



Legislation Details (With Text)

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Title: Consider Resolution Accepting Report of the Northfield Ice Arena Advisory Board and Concluding the Board Status as an Advisory Board

Sponsors:

Indexes:

Code sections:

Attachments: 1. 1 - Resolution Accepting Report, 2. 2 - 111416 - Updated Facility Condition Assessment, 3. 3 - BK Ice Market Study 031417, 4. 4 - Northfield Economic Impact, 5. 5 - Arena Final Scenerio Summary 3-30-18, 6. 6 - Option 2 Northfield Ice Arena Cost Est. - Expand-Remodel, 7. 7 - Option 3 Northfield Ice Arena Cost Est.-1 sheet-400 seats, addition to St.Olaf, 8. 8 - Option 4A NF Ice Arena Cost Est.-1 Sheet, Pre-eng., Riverview Dr., 9. 9 - Option 4B NF Ice Arena Cost Est.-2 Sheets, Pre-eng., Riverview Dr., 10. 10 - Option 4A City Tax Impact - Series 2020 GO Referendum 20yr Options 2018-3-12, 11. 11 - Option 4B City Tax Impact - Series 2020 GO Referendum 20yr Options 2018-3-12, 12. 12 - 180410 Northfield Ice Arena Project Final Council Presentation Supp 1 Update

Date	Ver.	Action By	Action	Result
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City Council Meeting Date: April 17, 2018

To: Mayor and City Council
City Administrator

From: David E. Bennett, Public Works Director/City Engineer

Consider Resolution Accepting Report of the Northfield Ice Arena Advisory Board and Concluding the Board Status as an Advisory Board

Action Requested:

The Northfield City Council approves a Resolution Accepting Report of the Northfield Ice Arena Advisory Board and Concluding the Board Status as an Advisory Board.

Summary Report:

Over the last 18 months, the Northfield Ice Arena Advisory Board has been meeting since they were appointed under previous Mayor Dana Graham and continued with Mayor Rhonda Pownell. The mission of the Ice Arena Advisory Board is as follows:

“Serve as an advisory committee to assist and guide staff in a thorough review of current ice arena conditions, assess needs and demands, evaluate costs and alternative facility options resulting in recommendations to be presented to the City Council.”

The board is comprised of a broad spectrum of stakeholders and community partners.

Business Community

Brett Reese-Chair
Todd Bornhauser-Vice Chair
Jeff Hasse

Northfield Hockey Association

Chris Sorenson
Jim Fisher
Chris Kennelly

St. Olaf College

Jan Hanson
Ryan Bowles
Mike Ludwig

Northfield School District

Tom Graupmann
Tania Will

Northfield Skate School

Carey Tinkelenberg

City Council Members

Mayor Rhonda Pownell
Council Member Brad Ness

City Staff

Ben Martig
Chris Heineman
Dave Bennett
Barb Neitzel

The Advisory Board, in working with City staff, went through three primary phases to arrive at the board's recommendation:

- Phase 1 - Assess the Existing Community Arena
- Phase 2 - Assess Needs and Demands and Economic Impact
- Phase 3 - Evaluate Costs, Facility Options, and Financing

Phase 1 - Assess Existing Community Arena

The City engaged the consulting firm of ATS&R to complete a facility condition assessment. The facility condition assessment was presented to Council on January 3, 2017 (Attachment 2). The consultant architects, engineers, and ice specialist performed a detailed review of the condition of the arena, met with user groups and City operations staff to complete the assessment.

The assessment identified the existing deficiencies from the users, deferred maintenance, capital needs, and costs that need to be invested in the arena. The needs were prioritized as follows:

Priority 1: Immediate Need	0-3 years	\$ 175,100
Priority 2: Mid-Term Need	4-6 years	\$ 305,200
Priority 3: Long Term Need	7-10 Years	\$ 830,000
Total		\$1,310,300

The recommendation from the report on the ice system is to continue purchasing R-22 refrigerant until it becomes cost prohibitive. R-22 will not be produced after 2020 but current supplies in the marketplace can be purchased. The current ice system was installed in 2008 and still has remaining life.

The recommendation also indicated not to pursue priorities 2 and 3 until we have a better plan on what will be happening with the arena.

Phase 2 - Market Study

The City engaged the consulting firm of Ballard & King to review the ice market conditions. The Ice Market

Study was presented to Council on March 21, 2017 (Attachment 3). The conclusion of the report indicated that there were favorable conditions to support ice usage for one sheet of ice and only about 25% usage on a second sheet of ice during the prime season (Prime season is Oct. - March).

However, since the March presentation there have been numerous meetings with the primary users of the arena (Northfield High School, Northfield Hockey Association, and the Northfield Skate School). After these discussions, they indicated that that they have a larger need for ice, and can immediately move to 50% capacity of a second sheet of ice in the prime season.

Phase 2 - Economic Impact

The other part of this phase was to review the economic impact of a Community Arena in Northfield (Attachment 4). The economic impact was directly focused on use as an ice arena. The study indicated that with seven tournaments per year and two of them being larger (16 team tournaments), there would be a Conservative Annual Economic Impact of \$1.3 Million, and a Moderate Annual Impact of \$1.8 Million.

The difference between the conservative and moderate impact is bringing the spending up to today's dollars, so the Moderate Impact is more likely of what to expect.

Phase 3 - Evaluate Costs, Facility Options, and Financing

The Northfield Ice Advisory Board reviewed the following options:

Option 1 - Maintain Existing Community Arena

Option 2 - Remodel and Expand Existing Community Arena

Option 3 - Build New Community Arena Partnering with St. Olaf

Option 4A - Build New Community Arena Single-Sheet on Northfield Hockey Association (NHA) Land

Option 4B - Build New Community Arena Two-Sheet on NHA Land

Option 1 - Maintain Existing Community Arena

Early discussions for Option 1 determined that to continue with the existing facility the City will need to invest \$1.3 Million over the next 10 years.

Option 2 - Remodel and Expand Existing Community Arena

To expand and modernize the arena as best as possible, it will require a 9,100 square foot addition, along with a new parking lot constructed on the north side of the existing arena. The cost for this is \$7 Million.

Option 3 - Build New Community Arena Partnering with St. Olaf

St. Olaf has broken ground on the remodel of Skoglund Hall on their campus for an Ice Arena. We reviewed an option to connect a new Community Practice Arena to Skoglund Hall. St. Olaf has indicated that, with their programming of the new arena, there will be very limited access for the public to use Skoglund Hall. St. Olaf is looking to expand their programming and activities to students during the prime ice season (Oct. - March).

To construct a new Community Practice Arena to Skoglund Hall, it would require the construction of a new road out to North Avenue. This would be required to mitigate the traffic generated through the heart of their campus. The road cost is estimated to be \$1.5 Million, and a new Community Practice Arena will cost \$15.7 Million plus the road for a total of \$17.2 Million.

Option 4A - Build New Community Arena Single-Sheet on NHA Land

Seven acres of land was donated to the NHA off Cannon Road just south of Upper Lakes Foods. The land area is large enough to accommodate a two-sheet community arena. The site, if developed, could spur other

development on the surrounding vacant land. With this option, the arena has the ability to expand to a second sheet of ice. The cost for this option is \$15.8 Million.

Option 4B - Build New Community Arena Two-Sheet on NHA Land

Similar to Option 4A, this would add a second practice facility connected to the primary arena. The practice facility would have 400 spectator seats. To add the second arena would cost an additional \$5.4 Million, for a total two-sheet Community Arena at \$21.2 Million.

Revenue and Operation Costs

Staff worked with Ballard & King to review the revenue and operation costs for the options listed above and Ehlers Inc. financial services for capital financing. A summary is attached (Attachment 5). When St. Olaf leaves the existing arena, there will be a \$60,000 annual loss in revenue. This revenue will not be recaptured due to St. Olaf practicing during the day when school is in session. A small portion of the revenue will be recaptured on their game nights.

Northfield Ice Arena Advisory Board Recommendation

The Northfield Ice Arena Advisory Board is recommending that a new Community Two-Sheet Arena be built. Reasons for the board's recommendation of this option is a follows:

- Existing Community Arena has too many deficiencies, and bathrooms, locker rooms, and lobby are severely substandard.
- Investing \$7 Million in remodeling/expanding the existing arena on a site that does not allow for a second rink is not supported by the users. The arena will still have deficiencies with spectator seating and ADA accessibility.
- Partnering with St. Olaf
 - Costs more to connect to the existing building
 - Need to build a road to North Avenue
 - Could not add a second community rink
 - Access to St. Olaf Skoglund Arena is very limited in the prime ice season
 - The community is at 150% occupancy of a single arena and this option would not allow another arena to meet the community's needs
- The financing package will provide funding for a single sheet and the additional \$5.4 Million will come from grants and private fundraising.

Financing Community Arena Capital Costs

The proposed financing for the Community Arena will come from a variety of sources. The Ice Arena Board has identified the following sources to collaborate and finance the Capital Costs:

- *½ Cent Local Option Sales Tax City of Northfield & City of Dundas - Voter Approval*
- *City of Northfield Property Tax Referendum - Voter Approval*
- *Private Fundraising*
- *School District Lease Levy for Ice Rates*
- *Mighty Ducks Grant*
- *Arena Naming*
- *Rink 1 Naming / Rink 2 Naming*
- *Advertising*

- *Sale of Existing Arena*
- *EDA*
- *Donated Land*

Staff is recommending accepting the work of the Northfield Ice Arena Board and for Council to conclude the work of the Board. From there, Staff will bring forward on May 1, 2018 for Council to consider authorizing staff to prepare the ½ cent sales tax and property tax questions on the Board's recommendation.

Alternative Options:

The Northfield Ice Arena Advisory Board has provided five options for Council to consider.

Financial Impacts:

See attachments 5-11.

Tentative Timelines:

Timeline moving forward is attached.