

# ATTACHMENT F

**DATE: JULY 13, 2009**  
**TO: FINANCE COMMITTEE**  
**FROM: CITY MANAGER**  
**SUBJECT: RESPONSES TO QUESTIONS REGARDING THE ICE RINK PROJECT**

## BACKGROUND

In June, 2009 the City Council directed staff to provide certain information related to a proposed Management Agreement between the City and Polar Ice Ventures. The requested information is to be presented to the Finance Committee prior to a recommendation regarding the Management Agreement. Below are responses to the questions:

- 1. What is the relationship between the Los Angeles Kings and Polar Ice Enterprises Pasadena, LLC, (PIEP) in the management of the proposed ice rink facility?**

### Response

PIEP will be responsible for the day to day management and operation of the new ice rink facility. The Kings will enter into a license agreement with PIEP which will allow PIEP the non-exclusive rights to use Kings' trademarks, trade names, service marks and other proprietary rights for the specific purpose of managing and operating the ice rink facility.

- 2. Provide a comparison of the ice skating rates that Pasadena Ice Skating Center to those proposed by PIEP.**

### Response

The market prices to be charged by PIEP for its ice skating programs are comparable to the prices being charged by the Pasadena Ice Skating Center (PISC) and other ice skating facilities. Attached is a table comparing market rates for ice skating programs.

- 3. What will happen to the space in the Civic Center that is currently being used by PISC as an existing ice rink facility?**

Response

Prior to the ice rink occupying space in the Civic Auditorium the space was occupied as a Ball Room. It is the intention of the Pasadena Center Operating Company to renovate the ice rink interior facility built out in 1976 to make room for a new renovated Ballroom.

4. **What is the cost to restore the ice rink facility to a Ballroom and has the PCOC considered other uses?**

Response

No the PCOC has not considered the existing ice rink facility for any use other than a Ballroom. In October, 2001 the PCOC retained the services of Daniel, Mann, Johnson and Mendenhall (DMJM) to determine the cost of restoring the ice rink space to a Ballroom. DMJM determined at that time that it would cost approximately \$5.2 million to restore the space to its original condition. PCOC currently does not have the funding to restore. Attached is an Executive Summary of the DMJM report. Following vacation of the space by PISC a new thorough evaluation of the condition of the space needs to be undertaken and the cost study upgraded.

5. **What is the dollar value of the public benefit program to the City that PIEP is proposing to manage the new ice rink facility?**

Response

The dollar value for PIEP' Public Benefit Program in year one is approximately \$114,000. In addition, PIEP will be working with City staff to raise \$10,000 to \$25,000 from third parties for a scholarship program.

6. **How will the contract arrangement with PCOC and PISC be concluded?**

Response

The lease agreement between the PCOC terminates in September, 2011. Following the expiration of the lease the PCOC and City have no further obligations to PISC.

7. **Will there be adequate capital funds for periodic facility improvements?**

Response

PIEP over the first ten years of operation are setting aside capital reserve funds starting in the third year. Over the ten year period capital reserves will total \$614,700. This set aside of funds is based on the life components of the building. In addition there is \$72,000 per year for maintenance and repair.

8. **What financial structure could be utilized to eliminate the City from having to subsidize the ice rink project over the first ten years?**

Response

In order to eliminate annual subsidies to the ice rink project, the City could structure a financing with an escalating debt service structure whereby the annual debt service escalates in accordance with the projected increases in the net income in the proforma, therefore backloading the debt service on the financing. The risk in this approach is whether the project generate the gross revenues that are projected in the operating proforma in the later years of this proposed financing.