

Special report: Why the Coyotes left the Valley, and what's the expected impact?




The Arizona Coyotes salute the fans after defeating the Edmonton Oilers in the final NHL game ever at Mullett Arena on April 17, 2024.

CHRISTIAN PETERSEN



By [Brandon Brown](#) – Senior Reporter, Phoenix Business Journal
Apr 25, 2024

 Listen to this article 9 min



The Arizona Coyotes are no more, except on paper.

The NHL Board of Governors voted [on April 18](#) to turn the franchise inactive and move all players, draft picks and hockey operations to Salt Lake City and create a new NHL franchise owned by Utah Jazz owner Ryan Smith and his firm Smith Entertainment Group.

The move puts an end to a nearly three-decade experiment in the desert for the National Hockey League. While the Coyotes did find some die-hard fans during its time here, the team never penetrated the larger zeitgeist of the Valley. The playoffs generally proved elusive - the team reached the post-season in only nine of 28 seasons in Arizona - and the team faced near-perpetual upheaval over where it was playing.

A long-term arena solution was a problem from Day 1, when the then-Phoenix Coyotes moved into an arena built for basketball in 1996. Those concerns continued through this past season, when the Coyotes wrapped up their tenure in the Valley playing in the 4,600-seat Mullett Arena in Tempe. The team was taken away from the Valley this month because NHL Commissioner Gary Bettman, who long championed Phoenix as a home fit for hockey, finally lost patience and said it was unfair to make NHL players, coaches and other staff wait for several more years for a permanent home to materialize while playing in a small college arena.

Across the sports world, the blame game has started with fingers pointing in every direction – from current owner Alex Meruelo, Bettman, the city of Glendale and voters in Tempe. But the Coyotes' issues came up one at a time and compounded on top of each other, said Steve Patterson, a longtime sports executive and former Coyotes CEO.

"There's no one person or one action or one decision that led to where we are today," Patterson said. "It was probably 10 or 12 things over the course of more than two decades."



28 years of NHL hockey in Phoenix is over — at least for now.

What mistakes and blunders led to Coyotes leaving

The Coyote's long-running arena issues and the bad economics that situation created put the Coyotes in an unfavorable situation from the beginning, said Ahron Cohen, a former CEO of the Coyotes and now a managing director at Inner Circle Sports, a sports-focused investment bank.

“When you're competing against others in the league who are putting together longer-term planning in place, it makes it difficult,” Cohen said. “It makes it challenging to put together a winning team, it makes it challenging to build a cohesive business strategy and it ultimately makes it challenging to create a long-term successful organization.”

Similarly, Patterson said the team's ever-changing ownership hampered the Coyotes from finding long-term success. In less than 30 years, the Coyotes had more than half a dozen different ownership groups. For comparison, the Arizona Cardinals have been owned by one family its entire time in the Valley and the Phoenix Suns have only had three owners in 55 years.

“You had a series of undercapitalized owners,” Patterson said.

“When you have owners from out of town they don't understand what the optics in the marketplace often look like.”

Glenn Williamson, the founder and CEO of the Canada Arizona Business Council, used the Coyotes and the existence of professional hockey in the Valley as a selling point to get more business leaders from Canada to move themselves and business operations to Arizona. At one point, Williamson said his company had multiple luxury suites for Coyotes games.

But when the team started playing in the small Mullett Arena in Tempe, he noticed a difference in how people approached the team.

“When the Coyotes went to this smaller rink, at that moment in time - just because of supply and demand - the Canadian diaspora shrank substantially,” Williamson said. “What's occurring right now is not a clinical cut, they were being weaned off anyways when they transferred to that smaller stadium.”

When asked about his largest regret about the history of the Coyotes, Bettman said [during an April 19 press conference](#) that it was losing the vote in Tempe in May 2023, when voters turned thumbs-down to a plan that would see the team build a huge entertainment complex and arena in the city near Tempe Town Lake.

“I've never seen a more public-private win-win than that,” Bettman said. “The landfill is still there and going to be there for a long time.”

When asked the same question, Meruelo did not have an answer and indicated he did not have any regrets during his ownership of the team. Meruelo did not want to promote the idea that the team was losing money, but Bettman confirmed Meruelo lost “a ton” of money over the past few years. During their entire tenure in the Valley, the Coyotes most likely never turned a profit.

Does Phoenix lose stature without Coyotes?

Right away, the people feeling the most hurt in the Coyotes saga are the fans and team's front office employees who have or will end up losing their jobs. Youth hockey leagues

could also feel a crunch without the highest level of the sport in town anymore.

Losing a professional team, no matter what the situation was leading up to the departure, does have an effect on a town and especially the people who worked for and around the team, Patterson said.

“The tragedy is for the sort of people that get ignored - are the ushers and the ticket takers and those kind of people that need that job and now it's gone,” Patterson said. “You can have arguments as to whether it's important or significant for the franchise to leave. You can argue what is the significance in terms of the grand billions of dollars of commerce that happen in this city every day and every year. But for those folks that need that second or third job that were working nights at the arena, it's significant to them.”

Fans of other teams and just hockey fans in general – especially Canadian tourists who are in town for much of the NHL season – will miss out on not having pro hockey games here. But at the same time, Williamson said that Canadians, especially those doing business here, have deep enough roots in the Valley now that they'll keep coming even without the NHL.

“Twenty years ago, when I started the CABC, hockey was a pillar in our strategy to pull Canadians down here. Twenty years later, this region has matured so much that there are many, many other reasons Canadians come down,” Williamson said. “The businesspeople, the 500 Canadian companies down here, could not care less. They are here doing their business.”

Even with all the other economic successes the Valley has seen in recent years, across the sports world are some sentiments that Phoenix lost some stature by not being home to all four major leagues - the NFL, NBA, MLB and NHL. Patterson said losing a pro team is just like if the Valley lost a museum or a university; its part of the culture that now is gone.

Still, there are several high-profile sports cities that do not have the big four leagues in town. Cohen pointed to Nashville, Tampa, Houston, Seattle and Atlanta as examples. With all the other major sporting events that happen in the Valley, including Nascar

races, the WM Phoenix Open, NBA and WNBA All-Star Games and mega events like the Super Bowl and Final Four, Cohen said Phoenix continues to be a competitive sports market.

“Phoenix is so strong in the sports space and in the sports event space on a national, and quite frankly, an international level that I firmly believe that positioning is retained and doesn't waver as a result of this,” Cohen said. “The Coyotes leaving does potentially create an opening for other sports to propel forward or get started such as Major League Soccer or the National Women's Soccer League - Phoenix is the largest market in the country without an MLS team.”

Could the team come back?

While the feeling that the Coyotes are gone for good is on the minds of many people around the Valley, the NHL and Bettman made a very unique deal with Meruelo that could bring a franchise back to the Valley if he is able to build an NHL-caliber arena in the next five years.

“We're still standing by this market,” Bettman said. “I believe that the team belongs here.”

The NHL is calling the Coyotes an “inactive” franchise, something not really seen before in most professional sports. But Jay Parry, the CEO of the 2024 Men's Final Four Phoenix Local Organizing Committee, said the fact that the NHL is open to returning is a hopeful sign.

“We are coming off back-to-back years of hosting a Super Bowl and a Men's Final Four, and we have a WNBA All-Star Game, a Women's Final Four and an NBA All-Star Game coming in the next three years,” Parry said. “The governing bodies of these sports selected the Valley to host their premier events, which speaks volumes about how we are perceived nationally by key decision-makers in major sports.”

The first step to ensure that this move to Salt Lake City is not the final chapter of the Coyotes, but just another point in the team's chaotic timeline, will be for Meruelo to win the public auction in June for the 110 acres of state trust land in north Phoenix where he [wants to build a new arena](#).

Bettman and Meruelo only talked at their recent press conference as if the team would be back and the impact of not having an NHL team in the Valley would only be felt for a few years. Bettman didn't answer questions about what would happen if Meruelo failed to build an arena by 2029, but did say that he worried that political opposition to the Coyotes [could haunt the team again](#).

While we wait for those machinations to unfold, Coyotes will have 28 years of hockey in the desert to reflect upon.

Key moments in Arizona Coyotes history

● 1995

With the help from professional sports godfather Jerry Colangelo, Valley businessmen Steven Gluckstern and Richard Burke purchase the Winnipeg Jets for \$70 million in order to relocate the team to Phoenix for the 1996-97 season. The Phoenix Coyotes are born.

● 1998

Burke buys out Gluckstern but is unable to attract investors.

● 2000



Local developer Steve Ellman, right, acquires the franchise from Burke for \$88M. He enlists Swift Transportation founder Jerry Moyes and hockey legend Wayne Gretzky, left, to become minority owners

● 2001

After years of back and forth with Scottsdale to build an arena in the former Los Arcos mall site, Ellman makes a deal to build in Glendale.

● 2003





The Coyotes move from America West Arena (now Footprint Center) to the newly built Glendale Arena (now Desert Diamond Arena).

● 2006

Ellman and Moyes have a falling out over their investment in the Westgate City Center development in Glendale and Moyes acquires control of the team. Gretzky stays on as a part-owner and head of hockey operations.

● 2009

After years of fighting with the NHL and trying to find a new owner, Moyes files Chapter 11. The NHL purchases the team out of bankruptcy for \$140M.

● 2012





Led by captain Shane Doan, the Coyotes secure the franchise's first and only division title and make it to the Western Conference Finals, where they ultimately fell to the eventual Stanley Cup champion Los Angeles Kings.



● 2013

The team is sold to IceArizona, an investment group made up of Canadians Anthony LeBlanc, George Gosbee and others for \$170M.

2014

Before the start of the 2014-2015 season, the team is renamed the Arizona Coyotes.

2015

The Coyotes and the city of Glendale fight in City Council chambers and in court over the team's lease agreement for the city-owned arena.

2016

Phoenix Mayor Greg Stanton says he wants to bring the Coyotes back to downtown Phoenix and share an arena with the Phoenix Suns again. The team also worked on a deal with Arizona State University to create a joint-venture arena on ASU-owned land. Both proposals fizzle out and the team stays in Glendale on a year-to-year lease.

2017

Andrew Barroway purchases the rest of the Coyotes shares and becomes the sole owner of the team.

2019



Alex Meruelo purchases the majority share from Barroway for a reported \$300M. He becomes the first Latino owner of a National Hockey League team. "I sure as shit want to win," Meruelo said during his introductory press conference. "I will not stop until we bring a Stanley Cup to the Valley."

2020





Meruelo hires Xavier Gutierrez as team CEO, the NHL's first-ever Hispanic chief executive. "Alex Meruelo was public during my announcement that he'd like to have [a permanent arena] solution by the end of the year. That's what we're aiming for," Gutierrez said.

● 2021

The city of Tempe issues an RFP for a stadium or arena and entertainment district to be built on a solid waste compost yard. The city of Glendale does not renew the Coyotes' lease at its city-owned arena after the team displays interest in the Tempe site and fails to make tax and rent payments on time.

● 2022

The Coyotes find a new home at Mullett Arena, a newly constructed, 5,000-seat arena Arizona State University built for its hockey team, with room for about 4,500 seats during NHL games. In November, Tempe City Council approves plans for the Coyotes to build a \$2B-plus arena and entertainment district near the corner of Priest Road and Rio Salado Parkway, but mostly on the condition that the final outcome would be decided by a public referendum vote. "If you go back for the last 25 years, our commitment to Arizona has never wavered," Bettman said in November 2022. "This is a great market, there are great fans and this is a place we want to be."

● 2023

In May, 56% of Tempe voters in the special election shoot down measures that would have moved the arena deal forward. The Coyotes, and the NHL, are shocked by the results but say they are still committed to building a new arena in the Valley and look at several locations.

● APRIL 2024





In a deal forced by the NHL, the Coyotes franchise sells to the NHL and then in turn to Utah Jazz owner Ryan Smith, to begin play in Salt Lake City for the 2024-25 season. The move comes just weeks after the Coyotes present a plan to buy more than 110 acres of Arizona State Trust Land in north Phoenix at a public auction in June.

● WHAT'S NEXT

Meruelo still holds the rights to the Coyotes name and logo. Assuming he wins the land auction, the NHL is giving him up to five years to “fully constructed a new, state-of-the-art facility appropriate for an NHL team,” at which time he could then purchase a new franchise to relaunch the Coyotes.

Share

THE BUSINESS
JOURNALS