

**BACKGROUND PAPER FOR PROPOSED
ORDINANCE**

COUNCIL MEETING DATE: August 22, 2022

TO: President Heather Graham and Members of City Council

CC: Nicholas A. Gradisar, Mayor

VIA: Marisa Stoller, City Clerk

FROM: Steven Meier, Director of Parks and Recreation

SUBJECT: AN ORDINANCE APPROVING AND ACCEPTING A LEASE AND MANAGEMENT AGREEMENT BETWEEN THE CITY OF PUEBLO, A MUNICIPAL CORPORATION, AND THE PUEBLO BULLS HOCKEY CLUB, INC., A COLORADO CORPORATION, FOR THE MANAGEMENT, OPERATION, AND PROMOTION OF THE PUEBLO ICE ARENA, AND AUTHORIZING THE MAYOR TO EXECUTE SAME

SUMMARY:

Attached is an Ordinance approving and accepting a Lease and Management Agreement between the City of Pueblo and the Pueblo Bulls Hockey Club, Inc. (PBHC) for the management, operation, and promotion of the Pueblo Ice Arena.

PREVIOUS COUNCIL ACTION:

Not applicable to this Ordinance.

BACKGROUND:

In November 2018, City Council approved Resolution No. 14082, which approved a facility rental agreement with PBHC beginning May 1, 2019 through April 30, 2024. Assistant coach David Nelson gave a brief summary of what the Pueblo Bulls were all about and why Pueblo was such a great place for their new team to call home. Mr. Nelson stated that the PBHC would be a Pueblo community-based organization, that would: (i) promote the game of hockey, (ii) be highly visible with community events, (iii) offer leadership programs, and (iv) interact with local students in Pueblo City and County Schools. Team owner Jerry Wilhite added that his team would be committed to being affordable as well as competitive.

In June 2019, City Council approved Ordinance No. 9490, which amended the original agreement to allow PBHC the ability to sell fermented malt beverages during their hockey games beginning in the fall of 2019. The PBHC assumed all financial obligations associated with the selling of alcohol in the Ice Arena premises. All revenue from the alcohol sales remained sole property of PBHC. City continued to operate the Ice Arena concessions.

Wanting to assure a stable junior hockey franchise here in Pueblo, owner Jerry Wilhite approached the City with a proposal to extend the original agreement term. Mr. Wilhite proposed to the City the possibility of PBHC managing, operating, and promoting the Pueblo Ice Arena. For the past six years, the City has subsidized the facilities expenses approximately \$300,00 per year.

Since 2019, PBHC has been at the facility building a successful award-winning junior hockey program, developing local traditions and cherish playing in front of the best fans in the United States Premier Hockey League.

FINANCIAL IMPLICATIONS:

In the past six years, the City typically loses approximately \$300,000 per year at the Pueblo Ice Arena. Expenses are approximately \$513,000 per year with revenues approximately \$217,000 per year.

The City will pay the following schedule the first five years:

1. Year 1: August 29, 2022 through August 28, 2023; \$300,000.00
2. Year 2: August 29, 2023 through August 28, 2024; \$225,000.00
3. Year 3: August 29, 2024 through August 28, 2025; \$150,000.00
4. Year 4: August 29, 2025 through August 28, 2026; \$75,000.00
5. Year 5: August 29, 2026 through August 28, 2027; \$0.00 (no management payment)

In year six, starting August 29, 2027, PBHC will begin paying \$5,000 per month for the year. Year seven the rent payment will increase \$500 per month, but subject to the consumer price index. Also, in year six, the rates may be subject to further negotiations between both parties.

If necessary, the City's rental expense may be offset with personnel costs.

BOARD/COMMISSION RECOMMENDATION:

Not applicable to this Ordinance.

STAKEHOLDER PROCESS:

Not applicable to this Ordinance.

ALTERNATIVES:

Should City Council not approve this Ordinance, the City will continue to manage, operate, and promote the Pueblo Ice Arena.

RECOMMENDATION:

Approval of the Ordinance.

Attachments: Ordinance

- Ice Arena Management Agreement
- Exhibit A-1 Ice Arena Floor Plan
- Exhibit A-2 Ice Arena Concessions Floor Plan
- Exhibit B Ice Arena Inventory
- Exhibit C PERA FORM
- Exhibit D Ice Arena Rules and Regulations

ORDINANCE NO. 10270

AN ORDINANCE APPROVING AND ACCEPTING A LEASE AND MANAGEMENT AGREEMENT BETWEEN THE CITY OF PUEBLO, A MUNICIPAL CORPORATION, AND THE PUEBLO BULLS HOCKEY CLUB, INC., A COLORADO CORPORATION, FOR THE MANAGEMENT, OPERATION, AND PROMOTION OF THE PUEBLO ICE ARENA, AND AUTHORIZING THE MAYOR TO EXECUTE SAME

WHEREAS, the City owns and operates an ice rink and stadium area which is open to the public and located on the premises commonly known as Pueblo Ice Arena, 100 N. Grand Avenue, Pueblo, Colorado 81003; and

WHEREAS, there is located on the Ice Arena premises a concession area; and

WHEREAS, the City desires the services of the Pueblo Bulls Hockey Club, Inc. to occupy, manage, operate, promote, and maintain the Ice Arena, including the concession area and any liquor licensed premises; and

WHEREAS, Pueblo Bulls Hockey Club, Inc. has the requisite skill and experience and warrants it can operate the Ice Arena and all of its amenities, including the concessions area and any liquor licensed premises; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY COUNCIL OF PUEBLO, that:

SECTION 1.

The Lease and Management Agreement for Pueblo Ice Arena (“Lease and Management Agreement”) between the City of Pueblo, a Municipal Corporation, and the Pueblo Bulls Hockey Club, Inc., for the management, operation, and promotion of the Pueblo Ice Arena, incorporated herein and attached hereto, having been approved as to form by the City Attorney, is hereby approved.

SECTION 2.

The Mayor is hereby authorized to execute the Lease and Management Agreement in the name and on behalf of the City, and the City Clerk shall affix the Seal of the City thereto and attest the same.

SECTION 3.

The officers and staff of the City are authorized to perform any and all acts consistent with this Ordinance to implement the policies and procedures described herein.

SECTION 4.

This Ordinance shall become effective on the date of final action by the Mayor and City Council.

Action by City Council:

Introduced and initial adoption of Ordinance by City Council on August 22, 2022.

Final adoption of Ordinance by City Council on September 12, 2022.



President of City Council

Action by the Mayor:

- Approved on September 19, 2022.
- Disapproved on _____ based on the following objections:



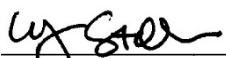
Mayor

Action by City Council After Disapproval by the Mayor:

- Council did not act to override the Mayor's veto.
- Ordinance re-adopted on a vote of _____, on _____
- Council action on _____ failed to override the Mayor's veto.

President of City Council

ATTEST



City Clerk

