

## STAFF REPORT

To: Mayor & City Council Date: February 22, 2011  
From: Lauren Bradley, Administrative Services Director  
Via: Gary W. Jackson, City Manager *AK*  
Subject: Disposal options for Civic Center ice rink and equipment

Summary Statement: The consideration of resolution authorizing the City Manager to enter into a negotiated purchase agreement with the Asheville Hockey League and award the sale of the Asheville Civic Center ice rink and all related equipment.

Background: On December 14, 2010, Asheville City Council delayed consideration of a resolution authorizing the City Manager to award sale of Civic Center ice rink and equipment to the highest bidder in order to provide time for staff to explore options for privately negotiating a sale of the equipment to the Asheville Hockey League (AHL).

After the December 14 meeting, staff completed legal research regarding the disposal of the equipment. Normally, personal property with a value in excess of \$30,000 cannot be disposed of by private sale and negotiation. Advertised bids would be required. However, GS 160A-279 provides an exception to this rule. This statute authorizes a City to dispose of property by private sale to a non-profit agency that is carrying out a public purpose. Conveyance of the property is conditioned on the use of the property for a public purpose. Based on this research, staff concluded that the AHL could meet the requirements of the statute and carry out a public purpose by allowing public access to the rink and equipment.

At the January 25, 2011, Finance Committee meeting, representatives from the Asheville Hockey League presented staff with a plan for putting the ice rink into use. The Finance Committee directed staff to review the proposal and discuss options for negotiating a sale of the ice rink and equipment for City Council consideration.

After the January 25 Finance Committee meeting, staff met with AHL representatives to review the plan and determine mutually acceptable terms by which the ice rink and equipment could be conveyed to the league. These terms would be summarized in an agreement between the City and AHL and would include:

- AHL will provide an up-front payment to the City for the purchase of the ice rink and associated equipment in the amount of \$15,000 with one payment of \$5,000 at the execution of the agreement and the remaining \$10,000 paid by May 31;
- The ice rink would be operational and open to the public within three years. If the ice is not open within three years, the City would have the right to exercise a reversion clause;
- AHL would agree to move the equipment out of the Civic Center by May 31, and would have a signed contract with a contractor to remove the equipment as well as evidence of a reserved storage space no later than May 1, and;
- The City would require as exhibits to the agreement a bio of AHL board members and others who would be involved to demonstrate that the group has the background and experience to operate the ice rink.

## STAFF REPORT

To: Mayor and City Council  
Date: December 14, 2010

Via: Gary Jackson, City Manager

From: Lauren Bradley,  
Administrative Services Director  
Prepared by: Amy Patterson,  
Purchasing Manager

Subject: Disposal of Surplus Greater than \$30,000

Summary Statement: The consideration of a resolution authorizing the City Manager to award sale of Civic Center ice rink and equipment to the highest bidder.

Review: Per NC General Statute 160A-266, City Council may dispose of personal property valued at \$30,000 or more by private negotiation or sale. The Civic Center has requested the disposal of property for the ice rink and all related equipment which is listed below.

Refrigeration Plant with spare parts  
Ice Resurfacers  
Ice Edger  
Hockey Goals, Nets and Pads  
Ice Skates  
Skate Sharpener  
Jet Ice Paint System  
Ice Floor Cover

Strategic Operating Plan: This action complies with the City of Asheville's strategic plan that supports a fiscally responsible city government through identifying opportunities for revenue diversification.

Pros:

- Promotes City of Asheville fiscal responsibility by disposing of surplus property which generates revenue
- Space Utilization-eliminates the need to store large, bulky, unused equipment

Cons:

- None

Fiscal Impact: Proceeds from the sale are estimated to be over \$30,000.

Recommendation: City staff recommends City Council adopt a resolution authorizing the City Manager to award the ice rink and all related equipment to the highest sealed bidder.

Attachment:  
(1) Resolution

RESOLUTION NO. \_\_\_\_\_

RESOLUTION AUTHORIZING THE CITY MANAGER TO AWARD THE SALE OF SURPLUS TO THE HIGHEST BIDDER FOR THE CIVIC CENTER ICE RINK AND EQUIPMENT \_\_\_\_\_

WHEREAS, the City of Asheville is responsible for the disposal of excess and obsolete personal property through the disposal of surplus

WHEREAS, the Civic Center has deemed the ice rink and equipment as excess; and

WHEREAS, pursuant to N. C. Gen. Stat. 160A-266 authorizes the City to dispose of personal property valued at \$30,000 or more by private negotiation or sale upon resolution of the City Council adopted at a regular meeting

WHEREAS, the Purchasing Manager will issue a bid for the above equipment; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ASHEVILLE THAT:

The City Manager is hereby authorized to award the sale of the ice rink and equipment to the highest bidder on behalf of the City of Asheville.

Read, approved and adopted this 22nd day of February, 2011.

\_\_\_\_\_  
City Clerk

\_\_\_\_\_  
Mayor

Approved as to form:

\_\_\_\_\_  
City Attorney

The purchase price was negotiated based on the AHL's estimates for moving and repairing the ice rink, which is estimated by the league to be \$57,000-\$85,000.

The Finance Committee was updated on progress at its February 8, 2011, meeting, where the Committee voted to move the item forward for City Council consideration at its February 22, 2011 meeting.

The consideration of this action does not specifically relate to the city's Strategic Plan.

Pros of the negotiated sale:

- Allows the ice rink and equipment to remain in the Asheville community for public use.
- Supports the City's goal to partner with outside groups and agencies to provide recreational programming.
- Provides a certain date and specified sale amount by which the rink will be disposed.

Cons of the negotiated sale:

- AHL plans for utilizing the rink and equipment are still somewhat conceptual and will rely on fundraising; therefore, implementation is not guaranteed.
- The value of the rink and equipment has been estimated by staff to be around \$100,000. The negotiated purchase price is below this amount and could result in the loss of additional revenue generated through a competitive bid process.

Fiscal impact: A negotiated sale to the AHL would result in \$15,000 in revenue. A competitive disposal process could yield a higher amount of revenue for the Civic Center Fund; however, this potential loss of revenue could be offset by the benefit of putting the ice rink and equipment into public use for the Asheville community. It also recognizes the capital investment AHL will have to make in order to make the ice rink operational in Asheville.

Recommendation: Staff is seeking City Council consideration of a resolution authorizing the city manager to enter into a negotiated agreement with the Asheville Hockey League for the sale of the Civic Center ice rink and all related equipment. If City Council is not supportive of the negotiated sale, staff would further seek City Council's consideration of resolution authorizing the City Manager to award the ice rink and all related equipment to the highest sealed bidder.

Attachments:

- (1) Resolution
- (2) December 14, 2010, Staff Report

1. **Introduction.** The Asheville Hockey League, Inc. (“AHL”) is a non-profit, charitable community organization that conducts league play currently for youth and adult inline hockey play. The AHL is a member of and sanctioned by USA Hockey (“USAH”) and is affiliated with the City of Asheville – Parks and Recreation Department. For 8 years, AHL has also been engaged in the promotion of youth and adult ice hockey play. As our purpose as an organization includes the charge (1) to foster, promote and improve amateur inline and ice hockey in Asheville, North Carolina and the surrounding area, (2) to foster good sportsmanship, to promote good citizenship and good fellowship through the sport of amateur hockey, and (3) to develop and supervise amateur hockey in the Asheville, North Carolina community, we are interested in this opportunity to see the Asheville ICE Rink remain in Asheville. Due to this opportunity, our Executive Board has formed an ICE committee to research and oversee the AHL’s part in this process.

The City of Asheville (“City”) owns an ice rink and related support equipment (collectively “ICE Rink”) that the City now wants to sell or make some other disposition. At this time, the condition of some of the Ice Rink is unknown but it is believed that substantial repairs are necessary. AHL seeks to acquire the Ice Rink for the purpose of establishing ultimately a year round venue for ice activities in Asheville, including public skating, ice hockey, figure skating, and other ice-related activities.

a. ICE Benefits...

Based on our research with ice consultants and at ice rinks in other cities, we have learned of the many benefits to skating. There are RECREATIONAL benefits - from parents and friends coming to watch a youth hockey game, to friends meeting up at the rink to socialize and enjoy public skating, to friends forming a team and competing in a recreation hockey league. There are COMMUNITY benefits. With Asheville as the de facto hub of Western North Carolina, a skating rink will draw people from all of the western counties and will provide a venue for out-of-town, established hockey leagues to attend tournaments, creating visitors to our city. Ice-related sports also provide opportunities for at-risk youth to participate in activities beyond what traditional sports have to offer. There are HEALTH benefits. Skating is phenomenal exercise. It can be enjoyed alone or in a group, occasionally or year-round. It is challenging and entertaining. Skating also helps combat childhood obesity. There are ECONOMIC benefits. Beyond tax benefits and “heads in beds”, the operation of a rink will create new jobs – both professional and entry-level positions.

- Public Skating is a year-round venture – summer months are popular
- Currently, the closest venue for ice is Greenville, South Carolina
- Currently, 50 adults and 30 kids from our membership and contact lists are playing in Greenville, SC

- 21% of the players in the Greenville leagues come from WNC zip codes
- Civic Center Public Skate saw 150-200 skaters per session; 8 sessions per day; 1,200-1,600 skaters per day at public skate
- The last AHL ICE season, 132 adults and 116 youth engaged in league play
- Our last AHL INLINE season (Fall 2010), 110 adults and 60 youth engaged in league play

2. **Location.** AHL has found an ideal location for the installation and operation of the Ice Rink on Riverside Drive. AHL is currently in negotiation with the owner of the location for a mutually beneficial lease. The owner is receptive to the idea and is keenly interested in the long term benefits to the community at large of a permanent ice facility.

We feel that today's market is all about "*the experience*" that the patron has in a facility. A well planned, run and maintained facility that puts the patron and their families on the front line will have lasting success.

a. Primary uses for the rink facility

- Public skating for all age groups and freestyle groups
- Ice Hockey for both adult recreation leagues, youth recreation leagues, youth travel teams with USA Hockey affiliation
- Adult recreational figure skating, youth recreational figure skating, youth competitive figure skating with ISA affiliation
- Summer day camps and seasonal clinics for youth ice hockey & figure skating for both elite and recreational age groups
- Learn to play & skate programs
- Hockey and figure skating instruction
- After school programs for ice skating, ice hockey and figure skating
- Celebration parties and meeting events (for local business), during public skating and specific time period rentals
- Retail sports gear sales
- Food & beverage concessions
- Ice hockey tournaments & figure skating competitions (regional & local)

b. Secondary uses (possible) for the rink facility

- Inline hockey
- Sled ice hockey
- Small events (+/-500 spectators)
- Sports related fitness center
- Curling leagues, broomball leagues, ice soccer leagues

b. Primary facilities

- Ice rink (80' x 190' +/- 15,200 SF)
- Studio/pond rink (+- 4,500 SF)

- Full concession area with seating (+-40 seats) and ice viewing area
- Rink seating capacity for +-500
- Restaurant/sports pub and kitchen (+- 60 seats) with ice rink view
- Pro shop
- Arcade
- Party/meeting rooms (2)
- Sports fitness/lounge
- One (1) large, four (4) medium & two (2) auxiliary change rooms (employee, officials & fitness) with connecting bathrooms and showers (with one (1) party room also being available as an auxiliary change room)

c. Secondary facilities

- Ice rink cover for other hard floor events (auditorium & other sports)
- Future “sport court” floor for the rink floor cover

### 3. Purchase Proposal

#### **Proposal for Purchase and Community Reutilization of City of Asheville’s Ice Rink and Equipment**

AHL proposes to purchase the Ice Rink under the following terms and conditions:

- a. AHL will pay the City for the value of the Ice Rink determined by the Depreciated Value of the Ice Rink less the Cost to repair the Ice Rink less the Cost to move the Ice Rink immediately.
- b. AHL is willing and able to move and to store the Ice Rink immediately. AHL will bear all costs connected with the move.
- c. Based on the value of the Ice Rink as determined in (a) above (either by agreement between the City and AHL, or by an independent third party), AHL is prepared to execute a promissory note to the City for that determined value. The promissory note will have a term of five (5) years payable in a lump sum at term. Interest on the note will be 3% per annum. AHL may prepay the note with no penalty. The City will have a security interest in the Ice Rink through a valid UCC financing statement as approved by the City.
- d. AHL will agree that it shall not resell the Ice Rink other than to an organization or other entity dedicated to having ice facilities in Asheville.

# Operational Time Line for Rink Development    AHL    January 2011

