



**AGENDA MEMORANDUM**

Corpus Christi Business and Job Development Corporation Meeting  
(5/15/17)

**DATE:** May 3, 2017

**TO:** President and Honorable Board Members,  
Corpus Christi Business and Job Development Corporation

**THROUGH:** Margie C. Rose - City Manager

**FROM:** Eric Jaramillo, General Manager – SMG American Bank Center  
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Arena Fund – Ratifying Ice Skid Rental

**CAPTION:**  
Motion ratifying the use of \$182,084.50 for rental of Ice Skid, to begin as of October 1, 2016.

**PURPOSE:**  
The purpose of this item is to ratify the substitution of the \$1.5 million one-time expense for an Ice Skid for the continued annual rental of the Ice Skid at the American Bank Center Arena.

**BACKGROUND AND FINDINGS:**  
In 2016 the Arena Ice Skid experienced unrepairable failure. SMG/American Bank Center requested emergency funding for short term rental due to the upcoming ice events including hockey season. We also requested \$1.5 million in FY 2017 for replacement.

After further review of the financial impact, SMG/American Bank Center found it more economical to lease versus purchase. The rental cost for a 12 month season is estimated at \$182,084.50 including service, repair, delivery and annual replacement. If a failure occurs, the rental company brings out a new piece of equipment. This alternative removes the \$70,000 annual maintenance commitment that we would otherwise have for purchased equipment.

Option	Duration/Life	Maintenance	Cost	Total Cost
Purchase	10	70,000 per year	1,500,000.00	2,100,000.00
Lease	10	0	1,820,845.00	1,820,845.00
<b>Lease Savings</b>				<b>279,155.00</b>

Elements favoring to lease included:

- Minimal arena downtime for replacement,

- New Skid annually on lease, meaning up to date mechanical technology,
- overall pricing,
- savings in maintenance plan included in the lease.

**ALTERNATIVES:**

The Board could choose not to ratify the rental.

**OTHER CONSIDERATIONS:**

N/A

**CONFORMITY TO CITY POLICY:**

Not applicable

**EMERGENCY / NON-EMERGENCY:**

Not applicable

**DEPARTMENTAL CLEARANCES:**

Legal  
Finance

**FINANCIAL IMPACT:**

Operating       Revenue       Capital       Not applicable

<b>Fiscal Year: FY 17</b>	<b>Project to Date Expenditures (CIP only)</b>	<b>Current Year</b>	<b>Future Years</b>	<b>TOTALS</b>
Line Item Budget		\$1,500,000.00		\$1,500,000.00
Encumbered / Expended Amount		\$0.00		\$0.00
This item		\$182,084.50		\$182,084.50
<b>BALANCE</b>		<b>\$1,317,915.50</b>		<b>\$1,317,915.50</b>

Fund(s): Visitors Facilities Fund

**Comments:** The Balance will be transferred back from Visitors Facilities Fund to the Arena Fund in FY 18. Moving forward, this expense will come forward as an operating request.

**RECOMMENDATION:**

Staff recommends the Type A Board ratify the use of these funds for rental.

**LIST OF SUPPORTING DOCUMENTS:**

None