

ATTACHMENT E

RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASADENA
DECLARING ITS INTENTION TO REIMURSE ITSELF FROM THE PROCEEDS
OF ONE OR MORE TAX-EXEMPT FINANCINGS FOR CERTAIN
EXPENDITURES MADE AND/OR TO BE MADE IN CONNECTION WITH THE
ACQUISITION, CONSTRUCTION AND EQUIPPING OF CERTAIN CAPITAL
IMPROVEMENTS**

WHEREAS, the City of Pasadena (the “City”) is a political subdivision organized and existing under the laws of the State of California; and

WHEREAS, the City has paid, beginning no earlier than 60 days prior to the date hereof, and will pay, on and after the date hereof, certain expenditures (the “Expenditures”) in connection with the acquisition, construction and equipping of the Ice Rink facility (the “Project”), as more fully described in Exhibit A attached hereto; and

WHEREAS, the City Council of the City (the “City Council”) has determined that those moneys previously advanced no more than 60 days prior to the date hereof and to be advanced on and after the date hereof to pay the Expenditures are available only for a temporary period and it is necessary to reimburse the City for the Expenditures from the proceeds of one or more issues of tax-exempt obligations (the “Bonds”);

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL AS FOLLOWS:

Section 1. The City Council hereby declares the City’s intent to reimburse the City with the proceeds of the Bonds for the Expenditures with respect to the Project made prior to the issuance of the Bonds but no more than 60 days prior to the date hereof. The City reasonably expects on the date hereof that it will reimburse the Expenditures with the proceeds of the Bonds.

Section 2. Each Expenditure was and will be either (a) of type properly chargeable to a capital account under general federal income tax principles (determined in each case as of the date of the Expenditure), (b) a cost of issuance with respect to the Bonds, (c) a nonrecurring item that is not customarily payable from current revenues, or (d) a grant to a party that is not related to or an agent of

the City so long as such grant does not impose any obligation or condition (directly or indirectly) to repay any amount to or for the benefit of the City.

Section 3. The maximum principle amount of the Bonds expected to be issued for the Project is \$26 million.

Section 4. The City will make a reimbursement allocation, which is a written allocation by the City that evidences the City's use of proceeds of the Bonds to reimburse an Expenditure, no later than 18 months after the later of the date on which the Expenditure is paid or the Project is placed in service or abandoned, but in no event more than three years after the date on which the Expenditure is paid. The City recognizes that exceptions are available for certain "preliminary expenditures," cost of issuance, certain *de minimis* amounts, expenditures by "small issuers" (based on the year of issuance and not the year of expenditure) and expenditures for construction projects of at least 5 years.

Section 5. This resolution shall take effect immediately upon its passage.

ADOPTED at the regular meeting of the City Council of the City of Pasadena on the _____ day of _____, 2009, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Mark Jomsky
City Clerk

APPROVED AS TO FORM:

Theresa E. Fuentes
Deputy City Attorney

ATTACHMENT F

DATE: AUGUST 3, 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. **How much gross revenue does the PISC for their operation and how does it compare with the double sheet rink that PIEP proposes to operate?**

Response

The gross revenue for the PISC operation in the Civic Center for FY 2008 was \$1,329,320. PIEP projects gross revenue to be approximately \$2.7 million in the first year of operation. The single rink operated by PISC is 39% of the gross revenue projected by PIEP.

6. **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.

7. **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.

8. **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.

9. **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 generates the gross revenues that are projected in the operating proforma in the later years of this proposed financing.

Executive Summary

Within this executive summary, we will communicate the results and findings based on the completion of the prescribed scope of work defined in the PCOC contract amendment for services, and later delineated as a set of defined tasks referenced in our Notice to Proceed; The specific tasks were as follows: 1) *Development of base facility program*; 2) *Development of construction plan*; 3) *Development of project budget* and 4) *Development of preliminary baseline construction schedule*.

To accomplish these tasks comprehensively, our initial steps were as follows with key individuals associated with this project from the Pasadena Center Operating Company providing essential information to our project team. They are the CEO of the Pasadena Center Operating Company (PCOC) (Mr. Roger Smith); and the Executive Director of the Existing Facilities (Mr. James Canfield). This undertaking was based on the assumption that the existing Ice-skating Rink interior facility built out in 1976 will be completely demolished to make room for a new Ballroom program that reflects the historical integrity and program of the pre-existing Ballroom built in 1931.

The DMJM team which is made up Architects, Structural, Mechanical, Electrical and Plumbing Engineers made several site observation visits along with a review of the following existing drawings of the Ice Capades Chalet: A.) Auditorium & Exhibition Hall drawings for the City of Pasadena prepared by Edwin Bergtrom, Cyril Bennett and Fitch H. Haskell, dated May 12, 1925. B.) Architectural drawings prepared by Burkes, Nicolais & Archuleta, dated July 26, 1976.

DMJM and the PCOC conducted several meetings over the past several weeks that proved to be fruitful to define with more clarity the scope of the project, i.e. information relative to programming issues, existing site utilities and conditions and building parameters.

The development of a "most favorable" Ballroom Restoration facility program was derived as a result of a several step process. The results are contained in the accompanying three sections of this report entitled: 1) Building Design Considerations, 2) Project Budget, and 3) Program Schedule.

I. Building Design Considerations

The building restoration design considerations were based on existing facility observations and proposed facility systems. The Space Program & Individual Space Criteria is included in this report in Appendix A. Critical to the cost of the Ballroom Restoration was DMJM's September 21, 2001 visual structural observation of the existing Ice-Skating Rink to determine the integrity of the wood framed structural floor. DMJM observed damage consisting of generalized structural decay and mold growth throughout the floor structure as a result of failure of the waterproofing membrane that was installed to protect the supporting structure from water leaks. Based on our observation, this condition through the years has diminished the structural capacity, and in certain locations, constitutes a life-safety concern. DMJM recommends that the damaged support structure be removed as soon as practical because it represents a life-safety hazard to the occupants. Furthermore, it is strongly recommended that the client contact a company specializing in mold remediation to provide a preliminary microbiological investigation to determine the types of molds present in the environment and to provide a recommended mitigation methodology. Refer to Section I Building Design Considerations, Part 1.B to review the structural observation comments and Part 2.B for recommendations for replacement. See Section II Project Budget for the cost impacts to replace this floor.

In this report, DMJM has not made any other structural reviews of the existing facility structure to determine if this facility meets present day structural requirements dictated by the California State Uniform Building Code and Pasadena Building Code to convert this existing Ice-skating Rink back to the original Ballroom facility built in 1931. DMJM's project estimate does not provide cost contingencies that may be necessary to cover these possible unforeseen structural requirements by the City of Pasadena Building & Safety Codes. DMJM recommends that the PCOC have the City of Pasadena Building & Safety Department make a site review of the existing Ice-skating Rink facility to determine if there will need to be any further structural analysis made. In addition this report does not take into account any comments or recommendations that could be made by the Pasadena Historical Society. DMJM recommends the PCOC have the Pasadena Historical Society make their review as well.

II. Project Budget

The estimated project budget developed by our estimating staff, with project management oversight, is based on knowledge and experience of projects of similar magnitude and complexity (demolition, structural retrofit, historic preservation, project phasing due to site constraints and operational efficiencies, convention centers) in the greater Los Angeles area, adjusted or escalated to the midpoint of construction, which is targeted for November 2002.

Below is a breakdown of the Project Budget (Preliminary) for the 28,721 square foot conversion of the existing Ice-skating Rink back to the original Ballroom program of 1931.

Description of Project Costs	Amount
Construction Costs	\$ 4,392,439
Architect/Engineering Services	\$ 439,244
Program/Construction Management Services	\$ 307,471
Inspection Services	\$ 87,849
City of Pasadena Fees	\$ N/A
Totals	\$ 5,227,003

Cost Per Square Foot: \$ 181.99

III. Program Schedule

The preliminary program schedule, which is included in this report, was developed based on an assessment of all critical factors unique to a project of this magnitude and complexity. The detailed Program Schedule (preliminary) is included in Section II of this report with all phases of the project addressed as to the significant tasks and milestones sequenced as pre-requisite the following is a summary of this construction plan schedule.

Critical (Targeted) Milestones	Activity	Target Dates
Year 2001		
Program/Construction Management	Notice to Proceed	December 30, 2001
Architect/Engineer	Notice To Proceed	December 30, 2001
Schematic Design (Board/City)	Approval	December 9, 2001

Pasadena Conference Center Ballroom Renovation
PROGRAM BUDGET EVALUATION STUDY

Year 2002

Schematic Design (Board/City)	Approval	January 28, 2002
Design Development – 100%	Approval	February, 19, 2002
Construction Documents – 50%	Approval	March 21, 2002
Construction Documents – 90%	Approval	April 20, 2002
Construction Documents – 100%	Approval	May 10, 2002
Construction Documents – Bid Set	Approval	May 12, 2002
Construction	Start	July 24, 2002

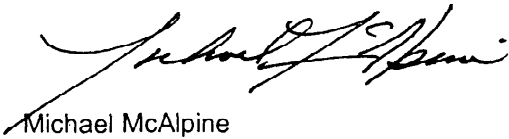
Year 2003

Construction Completion	Completion	February 12, 2003
User Occupancy	Move In	March 21, 2003

Thank you for the opportunity to be of service to you and for the opportunity to explore your future Ballroom Restoration Project. We hope to continue to assist the Pasadena Center Operating Company as you proceed with this project.

If you or any members of the committee have any questions, please feel free to give me a call at (818) 677-7719.

Sincerely,



Michael McAlpine
Senior Project Manager

DISTRIBUTION: 3 copies to the Pasadena Center Operating Company,

CC: Landy, Ray DMJM
Duncan, Alan DMJM
Chron file, PCOC

June 2009 Southern California Ice rink pricing

RINK	LTS	YOUTH HOCKEY	ADULT HOCKEY	BIRTHDAY PARTIES	PRIVATE ICE
TSC	\$ 15.00	\$ 23.00	\$ 28.00	\$ 215.00	\$ 425.00
ANAHIEM ICE	\$ 14.00	\$ 19.00	\$ 28.00	\$ 219.00	\$ 350.00
VALENCIA	\$ 15.00	\$ 23.00	\$ 28.00	\$ 225.00	\$ 375.00
PISC	\$ 14.00	No cost avail	\$ 30.00	\$ 190.00	\$ 300.00
PICKWICK ICE	\$ 13.00	no house league	\$ 23.00	\$ 225.00	\$ 300.00
ONTARIO ICE	\$ 11.00	\$ 16.00	\$ 23.00	\$ 150.00	\$ 350.00
NEW PASADENA	\$ 15.00	\$ 21.00	\$ 28.00	\$ 195.00	\$ 380.00

(cost per session) (cost per session) (cost per session)

	PUBLIC SESSION	SKATE RENTAL
\$	8.00	\$ 3.50
\$	9.00	\$ 3.00
\$	9.00	\$ 3.00
\$	7.00	\$ 3.00
\$	7.00	\$ 3.00
\$	8.00	\$ 2.00
\$	8.00	\$ 3.00