



F.A.Q. compiled from various sources including the Phoenix Community and Economic and Development Department, Phoenix Convention Center, the Suns, city contracts and agreements.

## Question 1: When was the Arena built, and why does it need to be renovated?

Answer: Work began on the city's multipurpose venue (Talking Stick Resort Arena) in downtown Phoenix in 1989. The facility opened in 1992, and has since hosted more than 40 million guests. Millions of Arena visitors have enjoyed concerts, family shows, conventions, professional sports, and youth sports games (including YMCA and high school basketball and volleyball).

The building's infrastructure is now approaching 30 years old. For example, basic plumbing, electrical, the roof and mechanical equipment needs replacement, loading docks and concourses are smaller than today's multipurpose arenas, and building technology is becoming outdated.

## Question 2: Why is the city considering the renovation?

Answer: As the owner of the building, the city is responsible for renovating the building. The facility is nearly 30 years old. The 550,000 square foot facility has 7 stories with plumbing, mechanical, electrical, roof and structural issues all in need of renovation. The building's numerous elevators, escalators, and concourses have all been impacted by wear and tear with over a million visitors on an annual basis.

Under the proposed agreement, the city is primarily paying infrastructure costs and the city and the Suns would share the renovation costs. In addition, there will be no new taxes, as the city would continue to use the same funding source, the Sports Facilities Fund, made up primarily of taxes on hotels and rental cars, to pay for the renovation. The Suns will spend an estimated \$25 to \$50 million to build a new practice facility in Phoenix, continue to pay for all operations and maintenance on the building (like the team has done since 1992), continue paying the city rent and contribute to capital expenses for future repairs.

## Question 3: How does the proposed agreement work?

Answer: The agreement keeps the city's nearly 30-year-old Arena viable through at least 2037. The city and Suns would partner on a \$230 million renovation, as well as future capital replacement. The city's portion is \$150 million, and the Suns portion is at least \$80 million. The Suns will be responsible for 100% of any cost overruns. Plus, the Suns are paying to build a new practice facility in Phoenix estimated between \$25 and \$50 million. Additionally, the Suns will be responsible for all operating, event and maintenance expenses for the entire term. The Suns are also obligated to pay the city operating fees (rent), which is estimated at approximately \$60 million over the term. The proposed agreement also extends the lease for 15 years. Details of proposed agreement below.

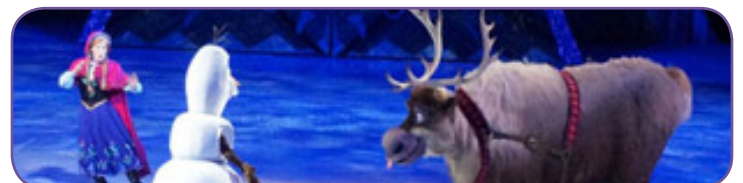
## Question 4: How will the city pay for the renovation?

Answer: The funding for the proposed renovation is coming from the Suns and the city of Phoenix. The city's portion is paid from the Sports Facilities Fund. This Fund was established by the City Council in the late 1980s and is comprised of taxes primarily from tourists who use Phoenix hotels and rental cars.

Similar to the original 1989 agreement, the city will finance its cost through bonds to be repaid over 18 years.

## Question 5: Why is the Arena significant to Phoenix?

Answer: The Arena has been a downtown anchor for nearly 30 years and is important to the vitality of downtown and the region. The multipurpose facility is the only one of its kind in Phoenix, providing unique opportunities for the community to enjoy concerts, family shows, professional sports, and community events. It generates tax revenue for citywide services, including \$12.8 million for the city, and \$14 million for Maricopa County and the State of Arizona. The Arena supports over 100 local businesses throughout Arizona and is directly responsible for 1,140 jobs with \$82 million in payroll. The direct annual economic impact of the Arena is \$182 million.





## Question 6: How many events does the Arena host annually, and how much revenue do they generate?

Answer: On average, the Arena hosts an event every three days, roughly 130 major ticketed events each year including concerts, family shows, conventions and professional sports events, and over 200 community events. A breakdown of 2018 major events is illustrated in the graphic below.

The annual direct, indirect and induced economic impact of the Arena is \$335 million. The Arena's activities support 380 full-time jobs and over 700 event-day employees at the Arena and another 1,140 jobs across the Valley. The Arena also generates about \$12.8 million in direct revenue for the city annually, and about \$14 million in tax revenue for Maricopa County and the State of Arizona.

## Question 7: What happens if the Arena is not used for professional sports?

Answer: Even if the Arena is not renovated for basketball or Arena football, city staff estimates the nearly 30-year-old facility would still require millions in renovations to be able to support concerts and other major special events. The city owns the building and the plumbing, mechanical, electrical, roof and certain structural aspects need replacing.

## Question 8: What's the scope of some of the repairs that are needed? I heard there's plumbing work going on. What does that include?

Answer: Major building systems including electrical, mechanical, technology infrastructure (that serves security systems), and overall infrastructure all require replacement.

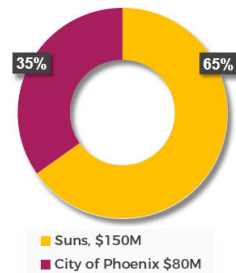
As for the plumbing, there are approximately 12 miles of waste and vent pipes that need to be replaced. This is just the beginning of the plumbing repairs required. In another example, the four main public restrooms need 507 plumbing fixtures replaced. The walls behind these plumbing fixtures must be demolished to access the waste, vent and domestic water lines, which need to be replaced through all seven floors of the Arena.

## Question 9: Why is the city paying more than the Suns?

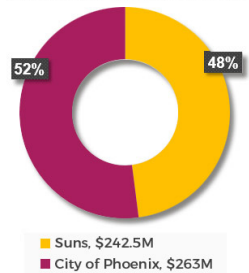
Answer: The city owns the Arena and is responsible for it. Since planning for the Arena began in 1989, the city has invested about \$80 million in original construction plus repair projects (capital) and the Suns paid about \$150 million. The proposed \$230 million renovation would be funded with \$150 million from the city and \$80 million from the Suns. Any costs more than \$230 million must be paid by the Suns. The new agreements would also require the Suns to pay rent (operating fees) to the city, estimated at about \$60 million total through 2037. Also, the Suns will build a new estimated \$25 to \$50 million practice facility at their expense in Phoenix. Without an agreement, an independent arbitrator will decide how much money the city will be solely obligated to spend on renovations without any support from the Suns.

The charts below show the amount of money spent on the Arena's original construction, plus subsequent repair projects. On the left, spending from 1989 through 2018. On the right, anticipated spending from 1989 through 2037. The chart below does not include the estimated \$25-50 million the Suns will pay for a new practice facility per the proposed agreement.

Historical Arena Capital Investment



Total Arena Capital Investment (proposed through 2037)



Source: Phoenix Suns & the Phoenix Convention Center Department

## Question 10: What if the renovations cost more than anticipated?

Answer: The city's contribution for the renovation will be capped at \$150 million. The proposed agreement stipulates that the Suns will be responsible for any cost overruns.

## Question 11: Can the Suns leave after the renovation?

Answer: No, not without a cost. Under the proposed agreement, the Suns have committed to play their home games at the city's Arena through at least 2037. Should they relocate prior to then, they have agreed to pay the city up to \$200 million in liquidated damages.





## Question 12: Can the Sports Facilities Fund be used for other purposes, like funding police officers or fixing pot holes?

Answer: The use of the Sports Facilities Fund is designated by City Council through an ordinance. It was set up in the late 1980s to fund the Arena and promote tourism in the downtown area. Changes to the ordinance would require action by the City Council.

The funds have already been used for a variety of downtown related and Council approved projects, including:

- The city's share of the 2018 renovation of the Maryvale Baseball Park
- The city's share of the downtown bio-science campus land
- Costs for some downtown police and security
- Tourism promotion

This fund would also support maintaining the building in case the Suns ("operator") no longer occupy the building.

## Question 13: Is General Fund money part of this agreement?

Answer: No. The city's General Fund is made up from sales taxes and general fees. Those taxes go directly to services like police, fire, parks and the library.

The Sports Facilities Fund was created with the intent to have tourists primarily fund the Arena, sports, and related projects with rental car and hotel fees. Tourism is one of Arizona's top economic industries.

## Question 14: How big is the Arena?

Answer: The Arena is approximately 550,000 square feet and has seven stories. For perspective, an average grocery store is approximately 70,000 square feet and one story. The Arena sits on nine acres, which is equivalent to three city blocks. The Arena is the smallest and oldest facility to not undergo a significant renovation in the NBA.

## Question 15: How long will it take to renovate the Arena?

Answer: The proposed renovation would take place between 2019 and 2021.

## Question 16: Why not just tear it down and start over?

Answer: A renovation is significantly more cost-effective than building a new Arena. Recently built Arenas have cost between \$500-900 million. Additionally, construction time for a large multipurpose building could take two to three years and that could mean lost revenue to local businesses, and the city, county and state while concerts, conventions, family shows and professional sporting events that use the Arena would have to find a temporary venue, possibly outside of Phoenix.





## Question 17: Will the Arena be closed during renovations?

Answer: The Suns will continue to play their home games at the Arena during the renovation. The facility will also continue to host concerts, family shows, conventions and other sporting events. However, there will be periods during the NBA off-season (between May and September) when the Arena will have to close, which will have an impact on event activities. And during the renovation, the Phoenix Mercury and the Arizona Rattlers will temporarily have to play home games on a different court.

## Question 18: Why should the city pay for this renovation?

Answer: The city owns the Arena and is responsible for renovating the building. The Suns have partnered with the city since 1992 to operate and manage the building. After hosting more than 40 million guests over more than a quarter century, the building has experienced wear and tear. Repairs and replacements for large public assembly facilities like the Arena are costly. In this case, the city owns the building and is the landlord, the Suns are a tenant and are committing to help share some of the costs.

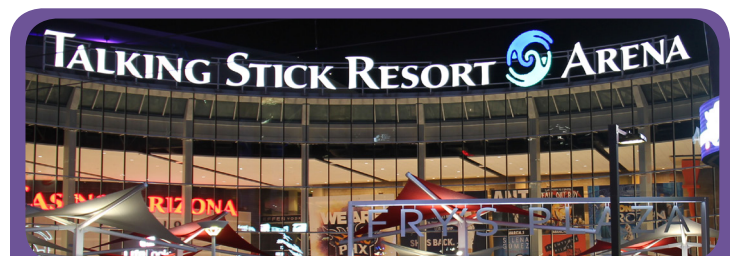
## Question 19: Why is a new practice facility part of the proposed agreement?

Answer: Since 1992, the team's practice facility has been inside the Arena. Because of the size constraints of the Arena, the practice facility needs to be moved outside the building. The proposed agreement commits the Suns to constructing this new practice facility at their expense in the city of Phoenix, but separate from the Arena building itself. This estimated \$25-50 million facility creates opportunity inside the Arena to maximize space for updates and renovations.



## Question 20: What about hockey? Will this renovation make the Arena suitable for professional hockey?

Answer: The proposed renovation is planned to allow the Arena to continue hosting ice events, such as Disney On Ice®. However, since the building was originally designed for a professional basketball court (which is smaller than a hockey rink), it would be significantly more expensive to remodel the Arena for professional hockey. This type of change would require modifying the building's footprint to expand beyond the current property.



## Comments

If you can't attend one of the five Public Meetings, there are additional ways to voice your opinion! Email [ArenaComments@Phoenix.gov](mailto:ArenaComments@Phoenix.gov). Please note when you submit an email it falls under the city's policy which states that the email message is: (1) subject to public disclosure under the Public Records Law, (2) is not private or confidential and (3) is retained for 90 days. Or call **602-262-7177** and leave a comment!

## Additional Information

Visit [Phoenix.gov/Arena](http://Phoenix.gov/Arena) to download and review information about the Arena, including contracts and other supplemental information in the **Reference Library**.