

V101 - Coyotes Arena - AL

theme up

KW: In August, the City of Glendale announced it will be cutting ties with the Arizona Coyotes after this season. The relationship between the hockey team and Glendale has been rocky for years so this wasn't necessarily a surprise.

KW: But the team hasn't announced where they're going next. There isn't another NHL sized arena in the Valley so it begs the question: Where in the world do they put the Arizona Coyotes?

KW: Welcome to Valley 101, an Arizona Republic and azcentral.com podcast answering your questions about metro Phoenix. I'm your host Kaila White.

KW: As the puck drops tonight for the Coyotes' home opener of the 2021 season, producer Amanda Luberto sat down with a few Arizona Republic reporters to help answer that question.

theme up to fade

AL: Tonight, the Arizona Coyotes faceoff against the St. Louis Blues for probably their final opening home game in Gila River Arena. The team moved to Glendale in 2003 and quickly after, the team's relationship with the city was on -- pardon the pun -- thin ice.

AL: In order to understand what made this connection so bitter, I talked with Joshua Bowling – a Republic reporter who covered the west valley AND the tension between the Coyotes and the City of Glendale.

Amanda: [00:00:37] So let's start sort of in the beginning, why did they move to Glendale in the first place? [00:00:41][3.7]

Joshua: [00:00:42] Yes, so the Coyotes were really eyeballing Scottsdale when they left downtown Phoenix and there were some negotiations to go out where the old Papago Plaza was on Scottsdale Road in McDowell going to that intersection. And ultimately, they just could not reach a deal with Scottsdale. So Glendale kind of swooped in and pitched this deal, whether the city pitched it to the Coyotes or vice versa or a bit of both. They ultimately came to an agreement that the owner of the team would move the Coyotes to Glendale if the city would build the arena, pay for it out of its pocket. He would then go and build Westgate Entertainment District next door [00:01:24][42.6]

AL: At the time, the owner was Steve Ellman. The deal he signed with the city basically said, if Glendale builds a stadium, he'll build things to do around the stadium. In order to make this

happen and help revamp the west valley, the city borrowed \$183 million to build the team a home.

Joshua: [00:01:26] The city can pay off the debt you're taking out for the arena from all the sales tax you're going to generate from Westgate and all the businesses inside of that. So that's kind of how they they reached that agreement [00:01:38][12.2]

Amanda: [00:01:39] and did it turn out that way? [00:01:41][1.3]

Joshua: [00:01:41] Yes. So Westgate actually opened a couple of years behind schedule and a couple of years after that, around 2009, the Coyotes actually filed for bankruptcy. [00:01:52][10.0]

AL: Not quite all according to plan... According to Joshua, the city is still paying about \$13 million a year on that and they have about 12 years of payments left.

Joshua: [00:02:23] so that's going to put them nearly 30 years out from building the arena that they're still paying for it. And the Coyotes may not even be there when they're still paying off the arena debt. [00:02:33][9.8]

AL: As they say, money problems can ruin any good relationship. After six years in Glendale, the team filed for bankruptcy. You could say this was the beginning of what would become a severely strained partnership.

AL: In 2009, the NHL runs the Coyotes in order to keep them in Arizona. In 2011, the city paid the NHL to manage the arena. In 2013, the team got a new owner. In 2014, the team changed to the Arizona Coyotes from the Phoenix Coyotes and Andrew Barroway became majority owner. And so on and so forth...

Joshua: [00:03:15] then in 2016, the City Council takes action to terminate their existing agreement with the Coyotes. They were on a 15 year lease at the arena, and they move it year to year. And that really only served, I think for fans and for the team kind of sends a message of maybe we don't see a long term future here. ~~And so they they operated on that year to year agreement.~~ The city billed it as a savvy financial move. It was cutting their annual payments to the Coyotes. It was more than halving them, and even now they they cite that as a smart financial move. Part of what got Glendale out of the hole that it was in after the Great Recession. And so that's when they brought on ASM Global Arena Management Company, and they really kind of set up a middleman between them, the Coyotes. We will pay ASM Global to manage this. You will pay them your rent. They will then relay that to us as the city. And I think that messaging really kind

of just drove home that maybe there isn't a long term future here if we're only operating year to year. [00:04:23][67.7]

AL: Then in 2017, the commissioner of the National Hockey League, Gary Bettman, made a big move.

Joshua: [00:05:04] Gary Bettman writes a letter to the state legislature what he was expecting the Legislature to do about this. I'm not entirely certain, but he did write this is verbatim from his letter. The Coyotes cannot and will not remain in Glendale, and he was speaking on behalf of the entire league, trying to get the team out of there. And so that really escalated the tension [00:05:27][23.0]

AL: The man in charge comes out and says the Coyotes and Glendale will not continue their relationship. And then the pandemic happens in 2020..

Joshua: [00:05:38] I started to hear some rumors about layoffs and the Coyotes organization, citing financial restraints the same thing a lot of companies did during the pandemic. And once those layoffs move forward, I started hearing more rumors of late payments of the Coyotes not paying their rent, so I was able to get a hold of some documents through the city and learned that the Coyotes owed at least half a million dollars on rent for that year, possibly much more. Some people were put in the figures at multimillion dollar. We were able to prove at least half a million dollars was was late to the city. [00:06:13][35.4]

AL: This led Glendale to restructure their business relationship with the team once and for all.

Joshua: [00:06:13] And so the city manager, Kevyn Phelps, the City Council, had designated him as in charge of negotiations between the city and the Coyotes organization. He starts writing letters to the team's CEO to ASM Global, the arena management company, and he starts telling them, Hey, I really think we need to look at more of a long term situation. And it was kind of confusing messaging because here you have essentially a landlord telling its tenant you're behind on rent, but we would like to keep you for several more years. It was kind of a there's some dissonance in the messaging there. And when I would speak with him, he would talk about wanting to see maybe 12 years more, maybe 15, maybe 20. [00:06:55][42.6]

AL: In simple terms, the city wanted to see money and dedication or they needed to reevaluate their tenant. Phelps did, as Joshua put it, extend an olive branch to the team about renegotiating their year-to-year contract into something more permanent. The team however did not accept it.

music

AL: So let's back up. This is their relationship with Glendale and a building that has been called Glendale Arena, Jobing.com Arena and now Gila River Area. But when they first started they weren't in Glendale... Arizona ...or even the United States.

AL: Originally the Arizona Coyotes were the Winnipeg Jets. Now if you're a casual hockey fan you're probably thinking "but there's still a Winnipeg Jets." and you'd be right. But those Winnipeg Jets used to be Atlanta Thrashers until 2011.

AL: The franchise played in Winnipeg until their move to the Valley of the Sun in 1996. At this time the only logical place to put a professional ice hockey team was America West Arena, now known as Footprint Center.

AL: The home of the Phoenix Suns, a basketball team, wasn't necessarily built properly to watch hockey. Famously there were entire sections where you could only see one of the two goalie nets. A concrete slab in the upper section where seats were built was unmovable and hung nearly over the ice. Building a location specific for ice hockey was a reason for moving.

AL: This is what got the ball ...or puck if you will... moving in Glendale.

Jose: [00:03:22] That led to the construction of Jobing.com Arena, which is now Gila River Arena. They've been there ever since and now we've had and we've had a lot of drama ever since. [00:03:33][10.4]

AL: Drama indeed. But if Glendale is out of the picture for the 2022 - 2023 season, where will the Coyotes play? José Romero covers the Arizona Coyotes for the Arizona Republic. Together we ran through some of the top options that have been rumored to be the team's new home.

AL: Let's start back at the Footprint Center.

Jose: [00:05:31] The Footprint Center, you know, was probably the best choice in terms of like the size of it and the, you know, where it's located and such. But we've already, as we've already discussed, it's not really built for for hockey and ~~they would have to actually get a, you know, the~~ it's just a lot of logistics to make that happen. And I really don't think that the Suns are that willing to share their newly remodeled building with a hockey team and then have to like mess with the floor, with the ice and then put the basketball floor back on and so on and so forth. That's something they've done before, but that was years ago. [00:06:07][36.2]

AL: Just last year, the Suns spent [\\$230 million to renovate](#) their arena and including ice for hockey was not a consideration.

Jose: [00:06:07] Now we have a brand new looking arena downtown that has a lot of changes to it and looks really nice. So not something that that just doesn't seem like it would be a possibility. I guess you can never rule anything out, but that one seems like a far fetched one now [00:06:26] [19.5]

AL: As of today, Disney On Ice is scheduled in January at Footprint Center so at least we know putting down ice isn't out of the question. When I reached out to the Suns and the Footprint Center, they declined to comment.

AL: Next -- the Arizona State University hockey team is moving into [a new multi-purpose arena](#) in Tempe at the beginning of next season. Right when the Coyotes would need a place to play.

Jose: [00:06:36] It's coming up. It looks like I actually drove by it the other day. It's taking really good shape and but that's going to be a small arena that's like a 5000 seat multi-purpose arena. Do the Coyotes want to play in that size of a building? You know, when they're aiming for, you know, five figures of fans every night [00:06:58] [22.1]

AL: The seating capacity at Gila River Arena is over 17 thousand for hockey games. It's possible that the team would like to downsize a little, but 5,000 is a big jump.

Jose: [00:06:56] it's going to be tough to do that and make any kind of money off of that. So. But it's an option because it's going to be a brand new building. [00:07:08] [12.1]

AL: So sharing an arena with ASU hockey, wrestling and women's gymnastics seems unlikely.

AL: Next -- Another place that's had hockey in the past is the Arizona Veteran Memorial Coliseum. You might know it from the Arizona State Fairgrounds or even as the location of the 10-month ballot recount that just wrapped up in Maricopa County. But at one point, the Madhouse on McDowell was the home barn for the Phoenix Roadrunners and the Phoenix Mustangs.

Jose: [00:07:17] There would have to be a lot of retouching of the arena. ~~We should~~ we can call it. There'd have to be an ice plant, there'd have to be there'd have to have to be a significant investment into that building to make it hockey NHL ready. [00:07:34] [17.2]

AL: And it may never be NHL ready. It's possible that wherever the Coyotes land next will be a temporary spot while they look into building their own home.

Jose: [00:07:44] It doesn't have any luxury suites, which is a tough sell. I mean, every team has to sell those luxury boxes to make to

make good money off tickets. So they have to sacrifice no matter what they do, but they have to make a decision and really those are those are the only choices they have. The way I see it. [00:08:15][30.9]

AL: 3 unlikely choices and a clock that's ticking. I used this as a time to bring up the most dreaded question for Coyotes fans: will this be the final nail in the coffin? Will they move out of the state?

AL: The two biggest cities that have been passed through the grapevine are Houston, Texas and Québec City in Québec, Canada.

Jose: [00:12:59] Yeah, I mean, ~~those are~~ those are the ones that will make some sense. Houston's a big city, big market. They support that minor league team pretty well and Quebec's just been crying for a team ever since they lost the Nordics to Colorado, obviously, we work up there and again, that would be another situation where I think Quebec actually has the a brand new or pretty new arena up there that's just waiting for a tenant. [00:13:27][28.4]

AL: But José did calm the nerves of Coyotes fans everywhere right away.

Jose: [00:13:28] It's just hard to imagine because of everything they've said about wanting to stay, about being committed to stay, about how the commissioner, Gary Bettman has said, Look, you build a new arena, get it done on the east side. And, you know, we'll definitely be in business because Glendale has never really been a perfect fit [00:13:46][18.0]

AL: And trying to build a new arena on the east side is exactly what the team is trying to do. In September, the Arizona Coyotes proposed a new development in Tempe that would include their new home ice plus hotels, apartments and shops.

AL: Paulina Pineda covers Tempe for the Arizona Republic. I asked her to start by walking me through what was in the proposal.

Paulina: [00:01:32] they want to sort of recreate what they already have in Glendale, but kind of like on a, you know, smaller stretch of land, essentially. And so they're proposing a around a sixteen thousand seat arena, which is a little bit smaller than Gila River in Glendale. Uh, there's a practice field that would also double as like the headquarters for their youth hockey team, and it would be open to the public. There are, you know, two hotels two like shopping and dining districts, a smaller theater and then a little over a thousand apartment units planned [00:02:10][38.0]

AL: A condensed version of Westgate and out in Tempe. Paulina noted that instead of the apartments being across the street from the development like they are in Glendale, they'd be much closer to the arena and restaurants.

AL: It's slated to be on Priest Drive and Rio Salado Parkway, just west of Tempe Town Lake. When you're driving on the Loop 202 freeway, it's on the side closer to the ASU campus, not on the side with Oceanside Ice Arena.

AL: Given that the major issue between Glendale and the Coyotes ended up being money, I asked Paulina how much this would cost.

Paulina: [00:03:54] The total project cost is about one point nine billion. About 1.7 billion would go toward actual vertical construction. So the arena, you know, all the buildings on the land and they're proposing to pay that privately. The team owner, Alex Merola, he is, you know, said that he's all in, you know, this sort of like a pet project for him. And so he's planning to put up his own money and also line up a group of investors, according to what the team has said. [00:04:24] [30.1]

AL: That already is so different from what happened in Glendale. The team owner, Alex Murelo, is willing to pay privately instead of having the city invest financially.

Paulina: [00:04:24] And then the other \$200 million would go toward remediating the land. It used to be, you know, a dumping ground in that area along the lake and also a gravel mining operation. So there's a lot of cleanup that they have to do. They have to, you know, build water and wastewater lines and roads and all that. And so that sort of work to prepare the land for construction that's expected to be expected to cost \$200 million. And they're planning to pay that with a bond that would partially be repaid with sales tax generated on the site. [00:05:01] [36.8]

AL: The 2003 agreement with Glendale had the sales tax generated from Westgate paying off the cost of building the arena. In this proposal with Tempe, it's just the remaining \$200 million for fixing up the land.

AL: Seems like a pretty sweet deal for Tempe. A completely privately financed sports arena and entertainment complex in their city. But of course, there's always more complications than just that. How likely is this to be approved?

Paulina: [00:07:07] Honestly, I kind of feel like it's a little too early to say there hasn't been any public discussion by the City Council about the project or the proposal. It's kind of going through a vetting process right now. And so I think, you know, once it does

come before the council and we kind of hear, you know, their thoughts on it, we'd have a better idea. [00:07:30][22.9]

AL: But when the city of Tempe put out a call out to investors for that land two years ago, they were very specific. They were looking for a sports team and an entertainment district.

Paulina: [00:07:46] They have said that they they want to transform that area. Right now, it's kind of like a public works yard and it's in a up and coming stretch of Tempe that, you know, would be really lucrative to the city to redevelop. And so I know they're definitely looking at that space to turn it into something. They always have the option to say no to this proposal. You know, it's not a done deal yet, but they also, you know, this is the only proposal they received. So there's I guess, you know, as of right now, there's not a lot of other options either. [00:08:21][35.7]

AL: If the team's proposal doesn't get signed, that doesn't mean it's over. A Tempe city committee is reviewing the team's proposal right now. The council is expected to hire an outside firm to help with that review and once that's done, the committee will recommend to the council whether or not to approve the proposal.

AL: From there, the council has the option to follow the recommendation or amend the proposal. But before the council gets too far down the road, there are other issues that must be addressed. Including the proximity of Sky Harbor International Airport to the proposed site.

AL: This is something the Federal Aviation Administration has brought up before. In 2001 when the Arizona Cardinals proposed to build a new football stadium just north of where the Coyotes are proposing to build their arena now.

AL: Paulina told me that with things like this in mind, tweaks can be made to the second proposal if this one is not approved by Tempe. If and when the proposal gets approved with Tempe, it won't be ready in time for next season when the Coyotes will be officially kicked out of Gila River Arena.

Paulina: [00:12:57] So I've heard that a contract, if it's awarded, could be awarded by the end of the year. But even after that, they still have to negotiate a development deal and that could take a couple of months up to a year. Sometimes there's just a lot of back and forth and a lot of deal points that they have to kind of talk through. And then after that, ~~like you said, they'd have to do,~~ they'd have to remediate the land first and then build kind of the utilities and roads and things like that. And then they would go and build the first phase of construction, which does include the arena. Early estimates The earliest estimates from the team is that, you

know, if all goes as planned, they could be playing there by the 2024 season. [00:13:43][45.5]

AL: Which would leave the Arizona Coyotes without a rink for at least 2 seasons. When I reached out to the team, they said they are not commenting about the arena at this moment.

theme

AL: So Coyotes fans, aside from probably the last year in Glendale what can you expect to see out there? There's a lot of new things: a new coach, many new players, and even a new main logo. Or an old main logo? Either way, Kachina is back.

Jose: [00:15:01] basically what we have is a team full of new faces, a lot of veterans, a lot of guys on one year contracts who have something to prove. And I'm seeing a good vibe out there in training camp. I'm seeing a lot of hard work players buying in to what the new coach Andre Rigney is trying to establish here in terms of a culture. And it's a good thing [00:15:24][22.5]

AL: Whether Lord Stanley's Cup will be hoisted in Glendale, Arizona next year is still up to chance. But José said the full refresh of the team by General Manager Bill Armstrong and CEO Javier Gutierrez showcases their dedication to hockey in the desert long term.

theme up

KW: Thank you so much, Amanda.

KW: You can follow the Arizona Coyotes and where they might call home next year by following Joshua, José and Paulina's work on [azcentral.com](https://www.azcentral.com)

KW: Thanks for listening to this episode of Valley 101. If you have other questions about metro Phoenix, visit [valley 101 podcast dot azcentral dot com](https://valley101podcast.com). You can leave your tips for us there. You can also find us on Twitter at [a-z-c-podcasts](https://twitter.com/a-z-c-podcasts)

KW: I'm Kaila White, signing off for this week. Take care.