



Request for City Council Committee Action From the Finance Department

Date: July 18, 2005
To: Ways and Means Committee
Referral to: None

Subject Edison Youth Hockey Association Status

Recommendation

No action. This report informs the City Council about the status of the City's financial obligations relating to the hockey rink that is leased to the Edison Youth Hockey Association and identifies possible courses of action.

Previous Directives

May 9, 2005 – W&M Update
September 30, 2004 – Letter sent to Edison Youth Hockey Association
January 3, 2002 -- W&M Update
November 9, 2001-- W&M Update
96R-150 – Authorized execution and delivery of Ground Lease, Lease, Sublease, Disbursing Agreement and related documents, and performance of related actions for the Edison Indoor Ice Arena Project.

Prepared or Submitted by: Michael Abeln
Director, Capital & Debt Management
673-3496

Approved by: Patrick Born, City Finance Officer _____

John Moir, City Coordinator _____

Presenters in Committee: Michael Abeln, Director, Capital & Debt Management

Financial Impact (Check those that apply)

No financial impact - or - Action is within current department budget.
(If checked, go directly to Background/Supporting Information)

Action requires an appropriation increase to the Capital Budget

Action requires an appropriation increase to the Operating Budget

Action provides increased revenue for appropriation increase

Action requires use of contingency or reserves

Other financial impact (Explain):

Request provided to the Budget Office when provided to the Committee Coordinator

Community Impact (use any categories that apply)

- Neighborhood Notification
- City Goals
- Comprehensive Plan
- Zoning Code
- Other
- Not applicable

Background/Supporting Information Attached

The Edison Youth Hockey Association (EYHA) makes quarterly lease payments of \$22,997.71. These payments are applied to reduce the City's principal and interest payments on a lease the City has with Wells Fargo. When EYHA fails to make a payment the City must make a substitute payment. EYHA had missed several quarterly lease payments. Below is the current status of missed payments:

- October 2, 2001 - \$22,997.71
- July 2, 2004 - \$22,997.71
- January 2, 2005 - \$22,997.71
- April 2, 2005 - \$22,997.71
- July 2, 2005 - \$22,997.71

Edison repaid the City \$5,000 on 12/31/2001 to offset a portion of the October 2001 payment. With accrued interest on the missed payments, EYHA currently has an outstanding balance of \$111,470.46 owed to the City. The remaining outstanding debt on the Edison Ice Arena after the July 2, 2005, payment is \$730,331.18.

On June 8th, a meeting was conducted at the Edison Ice Arena to discuss the status of Edison's Youth Hockey program and their financial status. The meeting was attended by Edison's Board of Directors, Council President Ostrow, Donald Siggelkow (Park Board), Patrick Born (Finance Officer), and Michael Abeln (Finance Department).

Financially, Edison indicated they were current on their expenses other than the lease payments with the City. Gaming revenues from their pull tab sites continue to be well below plan and profits are not sufficient to make the quarterly lease payments. Sales of ice time during the off peak hours have also suffered due to the loss of a major customer to Parade Stadium.

It became apparent during discussions that running the ice arena is becoming burdensome for the Edison parents. Many possible alternatives were discussed concerning how the facility could best be utilized. The Park Board is considering several options, but is not prepared to make an offer to acquire the Edison facility and its related debt.

Other options discussed included the sale of the facility to an outside investor who would acquire the arena and make it available for Edison's program as well as other private skating concerns. Also discussed were less popular options such as selling the facility for housing development, warehousing or alternative City uses.

Finance Department proposes further consideration of the following options:

1. Seek a proposal from the Park Board on a possible sale and plan of use for the facility.
2. Solicit proposals from other parties interested in maintaining Edison as a hockey facility.
3. Consult with CPED regarding alternative uses for the Edison site and develop estimates of the value of the property.