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The financial situation of the Arizona Coyotes is still unclear after just one season under the 2013 deal with the city of Glendale that kept the team in Arizona.

The timetable on Glendale completing the audit has expired many times over the past months, city officials said.

Both Glendale Mayor Jerry Weiers and Vice Mayor Ian Hugh said that the process of collecting financial information from the Coyotes has been a work in progress.

“We have an auditor that works for the city of Glendale that does a great job. But you could say that [the audit] is stonewalled,” Hugh said. “She will ask for information and they will refuse to release it. Then we go through a period of semi-polite letters and then stronger letters. And then it gets released.”

Weiers agreed that the auditing process has been difficult and said that Glendale is still looking to get the full results.

“I don’t know when we are going to get them. We’ve made several requests and it’s a progress that’s just not getting there.” Weiers said.

The Coyotes reported a \$34.8 million loss in March in the first year of the 15-year, \$225 million agreement between Glendale and the hockey team.

This current deal is a “Professional Management Services and Arena Lease Agreement,” which became effective August 2013, between the City and IceArizona that requires the team to stay in Glendale and names IceArizona as the manager of the arena, Glendale Finance and Technology Director Tom Duensing said.

As a result of that agreement, the City pays IceArizona a \$15 million per year management fee but has the ability to audit the team.

“When they set up that \$15 million that they decided to pay for arena management fees, it went straight to [IceArizona’s] lender [Fortress Investment Group],” Hugh said. “Which probably means when we pay for arena management fees, we are paying for the team itself, which isn’t what the mayor and I thought was going to happen.”

IceArizona Acquisition Co. LLC is a group of American and Canadian business leaders, with ties to the gas and oil industries, that bought the Coyotes in 2013 to keep the team in Glendale for at least five more years.

Both Weiers and Hugh agreed that this \$15 million subsidy to the Coyotes has proved costly to the taxpayers of Glendale.

“We talked about money that maybe it had cost us for the Super Bowl, we spent four times that as a loss on the Coyotes every year,” Hugh said.

The general conclusion, with all the economic research, is that cities give too much money for the small amount of benefit that comes with having a sports team in the city.

Hugh said the current agreement between them and the Coyotes is not a very good investment for the city of Glendale.

“I asked the head of our finance department a year ago at budget time if the hockey team packed up tomorrow and just locked the doors, what’s the financial impact to the city of Glendale,” Hugh said. “He said \$8.5 million windfall would be to the plus compared to what we are paying now.”

In October, Philadelphia-based hedge fund manager Andrew Barroway purchased 51 percent of the franchise from IceArizona and became the majority leader.

Weiers said that he hasn’t had any contact with Barroway concerning the team’s financial situation.

“I haven’t even met Mr. Barroway yet and I haven’t seen any documentation yet that he’s actually the owner,” Weiers said. “I mean, I’ve heard he is, but I haven’t seen anything.”

The 2013 deal also included an out-clause that allows the Coyotes to leave to another city if losses reach \$50 million after five years.

Weiers said that he believes that the Coyotes will reach that threshold within the next six months with the contract not even being two years old at this point.

“The contract is Swiss cheese: its got so many holes in it and it wasn’t in our benefit,” Weiers said. “It was a contract that was not necessarily good for the city, but it was the contract that we accepted. The council at the time went that direction and it is what it is.”

Daniel McIntosh, a marketing professor at Arizona State University, said the Coyotes have expressed a desire to stay in Arizona.

“The team recently signed a 9-year naming rights agreement [with Arizona based Gila River Arena] so there is a commitment to the valley,” McIntosh said. “However, most people talk about the out clause that exists and if we get closer to that value, the possibility certainly increases.”

McIntosh said that the revenue shortfall for the Coyotes is due to the lack of attendance at games.

Arizona ranked 28<sup>th</sup> out of 30 teams in terms of attendance with just over 500,000 fans coming to games.

“With the average ticket price of about \$45, that is \$22 million,” McIntosh said. “Doing some mental math, you see we’ve almost covered salaries but not the rest of our expenses and that is how you lose that type of money.”

Mayor Weiers said that he wants hockey to be financially stable here in Glendale and for the team to be successful on the rink.

“I’m not ant-hockey, I’m anti-wasting money,” Weiers said.

The Arizona Coyotes declined to comment.