponents say his development deals along the freeway blur personal and public matters and represent a conflict of interest.

The Arizona Republic took a closer look at DiCiccio's possible stake in the planned 22-mile freeway, examining city financial forms and court records, plus letters, e-mails and other documents obtained under a public-records request. The picture that emerged shows that DiCiccio:

- Benefited financially from a business partner's purchase of land that was resold to the state for the proposed South Mountain Freeway. The purchase, which The Republic uncovered in records, allowed the business partner to repay a \$100,000 [loan](#) from DiCiccio that the councilman says was unrelated to the freeway property.

- Was paid thousands of dollars in 2006 by an Arizona Department of Transportation consultant to persuade Gila River leaders to permit the Chandler-to-Laveen freeway to cross their reservation.

- Has investments in leases of two Gila River tribal [properties](#), one located near the proposed Loop 202 extension route. DiCiccio won't say how much he invested or what his potential profit could be. The tribe, his development partner, stands to gain millions of dollars and wilderness land if it sells right of way to the state for the freeway.

DiCiccio was not in public office when he made the investments or worked as a consultant - a fact that he points to in denying critics' accusations that his efforts to move the freeway path pose a conflict of interest. He said he has never voted on the freeway and doesn't plan to.

But DiCiccio's dual public and private roles

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attracted criticism in his successful fall election campaign. Some transportation officials and ethics experts say they are troubled that DiCiccio has represented all sides of the freeway debate over the past decade, whether as a politician, a businessman or an advocate.

Few details are available in public records about DiCiccio's business dealings. Records show he owns a commercial real-estate firm and is a licensed real-estate broker.

His dual roles threaten to muddle the \$1.9 billion Loop 202 project and could delay it, after 27 years of planning. Environmental work on the existing route is six months from completion and federal approval to build is expected this year.

### Repayment of a loan

The most recent financial benefit that DiCiccio garnered from a project tied to the South Mountain Freeway involved property on the western end of the proposed freeway route.

In 2001, [ADOT](#) bought a field in Laveen, signaling for the first time where it planned to route the freeway in the area.

Three years later, DiCiccio's friend and

business partner, Richard Kohan, bought options to buy an 84-acre gravel yard across the street, at 59th Avenue and Broadway Road. Kohan planned to resell the property to ADOT for "a sizable profit," he argued later in court. Court records show Kohan couldn't pull together the \$8.44 million to make the purchase, and in 2005 turned to outside investors, including brother Ted Kohan. In 2005, DiCiccio loaned Richard Kohan's partnership \$100,000, the councilman says. DiCiccio says the interest-free loan was for a [real-estate deal](#) in Buckeye, not the 59th Avenue property. He says he didn't record the loan because he trusted his friend.

"I have no interest in that property," he says. "Zero."

In December 2008, ADOT bought the gravel-yard land for \$15 million. The brothers nearly doubled their investment, but then sued each other over the profits. DiCiccio intervened to recover the \$100,000. Last May, a Maricopa County Superior Court judge ordered that the councilman and a handful of named investors get paid from an escrow account holding the ADOT money.

Eric Anderson, transportation director for the Maricopa Association of Governments, says Di- Ciccio never mentioned his 59th

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Avenue connection when he returned to public office and participated in closed-door Loop 202 negotiations.

"I think that's a problem," Anderson says. "If we had known this . . . we probably would have recommended that we not meet (with him) until we resolve the freeway issue."

### Consulting fees

DiCiccio's earliest-known effort to get the South Mountain Freeway moved to tribal land was as a consultant working on behalf of the state. In 2005, the Gila River tribe's governing council passed a resolution and sent a letter to ADOT saying it had **no interest** in a freeway on its land. ADOT and MAG interpreted the action as closing off the last option for rerouting the freeway and moved ahead with plans to build it through Ahwatukee and a corner of South Mountain Park. But the next year, an ADOT consultant hired DiCiccio to convince Gila River leaders to reverse course.

DiCiccio says he was chosen because he'd established a rapport with the tribe during his first council stint, from 1994 to 2000. He was paid \$8,318 by the consultant.

DiCiccio's negotiations centered on how the tribe could be compensated, including a land

swap in the Estrella Mountains, but the effort fizzled.

The idea resurfaced last fall, days before DiCiccio's election. Tribal leaders made a surprise announcement that they would consider an ADOT proposal. Weeks later, DiCiccio was a central figure in a meeting of key officials that participants described as a breakthrough. Parties discussed a possible land swap. On Wednesday, Gila River leaders asked the state to conduct a study on moving the freeway.

### Tribal agreements

In 2007, a year after consulting for ADOT, DiCiccio entered an exclusive agreement with the Gila River tribe to develop 75 acres of desert in a key location: Pecos Road and 40th Street. The property will be at a planned Loop 202 interchange, regardless of the ultimate route. Unless the freeway is scrapped, the property promises sizable profits: Any development would sit at the only northern gateway to the Wild Horse Pass Hotel and Casino. DiCiccio's deal with the tribe entitles him to 20 percent of any profits. The tribe and DiCiccio inked a similar deal in 2008 on a 75-acre parcel at the reservation's southern limit, near Maricopa. The land sits along Arizona 347, the reservation's only southern approach. The

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property is about 15 miles south of the proposed Loop 202.

The twin deals were the focus of criticism during last year's election. The councilman declined to discuss details of the agreements, citing ongoing negotiations with private partners. But he did say the pair of properties has strategic importance for selling to a captive market.

### Conflict issue

DiCiccio is adamant he has no conflict of interest over the proposed Loop 202 extension. Twice last year, Phoenix City Attorney Gary Verburg agreed, saying the state law didn't apply to the freeway issue because it impacts 10 or more people.

Yet twice, DiCiccio declared possible conflicts on projects near Pecos Road. The first time came in 1998 when he declined to join talks about raising money for an interchange at Interstate 10 and Pecos because he lived about a mile away. Then, last month, DiCiccio recused himself from voting to improve a Pecos Road park-and-ride lot across the street from his tribal investment property.

Despite caution on those matters, DiCiccio remains active in negotiating for the freeway

to be moved. He met repeatedly with ADOT, MAG, Sen. John McCain, U.S. Rep. Harry Mitchell, state land officials and Gila River tribal officials, according to public officials' calendar entries.

Some ethics experts say DiCiccio's work on the South Mountain Freeway blurs his public and private roles.

"He has involved himself not just politically, but personally and financially," says Judy Nadler, a senior fellow in government ethics at Santa Clara University's Markkula Center for Applied Ethics. "He's embroiled himself in this issue for a long time and worn many hats. It's a legitimate question to ask: Who is he really speaking for?"

But Bob Stern, who helped write California's public-ethics law, says DiCiccio's actions in office are proper.

"If he's not making any decisions, there's no problem," says Stern, president of the Center for Governmental Studies, a Los Angeles-based non-profit. "He may have an economic interest, but it's nothing to do with him being in office."

DiCiccio acknowledges his role has created a muddy impression, but says it's a price he's willing to pay to reach a compromise on the

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South Mountain Freeway.

"I've been the only one pushing this because I have an obligation to protect my district," he says.

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