

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

99-498

SYNOPSIS -

AGENDA:

NOVEMBER 15, 1999

SUBJECT:

APPROVAL OF
\$50,000 LOAN AND
APPROVAL OF
LOAN DOCUMENTS
FOR SKATERS
CHOICE LLC

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

RICK CLARK
DEPUTY CITY
MANAGER

Michael Ryan, Office of Economic Development, has been working with Burton E. Powley, the owner of Skaters Choice, LLC, while Mr. Powley has been planning and preparing for the opening of the Capitol Gateway East Ice Pavilion to be located in a 20,000 square foot facility at 323 East Locust Street. Mr. Powley resides at 1919 East 9th Street in Des Moines.

Mr. Powley has recently secured bank financing for the project and a City gap-financing loan is needed to complete the funding for the project. Associates Commercial Corporation will provide a \$150,000 loan to fund renovation, equipment, and working capital. MidAmerican energy has provided an \$83,500 leasing arrangement for chiller and pump and \$43,000 of electrical service upgrade. The proposed City loan of \$50,000 will fund equipment. Mr. Powley has invested \$38,000 for start-up expenses, as well as provided an estimated \$52,000 of equipment for a total project of approximately \$416,500. The project will create ten new jobs and further recreational and entertainment activities downtown. The jobs will average \$10 in hourly wage, and benefits will average an additional \$1.50 per hour.

FISCAL IMPACT -

The funding will be through Community Development Block Grant (CDBG) Economic Financing Assistance program. The loan will be for six years, at 6 percent interest, with interest only payments for the first three months of the loan term. The loan will be secured by a subordinate lien on business assets and personal guaranty.

RECOMMENDATION -

Approval of roll call authorizing a \$50,000 loan and approving loan documents.

BACKGROUND -

Burton Powley of Des Moines, Iowa, has had a long and successful career in skating. He's been a national champion, international competitor, rink owner, director of choreography for a large touring company, teacher, coach, and judge.

He proposes a skating complex specifically catering to figure skating, teaching and coaching, and family recreational ice-skating. Figure skating is one of the fastest growing sports in the country, and currently enjoys high television ratings and media visibility. Ice rinks in Iowa have experienced business growth, particularly in recent years. Ice skating customers often travel 20 miles for skating opportunities, which means that much of the golden circle area is a potential market.

This venue will provide additional recreational and entertainment options for a revitalized Gateway East by offering daytime, evening, and weekend skating opportunities.