



## Legislation Details (With Text)

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<b>Sponsors:</b>	Finance and Technology, Tom Duensing				
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<b>Code sections:</b>					
<b>Attachments:</b>	1. FY2016-17 Capital Improvement Plan - Exhibit A				

Date	Ver.	Action By	Action	Result
9/13/2016	1	City Council	approved	Pass

### **APPROVAL OF THE FISCAL YEAR 2016-2017 (FY16-17) GILA RIVER ARENA CAPITAL REPAIRS/REPLACEMENT PROGRAM AND AUTHORIZATION FOR THE CITY MANAGER TO RELEASE FUNDS TO AEG MANAGEMENT GLENDALE LLC**

Staff Contact: Vicki Rios, Director, Budget and Finance

#### **Purpose and Recommended Action**

This is a request for City Council to approve the Fiscal Year 2016-2017 (FY16-17) Gila River Arena Capital Repairs/ Replacement (CRR) Program and to authorize the City Manager to release funds, under the terms of the Gila River Arena Management Agreement with AEG Management Glendale, LLC (AEG), in an amount not to exceed \$1,904,910 as projects are completed throughout FY16-17. The attached Exhibit A describes the capital program and represents the best efforts of the City of Glendale and AEG to predict the highest priority items and estimate the cost of the items to be addressed in order to maintain the facility. It is important to note that the dollar amounts for each project are estimated and that there may be unscheduled repairs that arise during the year which could take priority over the projects on the attached list.

#### **Background**

The City of Glendale is the owner of the Gila River Arena (Arena) located at 9400 West Maryland Avenue in the heart of the Sports and Entertainment District. The Arena was built as a state-of-the-art, multi-purpose facility and was opened for business on December 26, 2003. Gila River Arena is home to the National Hockey League's Arizona Coyotes and, in addition, hosts concerts with some of the biggest names in the music

industry.

Under the terms of the agreement with AEG Management Glendale, LLC, the city is required to fund \$500,000 in capital cost per year for the term of the agreement; however, in the FY16-17 budget, Council approved \$1,500,000 as part of the city's capital improvement program for capital repair and replacement at the arena. In addition, \$404,910 in funding is available from carryover of prior years on projects that were not completed and from accumulated savings on projects where the actual cost was less than the estimated cost. This brings the total amount available to \$1,904,910.

### **Analysis**

As with any type of facility, capital reinvestment is necessary to ensure the structure is operationally sound and that the asset maintains its value in order to be competitive in the market.

Highlights of the CRR Program in FY 2016-17 include: Concrete repairs to the sidewalks around the gates and outside exits; upgrade of the two-way radio system; upgrade and replacement of the Wi-Fi system to improve operations and the fan experience; upgrade and replacement of the security cameras; upgrades to the arena's video and projection systems in the arena to support high definition technology.

Staff worked with AEG on a preliminary assessment of the condition of the facility and agreed on the need for the projects outlined in this fiscal year's CRR Program. The attached program allows Council the opportunity to review, discuss, and approve the CRR before the projects have been started and any funds are expended. The costs are estimated and actual costs may be higher or lower but in total the costs may not exceed the approved budgeted amount without obtaining additional approval and funding. Additionally, staff will ensure that all CRR projects follow the city's purchasing guidelines.

### **Previous Related Council Action**

On April 26, 2016, Council approved the award of RFP 16-13 to AEG Management Glendale, LLC for Arena Management Services.

On June 23, 2015, Council approved the FY 2015-16 CRR Program and authorized the City Manager to release escrow account funds to reimburse IceArizona for capital repairs made to the Gila River Arena in an amount not to exceed \$500,000 in FY 2015-16.

On November 24, 2014, Council approved the FY 2014-15 CRR Program and authorized the City Manager to release escrow account funds to reimburse IceArizona for capital repairs made to the Gila River Arena in an amount not to exceed \$500,000 in FY 2014-15.

On June 24, 2014, Council authorized the City Manager to reimburse IceArizona Manager Co., LP the amount of \$567,461.93 from the escrow account for capital repairs made to the city-owned Jobing.com Arena in FY 2013-14.

On February 4, 2014, Council was updated on the life-cycle cost information for Jobing.com Arena.

### **Community Benefit/Public Involvement**

Proper maintenance and capital repairs to the Gila River Arena are necessary for the safety and enjoyment of all individuals who work and attend events at this city-owned facility. In addition, it is necessary to invest capital dollars in this facility to maintain its value as an asset to the city and keep the facility competitive.

**Budget and Financial Impacts**

Funds in the amount of \$1,904,910 are budgeted in the city's capital improvement plan in FY 2016-17 to be used for payment to AEG Management Glendale, LLC for approved capital repairs/ replacements.

Capital Expense? Yes

Budgeted? Yes

Requesting Budget or Appropriation Transfer? No