

## EAST BETHEL CITY COUNCIL WORK MEETING

MAY 14, 2014

The East Bethel City Council met on May 14, 2014 at 6:00 PM for the City Council Work meeting at City Hall.

MEMBERS PRESENT:        Bob DeRoche                      Tim Harrington                      Tom Ronning

MEMBERS ABSENT:        Ron Koller                      Heidi Moegerle

ALSO PRESENT:            Jack Davis, City Administrator

**1.0**                      The May 14, 2014 City Council Work meeting was called to order by Mayor DeRoche at  
**Call to Order**        6:00 PM.

**2.0**                      **Ronning made a motion to adopt the May 14, 2014 City Council Work Meeting**  
**Adopt**                      **agenda. Harrington seconded; all in favor, motion carried.**  
**Agenda**

**3.0**                      Davis presented the staff report and indicated the City Council received presentations from  
**Ice Arena**                      Rink Management Services Corporation, North Metro Community Association and Gibson  
**Management**                      Management for the Ice Arena management contract for a three-year period at the May 7,  
**Contract**                      2014, City Council Meeting. At the conclusion of the presentations and Council motioned  
**Proposals**                      and approved a Work Meeting for Wednesday, May 14, 2014, at 6 p.m. to continue  
discussion of this matter.

Since that time, the North Metro Community Association has withdrawn their proposal for the services contract. We now have two vendors to consider: Gibson Management and Rink Management Services Corporation.

It was noted the following had been provided for Council review: Ice Arena Budget; Rink Management Services Corporation RFP Proposal; North Metro Community Association RFP Proposal; and, Gibson Management RFP Proposal.

DeRoche, "With that being said, what negotiations have gone on? Anybody lower their price a little bit?"

Davis, "Both groups said they would be willing to negotiate. No dollar terms were discussed but both said they would be willing to negotiate their price. We had some earlier discussions in our budget for the management services for 2015. We had projected a fee of \$80,000. So, I would propose that we either, if we do select somebody or recommend somebody, that we start at that or even \$70,000, depending upon whom it is. Then, there is also a number in here. You have a sheet that was passed out that shows you what our budget is, what we need for revenues. We need \$223,500 worth of ice sales times. My recommendation would be, once whomever gets the contract reaches that number, then all sales beyond that point we could considered splitting that with them on a percentage basis. That would give them extra motivation to sell the ice time, give them the potential to reach maybe what they'd originally proposed, and also provide us with some extra revenue for the Arena."

DeRoche, "Any comments Tim, while Tom's getting ready?"

Harrington, "Well, while talking earlier, instead of a three year with two, could we go down to a one or two or something else?"

Davis, "It doesn't have to be a three year deal. That's what we'd originally considered but if we are unsure and we want to select one of the two that's still left and do the year deal just to see if they're going to work out for us or we're going to work out for them, that's something we can offer."

DeRoche, "Well, we've got one, the Ice Management people put in, and we have Gibson's. I guess my main question is if Gibson's going to change from what is in the past, which would be, to me, a good reason to say if we went with them, that we'd go a year and just see how things work out rather than going on a three-year deal. Yeah, either person can get out of it if they, or break the contract, but why even go down that road if we don't have to?"

Davis, "I think in this situation, may be a one year deal may be to our advantage at this time. Even if we signed a one-year deal, if we're satisfied with the services we get from whoever it is, we can extend that contract at the end of the year. That can even be an option in the contract. It could be extended for another year or two-year period, whatever we deem appropriate. Also too, it would find out if Gibson's were the ones selected and they have made some changes within the past week or ten days, it's a little bit late but if that's indicative of what they're going to do as to performance as we go along, maybe they do recognize the importance of those issues that we've been trying to emphasize to them. If they improve on that service, maybe it's something we would consider going with them for a future deal. But, at least it's a time to test it out and see what happens. One thing that I think we should consider doing too, no matter whom we select, is that we make this local group that did submit the proposal that had to withdraw part of a management team. Let them be a committee so we could work with them and try and incorporate some of them in some of our meetings. They had some good ideas. They are the predominant user of the facility too. I think it would help coordinate what their needs are with whoever is managing the Arena."

DeRoche, "Yeah, seeing who they are the ones who primarily use it, why they haven't been included in the past, I guess I'm a little miffed by." Davis, "Well, they have but not in any real formal agreement. I think it would be a good move and a good decision on our part to more actively incorporate them in this. It may be too that they may want to resurrect their proposal again in a year. Or, they may find that this is a better working relationship too if we can get something good from whoever we get to do the management for the services for the Arena."

DeRoche, "What is Ice Management offered up? I mean, it's easy for somebody to say, 'Yeah, we'll negotiate and look at the price.' But, when you get right down to it, what are they really going to do?"

Davis, "Other than the fact, I forwarded you their responses, they both said, Gibson and Rink Management Services, both said they would be willing to negotiate the price. I think that in order to do that, we really need to set the terms and to me the terms are a maximum of \$80,000 for a contract. That's maximum and it could even be lower, but a maximum of \$80,000 for a contract and then once we reach that ice sales figure of \$223,500 that we need to break even, then we can agree upon some percentage of a split going forward. I think the negotiations would be more of the City saying, 'This is what we'll do.'"

Ronning, "It's food for thought, talking about a shorter term. Has anybody looked at, first of all, have you spoken with either of the two remainders?" Davis, "I have spoken with Gibson by phone and the other party by phone too and e-mail communications." Ronning, "Pardon me?" Davis, "I have spoken with both parties by phone and with e-mail communications." Ronning, "Okay."

Ronning, "If we are in business, we would look at both proposals and 'cherry pick' the best of both and then start there with what we want. And, I don't know if you go, if you start getting receptive there, then you start looking at what kind of money we're talking about, I would think. I've got to say I haven't looked at it close enough to say that I've 'cherry picked' any of it. But, they're fairly similar, I think, as well. It's a shame the other one didn't hold in. I liked them."

DeRoche, "Yeah, I was, I said it to Jack before that I was kind of leaning that direction." Ronning, "Yeah."

DeRoche, "Just for the simple fact, Ice Management, I think they have a great program and no doubts that they can probably come in, but I don't know if they have kind of the 'small town feel.' And, East Bethel Ice Arena, one of my concerns, you know, would be also no matter who's in there, 'Yeah, we're going to do this and meet the numbers but we need the City to commit 'X' amount of money and redo all the stuff inside.' I don't know how much extra money we have to do that."

Ronning, "Is that part of the proposal? That they give us needs and we take it or leave it and if we don't provide what they're interested in? We're not that far into the agreement but if we're not able to provide what, if that's an escape clause for them."

Davis, "No that's not. That hasn't been mentioned. I think what Bob's saying is kind of a concern that I have too. I don't want to give the contract to somebody and they come in and say, 'Look, we need to make these improvements in order to be able to operate this facility efficiently and without these, we're not going to be able to meet these sales requirements we have.' I'm not saying that would happen but it is a concern, especially with a new group. So, we'll just have to see how that plays out but I think it is something we have to consider when we talk to them or consider recommending a contractor."

DeRoche, "Well, yeah, I mean even if they're willing to, I guess it would be 'front' the City the money and do it, and for some reason something happens and they want their money, well I don't know if they'd want it all back because they probably would have been using it."

Davis, "There was a provision in the proposal from the North Metro group, I think, that if they put some money in they would expect to be reimbursed if they were ever to leave the management of the facility. I don't think we would ever want to enter into that type of agreement with anyone. That's one thing that's going to put us at too much risk. Another thing too about the Rink Management's proposal, and again I think they bring a great systematic business approach to the operation of the Arena, but if you look at their RFP, that's pretty flashy. You look at that notebook and say, 'Gosh, that's really something else.' But, when you start looking at it, it's only about three pages of 'meat' and the rest of it is pictures and things from 37 other facilities across the US." Ronning, "A lot of white space."

Davis, "And, again, I have no doubts that they can do a fantastic job. Just a couple concerns and I think I sent these out earlier. The two concerns I had: Would they put us in a position where they would try to say that we need to make 'X' number of improvements within the facility for them to be able to operate it? And number 2, we know that they are a national concern and that their stake and involvement in this would probably be less than the North Metro Community Association's or Gibson Management's. Those are my two areas of concern with that proposal."

DeRoche, "Well Mr. Harrington, what do you think?"

Ronning, "Have we gotten an estimate from either party? What they think needs to be looked at in there?"

Davis, "No, not from either one as far as any specific capital improvements but we've worked with Gibson and gone over some things. We know some things are going to have to be done and we do have a schedule of improvements. But, they're not, they're more cosmetic things that are going to be designed to spruce up the building, make it more attractive in the hopes of enhancing the sales of ice time. As far as physical facilities go, we do know that at some point we will have to invest some money into restroom facilities. They're 20-some years old. Even when they're clean, due to water, there are rust stains which do not make them look as attractive as other restrooms. The interior of the lobby is a dull color. It's going to need some paint and good cosmetic things to improve and enhance the image of the arena."

DeRoche, "Well, I know the front doors need a little help." Davis, "Yes, those are the next things we're going to do. We replaced seven doors already, done some concrete work on the outside where we had some, quite a bit of salt erosion, and those are just minor things. We've been trying to do this as we've had money. Currently, we went into the 'black' for the first time this year. So, the next scheduled improvements will be to work on the store front doors on the front to make them function smoother and make them seal better. That will save us a little bit on the heat bill too."

DeRoche, "In light of the fact that we pay the utilities in there, you know, you tighten up you house." Davis, "As you can see, we pay approximately \$53,000 a year for gas and electric service there."

Ronning, "If you back out the tower lease, we're about \$19,000 in the hole." Davis, "That's why I think it's important to negotiate that fee based on attaining a certain sales and then anything over that sales number would be split on a percentage basis."

Ronning, "If it can't support itself, speaking for myself, I don't think we have the money to provide hockey places for surrounding communities. Davis, "We don't and that's one of the things that we discussed with all three of the people that submitted this. Not only was the goal to make this self-sufficient, it had to be self-sufficient to continue operating. We can no longer afford to subsidize it."

DeRoche, "And, that's been kind of a concern for a long time. It's not that we're dis-compassionate towards kids and wanting people's kids to have a good time. But, East Bethel can't be doing it on our 'dime.' Unless, of course, people want to help us by putting money in a sewer fund and taking care of some of our other bills. That would be all right."

Davis, "The only other option, just like you say, is we would have to go to St. Francis and Oak Grove and say, 'Look, we're providing recreational opportunities for children that live in your cities. We need you to contribute 'X' amount of dollars to help us keep this facility open. Or to at least make up the difference in the amount we're collecting and the cost of operations.'"

DeRoche, "Well, I see some representatives here this evening. Do you want to talk?"

Davis, "But I really think that we do have an opportunity, though, to operate this at least to a break even standpoint for the next three to five years. At some point, we may reach that saturation where we only have one rink, there is only so much money we can generate depending on what costs continue to do. We may have to look at some other things. But I think if we can increase our ice sales and increase some of the dry floor activities, that we could meet that revenue projection for the next three to five years to break even or become net revenue producer."

DeRoche, "That has to be our goal." Davis, "Yes."

Ronning, "Are we aware, or do we have intentions of learning if there are any efficiencies that we can create in the building?" Davis, "We did replace the lights in that building about four years ago, which resulted in some fairly substantial electrical savings. We did get a grant to do that work. I think at the same time they did an energy efficiency study on the building. As part of that, it was recommended to replace all the exterior doors. We have gotten that all done now except for those front storefronts. Other than that, those are the two big items. It will probably be energy efficient or energy savings to look at replacing or upgrading the hot water heating systems in there. We also did some work on the infrared heating system. I think that was more of a safety issue too. It's gas and there was a little bit of an odor some place so we got that corrected. Another issue too that we're going to have with the Arena, one reason it has to be self-sufficient and keep generating some income, is at some point in the near future, we're going to have to look, probably, at buying another Zamboni."

Ronning, "Yeah."

Davis, "The one we have there is 20 years old and we have to have that piece of equipment in order to operate the Arena. Depending on where you go, gas or electric, you're looking at \$60,000 to \$100,000+."

Ronning, "And, there are no used Zamboni dealers around?" Davis, "Not too many." Ronning, "Not too many." Davis, "And, most people are like us. You know, they utilize them until their useful life is pretty well depreciated."

DeRoche, "Well, I'm looking on the internet here, under County, State, or Federal Grants. There seems to be quite a few that either we could look into. Or, would that be something that whoever is managing the Arena, that they look into? Maybe a combination of both?" Davis, "We could also go back to Connexus and Centerpoint or Excel."

Harrington, "I think it's Excel."

Davis, "Both of those companies do have programs that do have some energy efficient

grants or rebates that you can qualify for, for improvements. So, that would be another source to check into.”

Ronning, “You mentioned the infrared. That’s the radiant?” Davis, “Yes.” Ronning, “How much of the building, I haven’t noticed any of it myself, how much of the building is heated by that?” Davis, “Only the bleacher section.” Ronning, “Okay. That’s one of the most economical.” Davis, “Yes, that’s a very efficient heating system.”

Davis, “A couple of other things we’ve done too. We did replace the big roll-up door for the Zamboni room. That thing was leaking lots of cold air. Incrementally we are making progress on tightening and sealing that building up and getting some necessary improvements done at the same time.”

Ronning, “Thinking about Bob’s mention of grants, is that a City function? Or, is that an anything function?” Davis, “We would have to be the applicant for it. Those aren’t that difficult to check out, to see what’s available and to see what the process is.”

DeRoche, “Are HRA funds available at all for that?” Davis, “I would say not. It would really be a stretch to relate those back to some type of housing activities.”

Ronning, “The bathroom, you said, are blighted.” Davis, “Yes, the bathrooms are blighted, that correct.”

DeRoche, “Is the building disability?” Davis “ADA compliant?” DeRoche, “There you go.” Davis, “Todd or Derrick, can you address that question? Does it meet all ADA requirements?”

Davis, “There is a curb cut where you can get a wheel chair up, but the doors don’t have automatic openers. That would be one thing that would have to be done to make it ADA compliant. I’m assuming we have at least one stall in the bathroom that’s handicapped accessible.” And, is there a handicapped seating area around the rink anywhere? Where people with wheelchairs can be accommodated?”

Audience member, “There was a ramp that Youth Hockey built for one of the dads who was in a wheelchair that we built for them.”

Ronning, “Should we be repeating what the answers are?” Davis, “Yes, I guess, when you speak, just come up to the microphone.” DeRoche, “You guys can come up anyway and talk.” Davis, “This is just a Work Meeting. It is open.” DeRoche, “Yes, it’s open to anybody.”

Harrington, “You were talking about the bathrooms, are the locker rooms fine? Do they need any work? I haven’t been in there.” Davis, “The main problem with the locker rooms is ventilation, in my opinion. Of course, a locker room is a locker room. I don’t care, there is going to be some odor. I don’t know of, the schools probably should have more responsibility, maybe, in keeping those things cleaner and neater. Making sure the kids get their stuff out of there and not let it linger for a long time. As far as I know, the locker rooms are adequate. They do have some new lockers in there but the high school put those in. We didn’t have any expense on that.”

DeRoche, “Ice Management knew we were having this Workshop tonight, right?” Davis,

“Yes.”

Ronning, “A couple of the proposals had the suggestion of advertising. I don’t think there’s any existing information regarding that. That sounded like a good...” DeRoche, “That Ice Arena is on Channel 10, if I’m not mistaken.”

Ronning, “I’m thinking about local businesses.” DeRoche, “Oh.” Davis, “We do sell and encourage management to sell as much advertising as possible and in the existing contract, there is a provision that once it reaches a certain level, then we’ll share in the profits of that. That could be one thing that could be increased as a contract requirement. I personally think that we’re probably missing out on a lot of opportunities for advertising sales. That would be another reason to get the Youth Hockey group in with this. They have a lot of connections and I think they could probably drive and generate potential advertising sales in St. Francis and Oak Grove where we have very little contacts.”

DeRoche, “How does that work now? Somebody wants to advertise? Do you want to speak to that?”

Todd Gibson, “I’m Todd Gibson. What they do is, we send a letter out to all businesses that we have advertising spaces available in the Arena. We have some, we have County Market right now from St. Francis. I think the Army has one in there. There are a couple of other flooring businesses in there as well. So, we do send out information for advertising. It’s very, very inexpensive. But for some reason, there’s not a lot of ‘bite’ on it.”

DeRoche, “Maybe the parents could help on it.” Gibson, “We talked to all the parents, they are, ‘Yeah, yeah, yeah,’ but nothing ever comes out of it. So, I don’t know if there’s that fine line of the ‘old day’ between the City and the Youth Hockey is still there a little bit. So, we’re trying to mend that a little bit.”

DeRoche, “Yeah, but the ‘old’ City’s been gone for...” Gibson, “No, but it’s some of these other, you know, some of these people that have businesses have been around for a while. So, it’s kind of one of those...”

Ronning, “I don’t know if Tim’s aware of what you’re talking about, the ‘old’ I’m not, maybe you could speak to that a little bit?”

Gibson, “Well, there’s the old Youth Hockey group, when we first took over they wanted to buy the building. They were going to build their own rink over in St. Francis and they were going to, you know, do this and that. And, nothing ever happened so they had to keep coming back to the Arena. They all said, ‘We’ll help volunteer, we’ll help clean the bathrooms, do all that and this.’ And, you always said, ‘You bring in your licensed contractors, you bring in your paperwork to show this, you can do this work.’ Well, we have people who will donate toilets, well, we’ve been waiting for six years for those. It’s kind of one of those things where it’s like, that’s where it started way back when, when the City had to take over for the parents who had, that, ended their houses, and then it just kept going and escalating every year to new people.”

Ronning, “That advertising is interesting to me because it’s cash flow if you can do it. Get one or two places and then use that for your mailings. If you have something in there and someone says, ‘Well, that’s...’ Put something in there that competes with, like food. Then you’re going to at least have some competition to be interested.”

DeRoche, "I don't recall seeing anything like family skate night or..." Davis, "We have two open skate nights. That's New Year's Eve and the last day that the ice is in. Traditionally, the Youth Hockey Association and High School have taken, generally, most of the prime time."

DeRoche, "On Sundays and stuff? Saturdays and Sundays?" Davis, "They utilize that thing quite a bit for practice. But, here again, that's something that could be incorporated into...I think one of the proposers said at the last meeting that they like to do Learn to Skate Programs so that it generates potentially more interest in the Youth Hockey, which gets their numbers up, which is good for everybody because it will drive ice sales more. That may be something too. It has to be, when we do this, look at the contract, and say, 'We've go to do 'X' number of open skate times, or whatever, or these Learn to Skate Programs. That could be a portion of what was required."

DeRoche, "Well, I think it might be a little more palatable to people, seeing how they're paying taxes to operate an Arena that they can't skate in. And, if the only way that, you know, you were somewhat offset what they're paying and still pay the bills, because it's either that or we tell Youth Hockey, 'Look, we need to raise your rates. You're the only income we've got coming in here and it's not quite enough. So, either raise your rates or we open it up to the public and let people, I don't know, like roller rinks used to do."

Davis, "You know, we have raised rates. One of the problems with open skate stuff is we don't have any skate rentals. So, if you don't have skates, it's hard to do that. And, it's hard too even when we've had the open skate nights, we've never had big crowds. And, it's been free. There has been no charge for it. But, even with open skate nights, you're not going to be able to charge somebody. If you had 40 people and you charged them \$3 or say \$5 a head, which may be pretty expensive, that's \$200. That's an hour's ice rental right there. You get that in an hour renting to Youth Hockey in the High School. When you have just the one sheet of ice, it's kind of difficult to do some of this stuff. But, I think there could be times integrated that probably could be a few hours here and there opened for that purpose. You know, if people have skates and want to come in there and skate, then they can do so."

Gibson, "Just about the public skating, for the New Year's Eve skate, we had it for three hours, from 9 to 12. We had about 45 to 50 people. Then the last day of the year we always have the open skate for the community. There were 13 people there for two hours. For us, it's do we rent that hour of ice for \$185 to the Youth Hockey group? Or, do we hope the community comes out and skates for the public skating. That's the thing. With no skates, you are charging \$3 a head, that's \$13, or 13 people, that's, there's a big difference. So, that's the one thing. Normally public sessions are Friday night from 7 to 9; Saturdays 1 to 3 or 7 to 9. Same with Sundays. Now, those are prime time spots for Saturdays for High School games as well so it's kind of like, what do you do? And, then Youth Hockey will say, 'We don't have enough hours.' If we take two hours away for public skating at the Arena. So, those are some issues. We have the old outdoor rink and we turn the lights on. The City maintains it, we help out as well a little bit here and there. But, I mean, Derrick will tell you there are a handful of people a night out there. We do have the lights on. As soon as they leave, we shut the lights off, so it's kind of like, that's part of the utility bill, for those outdoor lights. Part of that is from the rinks."

DeRoche, "Why in the world don't people skate any more?"

Ronning, "Why don't they know about it?"

DeRoche, "It used to be the roller rinks but then, I mean ice skating, when I was a kid you'd walk down to the local rink, you'd have a warming house, and I'm sure there's probably of thumb workout in the video games."

Harrington, "Well, maybe that can be in the advertising. Like Tom said. I've run into people in East Bethel that never knew we had an outdoor ice rink until I told them it was on the south side of the building. Maybe in the advertising, we advertise that we have an outside rink that's south of the building too."

DeRoche, "I don't know of too many cities that don't have a hockey rink and an open skate outside." Davis, "On the open skate rink on the outside, we quit allowing hockey use there because it was starting to take up...some of the teams in the Youth programs were trying to use that as a practice area. So, it's just for open skate only. One of the things that we've talked about at the Parks Commission, though, there may be a need for really another ice rink, an outdoor ice rink, at some place in the City. That rink needs quite a bit of work. Number 1, it's hard to flood and make ice because one side is about a foot higher than the other. So in order to get ice on one side, it's about 16 inches deep and the other side is about 4. It's on asphalt so when you start getting some sun on it, that side melts a little bit. All the boards probably need to be replaced. There needs to be, we did have that trailer we used as a warming house that was destroyed by the wind last year. We really need some type of a warming house facility out there. But, we've discussed this with the Parks Commission and we're looking to see if there's maybe another area in the City that may be suitable for an outdoor rink. One of the reasons that outdoor rink is great to have there is because we have access to water. Most other parks we don't and we'd have to truck water in to flood it to make the ice sheet."

DeRoche, "Well if we had a water park we could do it."

Harrington, "I thought at the Parks meeting that we talked, maybe, you know if there was a possibility, of putting a little casual rink next to the hockey rink. You don't need it real big. And because you've got the lights and everything there, instead of going to another park." Davis, "Yes, you could put another sheet in there. And, that's something that's not too expensive. You could utilize one set of poles with double lights on them. Put a warming house up to serve two functions."

DeRoche, "Well, the conversations come up many times, about us being the recreational Mecca. But, then you have to provide something to do. And, like you were saying, the Teach to Skate, maybe some people just don't know how and they're a little intimidated by getting on a rink with a bunch of experts. There's got to be something out there, for crying out loud. But, I guess, getting back on track here."

Gibson, "There is a, USA Hockey did a Free Hockey Day in Minnesota this year, March 1<sup>st</sup>. We had ice in. The Youth Hockey decided to get in with Cambridge and Isanti. They went up to their rink because they had 11, St. Francis had 11 kids come out for that. So, I mean, we had the ice in but they were, they didn't approach us at all about, they knew ahead of time, we did this in Rochester, so I mean. We told them we had three hours of ice available for them, we had ice at the rink. And they, "Oh, did you already have ice? We hooked up with Cambridge and Isanti and went up there." Instead of trying to do it down there. They

had 11 kids into the program.”

Davis, “Todd, before you came in, I mentioned the fact that it would probably be a good idea to incorporate some of the Youth Hockey people into some kind of committee to meet periodically with the City and the manager of the Arena facility so we can coordinate these things more and get more of their participation. If they are able to provide some volunteer labor, or equipment, or materials, then we can get to the right people and make sure that they follow through with donations. Hopefully solicit their support in selling more advertising.” Gibson, “Right, I agree.”

Ronning, “Is there any, from what you’re saying, is there any communication format between the users and the suppliers?” Davis, “There’s no formal committee set up. It’s just communications if there’s an issue they call us or call Todd and it’s handled in that manner. But, I think that we can, as we’ve seen with some of their presentations, there is some expertise there that I think we definitely need to tap into. And, I think that there’s a lot of potential from that group to get some ideas, maybe on things that no one has considered. At least we need some of their participation to make it succeed.” Ronning, “Yeah.”

Gibson, “We have gone to their Hockey Board meetings and have talked with them. We are in contact with the Athletic Director over at St. Francis as well. So, we do go to some of their meetings, not all of their meetings, but especially leading up to the season to let them know, ‘Hey, what’s your guy’s plans? What’s your hours look like?’ Because we give them, basically, the hours of the Arena and then they pick the hours they would like. Then we try to turn around and sell the hours that are left. So, that’s how that kind of goes. So, if you guys weren’t aware of that, that’s kind of the process.”

Ronning, “Is there a City commission or committee that interacts with the Ice Arena somehow?” Davis, “No, there’s no formal commission. That should probably be done through Parks. They could be the spearhead group of that or it could be just something that’s simply just myself and Mike pretty well takes care of the business end of the Arena. He and I could be the City reps and sit down with the management group and volunteer organizations and come up with some format to handle some of these issues.”

DeRoche, “When we were talking about grants, here’s the Minnesota Department of Commerce, Division of Energy Resources, announced its Competitive Energy Efficiency and Conservation Block Grant. Elk River put in for it, their project was \$142,000 and the Block Grant gave them \$100,000. And, that’s to the City so, you know, providing that’s still available, that might be something worth looking into. Especially when we’re talking doors and windows, the heating, the lighting.”

Ronning, “And, some way to cool it a little bit in the summertime, for use.” DeRoche, “That would be kind of nice.”

Ronning, “I was thinking about committee interacting if this works or doesn’t work with some direct participation by the City to hear what some of the issues are or what we can do. Just to participate helps out a lot with image.” Davis, “It does and it shows that you’re definitely trying to provide better service and that you’re listening to your customers.”

Ronning, “You don’t need much more else to do though.” Davis, “We can always find another little...” DeRoche, “Well Jack, you’ve got a couple extra minutes, don’t you?” Davis, “We can always find a little time to get something else done. Ronning, “You could

quit sleeping. That sounds...he puts in a lot of time. A lot more than people realize”

DeRoche, “Something else I liked, Todd, was instead of three years, doing it a year for the first time. Wasn’t it Jack? And, see how things work out and we could extend it out from that.” Davis, “Depending on what Council decides to do, I think there may be some interest in doing a one year contract, maybe, and measure the performance of the group after that year. If it’s satisfactory and meets Council’s requirements then an extension could be done. Is that something that you would be willing to consider?”

Gibson, “Yes, we would be considering that as well. So, yes.”

DeRoche, “Tim, you got any questions?”

Harrington, “Todd has always talked about St. Francis. Do you get anything out of North Branch? I see you’ve got a little bit here that you’ve contacted them. Do they sound interested in coming down here at all? Gibson, “Well, they have before, in the past. The issue is taking the hours. Everyone she’s talked to earlier, in the last week, about 5 to 8. Everybody wants those hours so if we take those hours and give them to North Branch, and St. Francis is after them, we hear about that quite a bit. So, yes, we have because they’re going up to...” Harrington, “You said Princeton.”

Gibson, “They go to Princeton, they skate out of Cambridge as well. So, we’re trying to get them back to here because they used to come over to here years ago and then they merged. St. Francis and North Branch merged as one and that was only for one year. That was when we actually had the best, they rented every hour that we had. So, the other option that we’re trying to do, to help save us money in the future, is we’ll put the ice in, right about mid-September we start putting the ice in and they use it for about 13 hours for September. St. Francis does. We are trying to maybe move them back to start October 1<sup>st</sup> so it gives us a little, a month to save on the utilities and what not. So, that is something we have to discuss with them and have the backing. We talked with Jack earlier about this, is having some backing with the City to, because there’s 13 hours is not that much. When you turn the compressors on, you know, the second week in September to make the ice and get the ice ready for them for the last week and a half of September.”

Ronning, “Is anybody aware or have looked into Columbia Heights Arena, if they have over flow and if we would work with them as far as selling our time, or anybody?” Gibson, “Yeah, we’ve talked, in the past we’ve had Irondale, they’re at the Super Rink now. Irondale and Mounds View are merging this year as one association. Andover bought into the Super Rink so we’re, we’re trying to compete with the Super Rink with eight rinks. Plus, Fogerty’s got two rinks right there. So, we’ve talked with Andover about over flow and they don’t have a lot of overflow because they use a lot of hours at the Super Rink. We did the same with Cambridge, asked if they’ve got over flow too, bring them down here. They have a couple hours in the past so they have. But it depends on what their numbers are as an association. Does that answer your questions?” Ronning, “Yeah, sort of anyway.”

Gibson, “Well, there’s just so many, the Super Rink has taken all the little suburbs around here and absorbed those into their...” Ronning, “Where is the Super Rink?” Gibson, “105<sup>th</sup> in Blaine. The Schwan’s Super Rink? The National Sports Center? They have eight sheets and then Fogerty has two right across the street so you’ve got ten rinks within...” Harrington, “Three, four miles?” Gibson, “If that, depends on where you start from.”

Davis, "Part of the problem too, is like you say. There are ten rinks there, there's a rink in Lino Lakes, there's two rinks in Forest Lake, one for Isanti Cambridge, Princeton has one, Andover's got one sheet. Gibson, "Coon Rapids has got two." Davis, "So, there's quite a bit of competition that takes up some of that surrounding area. We're somewhat fortunate in that, you know, there's nothing in St. Francis and Oak Grove. That's the only reason this one can survive because it's really serving East Bethel, St. Francis, and Oak Grove."

Ronning, "Have we ever considered incentives for bringing in farther out groups? You take a radius that you have a certain rate for and if they come farther than that, some kind of a cost break?" Davis, "We could do that probably on the non-prime hours. I don't think we could do that on the prime hours because it would probably cause some problems with our existing customers who are really footing the bill. We have established, through, non-prime hour rates as negotiable as part of the rate change we did when we increased the rates a couple months ago. We had listed those at \$140 an hour but I think our feeling was, what good does it do to charge \$140 an hour and sell no time. When, even if you could sell it for \$50 an hour and sell 100 hours, you're \$5,000 ahead."

Ronning, "What is prime time?" Davis, "\$192 an hour." Ronning, "What hours would be prime time?" Davis, "Generally I think we've considered, and you correct me if I'm wrong Todd, non-prime is essentially 8 a.m. to 3 p.m.; prime time would be 3 p.m. to 11 at night and on the weekends."

Ronning, "So, after 11-12 o'clock at night it's shut down?" Gibson, "Correct."

Ronning, "What are the other rinks able to do? Do you know?" Gibson, "The majority of the other rinks have adult hockey at the end of the night. So, they take, like down at the National Sports Center they have adult leagues that rent the hours later at night. I think the latest game they start is 10:30 p.m."

Ronning, "If we're able to provide some kind of services. Would, it would have to pay for itself, which would be hard. But, anything from skate sharpening to something." Gibson, "We actually have skate sharpening at the Arena and we've had tape and laces in the concessions as well. You know, you're dealing with the internet too for equipment wise. A lot of people go on the internet, surf around, and then they go to the stores and they buy it. I'm not going to put a \$200 stick in the concession stand and have the high school girl working and have a high school kid, 'Oh, I got me a free stick tonight.' So, it's kind of like, we do sell tape and laces. We do skate sharpening at the rink. You know, the only bad part is we only have one guy working. Everyone wants their skates sharpened five minutes before they go out on the ice and he's got to cut the ice. So, it's kind of like, there's got to be a, we always have that little gray smidgen of like 20 minutes so they would have to, so."

Gibson, "But to go back to your question, Tim, about North Branch. We have contacted them about trying to get them to come over. We have a policy, we try to rent one night, one hour during the week and for two hours on the weekend. So, St. Francis doesn't really hit that number because they take pretty much whenever they can during the week and then the weekends they kind of give us the hours, we try to sell them. We've given spreadsheets on the hours we have available so there some, what's available, what's not. So, the biggest thing for us is to, you've got to take a little during the week and get some on the weekends. That's our main goal, to sell all 13 hours on the weekends."

Ronning, "Is there an effort, or would it even work to split the prime time? Instead of first

come, first served kind of a..." Gibson, "We've discussed that and talked about that but the issue is you've got, you know, St. Francis is your main user and all of a sudden you start taking some of their hours away. You know, they need 700. Are we only going to give them 600 because we took some? Now, what are they going to do with the extra 100? Are they going to go and, you know, if North Branch doesn't take all those. What we try to do is get the schedule right away in July, get all the schedules out to them so that we can go to the other associations before then rent all their hours somewhere else. We try to get out to here and try to get them to come out to East Bethel."

Davis, "As far as a breakdown in revenues go for the sale of ice time, the Youth Hockey Association pays about two-thirds of the bill. They generate, we get about \$125,000 from them for ice rentals. The High School is about \$65,000 and the other from North Branch or whatever is \$4,000 or \$5,000."

DeRoche, "Well, is there any more new information? Being we're in a Work Meeting, we can't vote tonight anyway." Gibson, "No, no, no, I understand. That's why..."

DeRoche, "Anybody got any new information? Questions? Comment? Good evening Jill." Davis, "We're just about to finish up."

Ronning, "Can you make any comments or suggestions for us to consider that might help?" Gibson, "Like I said, we're a small company and, you know, this is, my Manager's full time job is up here at the Arena. Our website is up and running now. We have a website if you go to EastBethelIceArena.com. Everything is up-to-date. We have the Mobile One now and Facebook page. It's all up to date and current."

Ronning, "Do you have anything that measures how many 'hits' you get?" Gibson, "I, well there's 'likes,' not on the website though. But, we can probably get that on there." Ronning, "Yeah, that would..." Gibson, "We can also put the outdoor rink info on there as well too."

Ronning, "Are there any easy problems to talk about?" DeRoche, "They're all easy, some are just a little easier."

DeRoche, "Well, if there are no more comments or questions?"

Gibson, "We just really appreciate all the time we've had for six years with the City and hope that we can continue and improve and have these little meetings on the site and get committees. We are more than willing to participate and be involved. And, you know, keep the building going. But, I'm a hockey player so I don't want to see any rinks ever go away in the future."

Ronning, "As far as open skating, I don't know how much that gets marketed, if there was some article or something in the monthly news starting, maybe August/September?" Gibson, "It goes on the website right away for the New Year's." Davis, "We have it on the website and in the newsletter. Of course, the newsletter only comes out four to five times a year. We put it on the reader board. One of the things that we would really need to consider in the long-range operation of the Arena is, the current location of that sign is unreadable from the road. If you're in the parking lot you can read it. We would need to either look at putting up another outside lettered sign or have some type of sign that we could mount to the building that's digital, or whatever, to promote some of these events and

let people know what's going on. If we put a message up on the big sign, which had to be relocated when the service road went in, if you're driving on 65, it's almost impossible to notice what's on there."

Ronning, "The most positive thing, I think I've heard, is the grant investigation. As far as trying, if it can't pay for itself it might as well go away." DeRoche, "What do you really think?"

Davis, "Again, I'm encouraged and I think we have the potential. It's going to take some work but I think we have the potential to make this operation self-sufficient. You know, the fact that we've allocated the cell tower lease funds to other purposes is really going to 'tell the tale' and anything you get from a financial report will be actual expenses and revenues. It won't be subsidized by anything from the City. One thing too, in that figure that we need to break even, we have an appreciation cost, which all that money would roll back into. A fund to do repairs or replacements on the building. So, when it came time to do some major work, we would have funds to cover that. It would be like some of the capital funds that we've set up for equipment replacement, building repair for other City buildings. So, we are looking at taking care of long-range problems through those depreciation amounts."

Ronning, "Could you describe what this depreciation, how it works and what advantage/disadvantage? Partly for me but partly for anybody that's watching." Davis, "In the cost of operation, we estimate that our cost, just to break even on the operation of this building for next year, will be \$235,000. Of that \$235,000, we estimate that \$72,000 is depreciation costs. That's based on what was the projected value of the building, the investments, and what we anticipate the life of it to be."

Ronning, "About 30%?" Davis, "Yeah, and that's been changed a couple times. It's still, you know depending on what factors you use to come up with that, it could be adjusted accordingly. But, we think that \$72,000 is a fair figure. When all the monies, the revenues, are collected for this, then that \$72,000 is essentially rolled over into a depreciation fund or a capital improvement fund for the Ice Arena. So, when we do have to buy a new Zamboni, or we do have to replace some of the cooling equipment, those funds would be taken from these monies so we wouldn't have to do anything to, or take anything from the General Fund to cover that."

Ronning, "That almost sounds like a 'smoke and mirrors.' Or, does it generate?" Davis, "It's the same thing we do with our streets capital, but that's transferred from our General Fund. None of the money on the Ice Arena budget is in the General Fund. This is an Enterprise Fund so it's supposed to pay for itself. So, of the monies we collect for the Arena, 'X' number of dollars is put in a depreciation account to cover future expenses for repair and replacement of facilities."

Ronning, "It's real money." Davis, "It's real money, that's correct."

**4.0 Adjourn DeRoche made a motion to adjourn at 6:58 p.m. Harrington seconded; all in favor, motion carried unanimously.**

Submitted by:  
Carla Wirth

*TimeSaver Off Site Secretarial, Inc.*