



S.F. 2378

City of Albert Lea

Request for Sales Tax exemption for City Arena project



Amendment to S.F. 2378

"Exemption for materials and supplies used or consumed in and equipment incorporated into the construction, reconstruction, upgrade, expansion, renovation, or remodeling of the municipal arena with two ice rinks in the city of Albert Lea."

Total project cost of \$11.3 million:

Design & improvements: \$1.2 million

This cost covers architectural and engineering designs for several improvements at the City Arena plus implementation of the improvements: Repairs to support beams for the 60-year-old building; replacing the floor of the second ice sheet; replacing all lighting with more efficient LEDs; HVAC changes for energy efficiency; installing water conservation; and the refrigeration system and lobby expansion detailed below.

Lobby addition & remodeling: \$1.6 million

Due to high volume of visitors, about 50,000 per year, the city plans to almost double the size of the lobby, add a ticketing office, and add a small conference room for several user groups for better user flow and security. The Albert Lea Hockey Association is contributing \$250,000 toward the remodeling.

Refrigeration system: \$7.8 million

Replacing the two separate refrigeration systems with one system for both rinks. One refrigeration system is 26 years old and failing while the other will need replacement soon. By replacing both systems with one ammonia system, the city will reduce energy use, increase efficiency and eliminate use of a freon gas that is being phased out.

Solar panels: \$700,000

Installing solar panels on part of the arena roof will generate electricity and help reduce electrical costs by 20% or nearly \$23,000 per year.

Justification:

Local Economy

With more than 100 hockey games and 12 weekend tournaments per season, the Recreation Department estimates that arena visitors spend at \$1 million locally at motels, restaurants and other businesses. This estimate is based on a University of Minnesota-Duluth study of the economic impact of amateur hockey in Hermantown and Proctor, Minn.

Inflation Impacts

Despite a generous contingency during planning, the refrigeration system costs were significantly higher and the arena project is \$695,000 over budget. The sales tax exemption on materials would bring the project close to the original budget.

Stewardship of public assets & funds

The City's strong maintenance of the arena is saving the public money in the long run, because improvements will sustain the building for another 50 years and avoid the costlier option of building a new arena, estimated to cost \$45 to \$85 million, depending on the number of ice sheets.



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