

What? A New Sales TAX on Small Businesses?

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From this week's *Crain's*: Renovate Joe or build rink?

Wings likely to decide by year's end, Ilitch says

By Brent Snavely
[Robert Ankeny](#)

With the Stanley Cup finals drawing to a close, the owners of the **Detroit Red Wings** have their attention fixed on another clock that is winding down — the lease at **Joe Louis Arena**.

The time remaining: Three years.

And Chris Ilitch, president and CEO of **Ilitch Holdings Inc.**, the holding company for the Red Wings, said he'd like to make a decision by year-end on whether renovation or building a new stadium is the best option.

Ilitch confirmed that the Red Wings are evaluating their options following a speech to the Executives Club at the **Detroit Athletic Club** June 9.

Ilitch also addressed the future of the Red Wings in a meeting with *Crain's* in May.

"We're going down two paths at once," Ilitch said in May. "We're looking at the rehabilitation of the Joe and at the same time we are looking at a new arena and we are talking to the city about that."

George Jackson, president of the **Detroit Economic Growth Corp.** said that it is up to the Ilitches to decide which option they wish to pursue.

The site of **Tiger Stadium** has been mentioned as a possible site for a new stadium, but plans announced by the city on Friday have eliminated that from discussion. (*See story, Page 5.*)

Another much-discussed site is an area of west of Woodward Avenue behind the **Fox Theatre**, where the Ilitches already own land.

Ilitch downplayed that possibility, saying, "I don't think that land behind the Fox even makes sense at this point." (*See story, Page 33.*)

If the Wings want to move, three years is not much time to design and build a new arena, especially with other complicating factors, such as gaining approval for any amount of public funding that may be needed and the relationship between Joe Louis Arena and the ongoing debate about how to fund and renovate the adjacent **Cobo Center**.

Designing and building a hockey arena takes, three years at a minimum and, given Detroit's potential for heavy winters, four years is more realistic, said Steve Hotujac, principal at Kansas City-based **HOK Sport**, an architectural and design firm that specializes in sports stadiums and arenas.

Hotujac, who studied Joe Louis Arena about 10 years ago for the Ilitches, said building a new arena is preferable than

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revamping Joe Louis, which could cost \$180 million or more.

He said an 18,000-seat arena could be built for about \$250 million; parking could cost up to \$100 million, depending on site requirements.

Built in 1979, Joe Louis Arena cost \$57 million and was funded by a 30-year bond issue that the city has been repaying. The Red Wings lease with the city of Detroit ends in December 2009. Joe Louis Arena, with steep concrete steps leading into the arena, has not always been well received by fans.

"I would not throw another \$200 million down the drain at renovating that building," Hotujac said.

Chris Ilitch's parents, Mike and Marian Ilitch, bought the Red Wings from Bruce Norris in 1982 and own the team.

Stadium consultant Lou Beer, president of **First Public Corp.** in Saginaw, agrees and said the way Joe Louis was constructed makes it difficult to upgrade.

"The engineering changes are so vast and expensive that it's not worth it," Beer said.

The Joe basically has only one deck, with seating starting close to the ice and sweeping back, with no second deck and no mezzanine, Beer said. There are no premium, luxury boxes except at the top. Such sports arenas being built more recently have midlevel boxes, Beer said.

"In Columbus, they've done some very neat, creative things, with a tower of boxes on the corners that are right on the action," Beer said. "There's no way to do anything that creative with the Joe."

If the Red Wings move out of Joe Louis Arena it could open up a lot of additional space for an expansion of Cobo Center, which is hemmed in by neighboring buildings and the Detroit River, said Bob Thibodeau, senior co-chairman of the **North American International Auto Show**, which is the single largest user of Cobo and an advocate for expansion or replacement of the facility.

"Ideally, if you could tear down Cobo Arena, and if Joe Louis Arena could either be incorporated or torn down into a new section of Cobo Hall, that's going to get you an enormous amount of space," said Thibodeau, who is also president of **Bob Thibodeau Ford** in Center Line.

Cobo Arena also is owned by the city and is operated by **Olympia Entertainment**, another company owned by the Ilitch family. That lease also expires in December 2009.

With the city and the state in financial distress, one option that can't be overlooked is a suburban location, said Matthew Rossetti, president of Southfield architectural firm **Rossetti**.

However, Rossetti, whose firm designed **Ford Field** and many other sports facilities around the nation, said the national trend is toward building arenas in the downtowns of large cities.

For the Ilitches, who also own or operate the Fox Theatre and **Comerica Park**, staying downtown makes even more sense.

"I think it's better for your brand to be downtown," Rossetti said. "But the city would have to really come to the table for it to work out."

Wherever a new hockey arena is to be built, Miklojcik said, a key to financing is arranging enough suites, from which revenue is not shared with the league but goes directly to the team.

And there are some creative options available, Miklojcik said. For instance, if the city could sell Joe Louis to a private entrepreneur, that money could be applied to finance a new arena.