

## The Gaggle: Coyotes Complex transcript

**Mary Jo Pitzl** Tempe residents get their say on whether or not the Coyotes can lay down roots in the city. Land that is just east of Sky Harbor Airport is the proposed site of the sports and entertainment complex, which would include a new hockey arena, hotels, restaurants and apartments. Proponents of the development claim that this district will be a huge win for Tempe, including generating nearly 7000 jobs and hundreds of millions of dollars in tax revenue. But opponents counter that the city should put its energy into fixing present issues like creating more affordable housing and tackling the opioid crisis. The Coyotes have been looking for a new permanent home since Glendale voted to terminate its 15 year contract with the team after a messy legal battle. The team has their hopes set on Tempe, and if the back and forth between critics and proponents isn't enough, there's the ongoing legal battle. After Phoenix sued Tempe, alleging the apartments proposed for the project would create a safety hazard with low flying aircraft at Sky Harbor International Airport.

**Mary Jo Pitzl** Welcome to The Gaggle, a politics podcast by the Arizona Republic and AZCentral. Each week we examine the political issues that affect you. I'm Mary Jo Pitzl. I cover state politics and state government. Ron Hansen is out this week. Today, I'm joined by the Republic Sam Kmack, who covers Tempe in Scottsdale, and Taylor Seely, who covers Phoenix but is a resident of Tempe and recently moderated a debate between the vote yes and vote No groups on the Coyotes arena issue. Sam and Taylor, welcome to The Gaggle.

**Sam and Taylor (together)** Thank you.

Let's break down what voters are actually looking at here. The ballot is going to have three propositions on it: 301, 302 and 303. Tell us what they would do and how that relates to the project.

**Sam Kmack** Sure. So Prop 301 basically gives the city council permission to change their general plan, which has to happen before the zoning change can happen. The zoning change is 302, and that basically will change the land that's currently zoned as broadly industrial into mixed use. Residential restaurants can be there. Obviously the arena, so that's critical as well. And then Prop 303 is going to just basically greenlight the development agreement, the contract that the city has with the coyotes.

**Mary Jo Pitzl** Do all three of those have to pass for the project to move forward?

**Sam Kmack** Yeah, they do. If anyone doesn't, then it's just the whole kind of structure falls apart. So the reason why they are broken up into three is because of this new state law. It basically requires any ballot propositions to deal with just one specific issue. So they couldn't just kind of squish them all together like they would have in the past.

**Mary Jo Pitzl** Right. That's the sort of anti-log rolling effort. Okay. So this goes before voters on May 16th. Taylor, can you talk to us about what Tempe wins? The side that's pushing for the sports complex is pitching.

**Taylor Seely** Yeah, Tempe Wins is really emphasizing that this is the right project at the right time and how there likely will not be anything like this as good as this to come in the future. So some of their arguments are that this could create nearly 7000 new jobs. They say it's over \$500 million in financial benefits, 215 million in new tax revenue. And they

emphasize that no existing public tax dollars will be used. Of course, you know, you have to put an asterisk by all of those pro arguments because there's more to understand about each issue. Nonetheless, that's what they say.

**Mary Jo Pitzl** Who is Tempe Wins?

**Sam Kmack** It's the Coyotes. It's Javier Gutierrez, who's been very much involved. He's the president and CEO of the Coyotes, the person who's actually listed on the campaign filing I am not familiar with have never met that person. But it's pretty much, I guess, to just, you know, sum it up. It's run by the Coyotes, their PAC.

**Mary Jo Pitzl** But who's supporting them besides the Coyotes? I think I've seen that the mayors present and past of Tempe are in favor of this?

**Sam Kmack** Yeah. So pretty much, I think every living mayor, former living mayor of Tempe, is in favor of this. And I'm pretty sure all but one former.

**Taylor Seely** The vast majority of former council members as well. And just for what it's worth, in terms of the Tempe wins group, the funding is coming from Bluebird Development, which is the Coyotes' owner's development company. And for voters on like a logistics level, when they get their ballot, you're not going to see coyotes on there. It is going to say bluebird development. So you kind of have to know read The Arizona Republic to understand Bluebird development is that coyotes.

**Taylor Seely** Bluebirds and coyotes. Okay, different species. But there you go. So, Sam, talk to us a little bit about what the argument is from the opponents and who comprises that group.

**Sam Kmack** So the main person is the only former city council member who I know of that's opposing the deal. And she's one of the biggest opponents names, Lauren Kuby. And so their main thing is that they just think it's kind of, you know, corporate welfare. They're giving away these tax breaks. There's a to be specific, there's a property tax break, but the development is going to get. So they're opposed to that. And they're also opposed to a more complicated funding mechanism that's probably too into the weeds to get into. But it also does involve using some of the new tax money generated on site to pay for the startup costs and cost to clean up the land.

**Taylor Seely** Speaking of taxes, I think that's always on voters minds when it comes to these kind of questions. So is there a tax hit to a Tempe resident? If this were to pass?

**Taylor Seely** There is not a regional tax. There is not anything that new you're going to see on your bill. What you're going to see is that if you go out to eat at a restaurant, at this district, if you stay at a hotel there, half of your sales tax, rather than going back to the city, as it would at another hotel or restaurant in Tempe, half of it's going to go to repaying debt related to cleaning up the land and building public and first. We're like utilities underground for the project. So half of your sales tax will go towards debt. And that's what the know group emphasizes is like there's a big opportunity cost we're losing here. A lot of this money, we understand it's not existing tax dollars, but this new tax revenue, if we build something on this site that doesn't have this built into the agreement, we could get this funding directly back to the city as opposed to debt. But the only other thing you might see as a Tempe resident or anyone actually who's going to the site is that there are surcharges

as well that the tenants can levy on customers. So you might see an additional cost to your slice of pizza because they need a lot of money to repay the debt.

**Taylor Seely** There's also an ongoing lawsuit that Phoenix filed against Tempe regarding noise and safety concerns because this parcel is located so close to Sky Harbor International Airport. How is that litigation progressing and what would its effect be if this vote succeeds?

**Sam Kmack** Well, I haven't heard anything about it since Phoenix filed the lawsuit. That was a few weeks ago. So what it looks like it would do if Phoenix wins is revoke the zoning changes that are needed for the Coyotes project to happen. So basically just nix the next deal after voters approved it, hypothetically. It's another hurdle, I guess, that they the team has to jump in.

**Taylor Seely** Speaking of hurdles, as the two of you have looked at this issue. How does the opposition and support break out along political lines? I mean, is there a clear political divide on this topic?

**Sam Kmack** It's not really the traditional right versus left. You've got people like, well, the Goldwater Institute hasn't weighed in on this project, but in the past they've been very opposed to the types of property tax breaks that are included in this bill. And then, you know, for example, Lauren Kuby, who I mentioned earlier, she's one of the most outspoken opponents, former councilmember in Tempe. She's one of the more progressive Tempe politicians locally. So. And then you've got the entire group of city council members, current city council members who are all Democrats. And then you've got Hugh Hallman who I think is a Republican was supporting the project. And it's not right or left.

**Taylor Seely** And then you do have another group Worker Power putting in an independent expenditure. So it's unclear exactly how much they have spent right now, but they have at least a quarter of \$1,000,000 at their disposal. And they have been sending out fliers like crazy. I know I get a lot of them in my mail.

**Taylor Seely** I'm curious if the vote fails. Is there a plan B for the Coyotes? And is there a plan B for this piece of city property?

**Sam Kmack** Well, the Coyotes haven't told me if they have a plan B, I'm sure they have something because this isn't shored up yet. And then for the land itself, I don't know that there is. I think, you know, I tried to speak with some of the Tempe staffers about what could this land be other than this. And the answer I got was, you know, if it doesn't pass there, I mean, there could be a number of different things, including the city maybe taking out a bond to remediate itself and selling it, which obviously remediated the city would get a higher price. I'm not sure how all that would pencil out financially, but that's the only thing that I've heard.

**Taylor Seely** And the no group, the group opposed to this, that's definitely what they want. They would like to see the city not necessarily do the bond. I'm not I'm not so sure on that. But they do want to see the city issue. A new RFP. When the city issued its RFP, it was very tailor-made to the Coyotes. They wanted a sporting arena and it just made 100% sense that the Coyotes responded to it. So they would like to see something more open-ended. The other thing I wanted to say about your point on what might be at stake for the Coyotes that I think is just interesting is right now they're renting their space from ASU to

host their games, and the capacity at that arena is way smaller, like they cannot fit as many attendees as they would like. So it's definitely not a sustainable solution. And I think that adds to the stakes for them. There's a lot riding on this election.

**Taylor Seely** As with the debate that swirls around a lot of these sports facilities, a concern is always will the taxpayers, in this case as citizens of Tempe, be left on the hook if something doesn't work out? If this passes and something doesn't work out with the Coyotes, you know, we've got the Diamondbacks now, you know, pressing for more public money to help shore up their ballpark in downtown Phoenix after a quarter century. What's the exposure for Tempe taxpayers if an arena goes through? And then founders?

**Sam Kmack** The short answer is no. There's really not a big risk for Tempe. And that's one of the things that's attractive about this deal, I think, for those who support it is the bond that the Coyotes are taking out to fund the land. Cleanup is guaranteed by the Coyotes. So the city has just no liability. The city's not responsible. The risk is very low for the city. And if they default on it, there are a few different kind of safeguards before that happens. A surcharge that Taylor mentioned on top of the collecting a portion of the new sales taxes generated on site. And then there's a lien on the property as well. So if that happens, it just there's just no way that it falls back on the city. The people who buy the bonds could basically take a chunk of the property. It's a very complicated deal, but there's just no way that it falls back on the city in terms of funding this project. If the Coyotes can't pay for it.

**Taylor Seely** Given that, what do the opponents say about that structure?

**Taylor Seely** Well, the opponents, I think, point largely to the GIPLET, the property tax break that Sam has been mentioning. Cities get to make land use decisions. They decide what goes where. But the ramifications fall on entities beyond just the city. So when the city allows a property tax break, it doesn't just affect revenue to the city, it affects revenue to a school district, to the state. And so the opponents say we understand there's 115 million in potential revenue loss from property tax breaks to the city. There's even more beyond the city. The pro side says, yeah, but you're not getting any property tax on it anyway. There's nothing there. So all you have to do is gain. And I think that that makes a lot of sense. At the same time, again, it goes back to opportunity cost. But what if we get something that we don't give a property tax break to in the future and that will provide a sustainable, reliable revenue source for all of our different government entities that need it in the future.

**Taylor Seely** Sam, can you remind our listeners who live in Tempe how the vote is being conducted and any kind of relevant deadlines?

**Sam Kmack** Yeah, it's all mail in ballots. So if you were registered by April 17th, you'll receive one and you have to live in Tempe. Obviously, it's only Tempe voters. If you want to mail that back, you have to put it in the mail by May 9th if it's going to be counted by the the elections department. And if not, they're to drop boxes and one in-person Election Day voting locations. So you can find that on Tempe's website.

**Taylor Seely** This is going to be a closely watched election. I hope it doesn't take them a week to count all the ballots. Okay. Thank you both for coming on the goggle. Besides easy central dot com, where can our listeners follow you on social media?

**Sam Kmack** My Twitter is @KmackSam, spelled K-M-A-C-K S-A-M.

**Taylor Seely** I'm @TaylorSeely95.

**Mary Jo Pitzl** Well, that's it for this week Gaggle listeners. Find out the latest on the Coyotes complex by subscribing to the Arizona Republic at AZCentral.com. And if you're a Tempe voter, just a reminder that the election is May 16th. Do you have questions that you want us to answer or topics you want us to cover? Reach out to us at the gaggle at Arizona Republic dot com or give us a call at 602-444-0804. And if you like the show, please leave us a review and share it with a friend. To make sure you never miss an episode. Follow the gaggle on your favorite podcast app and you can follow me @MaryJPitzl. The editor and producer of today's episode is Kaely Monahan. You can follow her @KaelyMonahan. And thanks for listening to The Gaggle, a podcast from the Arizona Republic and AZCentral. We'll see you next week.