

# ARENA INFORMATION

JANUARY 2019 CITY OF PHOENIX

PHOENIX.GOV/ARENA

## Arena Overview

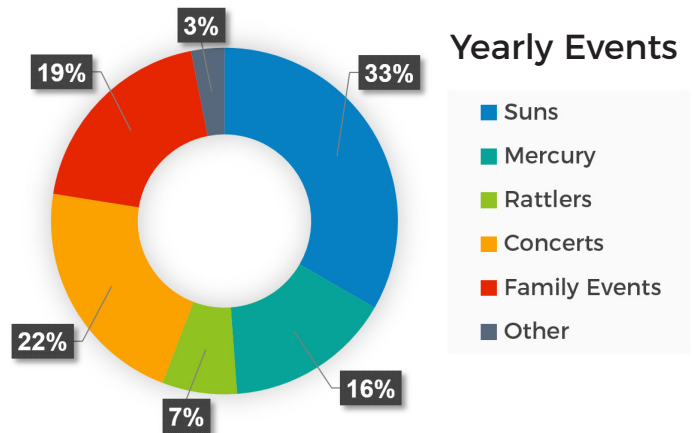
**Talking Stick Resort Arena** in downtown Phoenix is owned by the City and its residents and operated by the Phoenix Suns. It is a multipurpose building that opened in 1992. Since the late 1980s the city's share of capital expenses on the Arena has been funded through the city's Sports Facilities Fund, designated by the City Council through an ordinance comprised primarily of tax revenue from tourists on rental cars and hotels.

Since 1992, the Suns have paid over \$300 million in operating expenses. In nearly three decades, the Arena has hosted more than 40 million guests. Annually, the Arena hosts about 130 ticketed events, including concerts, professional sports, family shows and conventions, and over 200 non-ticketed community events, including youth sports and non-profit organizations.



## Current Status

- While the city owns the building, the Phoenix Arena Development Limited Partnership (PADLP) oversees the day-to-day operation of the Arena. The PADLP is an affiliate of the Suns. The contract between the city ("landlord") and the PADLP ("operator") could expire as early as 2022. This contract has been in place since 1992 when the Arena was built under a partnership between the city and the Suns. The operating agreement has remained in place since 1992.
- Because the Arena's infrastructure (plumbing, mechanical, electrical, roof and structural) is now nearly 30 years old, it must be replaced. The City and the Suns have been partners for almost 30 years, and in the past three years the City and Suns management have been discussing how to avoid the obsolescence clause, to renovate the building together and to extend the Suns commitment to play in the Arena. While PADLP pays for day-to-day operations and maintenance of the building, the city, as landlord, is responsible for renovations.



## A Variety of Events

- **130+ ticketed events** a year.
- **200+ non-ticketed community events** annually.
- **Arena has hosted** Beyonce, U2, Paul McCartney, Garth Brooks, Vicente Fernández, Shakira, Imagine Dragons, Drake, Lady Gaga, Disney on Ice®, World Wrestling Entertainment®, the Harlem Globetrotters® and Cirque Du Soleil®. The Arena has also hosted national conferences including the American Legion, Assemblies of God, Volleyball Festival National Championships, and many more!



*As the owner, the City is responsible for renovations. After nearly thirty years, plumbing, mechanical, electrical, roof and structural issues all need renovations.*





Even if the Arena is not renovated for basketball, city staff estimates the facility would still require millions of dollars in renovations to be able to support concerts and other major special events.

## Economic Impact

The Arena generates \$335 million of annual direct, indirect, and induced impact for the city of Phoenix, Maricopa County and the state of Arizona. This revenue includes:

- **\$182M** = Direct spending: hotels, tickets, food/drink and retail. Taxes from utilities, commercial leases, residential property tax and discretionary spending for employees who work there.
- **\$153M** = Indirect & induced impact (jobs dependent on Arena events): Servers at nearby restaurants, hotel staff, parking garage attendants, suppliers and vendors for Arena operations.
- **\$12.8M** = Direct annual revenue to the city: These funds are put back into the city for services including police, fire, streets, parks, library, etc.
- **\$14M** = Direct tax revenue to the county and state.

## Jobs & Business

- **In the Arena:** 380 full-time employees and over 700 event-day employees, including maintenance crews, administrative staff, food servers, ticket takers, security, parking attendants, and creative arts staff.
- **Supporting the Arena:** 1,140 employees including truck drivers, printers, engineers, carpenters, auditors, etc.
- **Businesses that directly support the Arena:** More than 100 local businesses, including concessionaires, HVAC support, caterers, printing companies, and more.

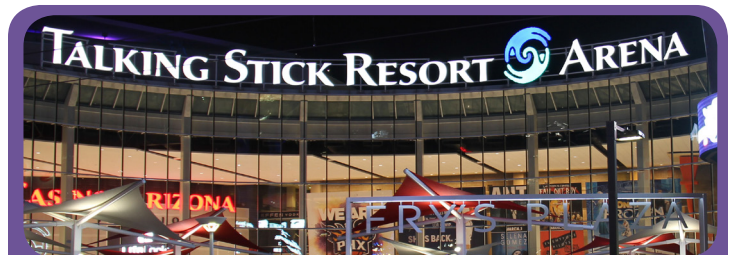


Some repair examples include: Corroded and rusty, leaky pipe (left). Clogged waste pipe (right).

## Proposed Agreement

The proposal requests authorization to use the Sports Facilities Fund to facilitate the renovation and extend the useful life of the city-owned downtown Arena. The proposed agreement includes:

- A \$230M renovation.
- The city's contribution will be capped at \$150M.
- Suns to pay \$80M and any construction overruns.
- Suns continue to share profits and pay the city rent, which is estimated to be \$60M in rent and profit share to the city over the 15-year term.
- Suns will continue to pay 100% of the operations and maintenance costs.
- Suns will build a practice facility in Phoenix estimated at \$25-\$50M; this facility will also pay construction sales tax and property tax.
- The city and the Suns will both contribute to a new Renewal & Replacement account for infrastructure needs. The city will pay \$2M annually and the Suns \$1M annually.
- The Suns commit to staying in the Arena until 2037.
- Renovations will take place 2019-2021.



## 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 review a F.A.Q. as well as download and review information about the Arena, including contracts and other supplemental information in the **Reference Library**.

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