

# The IKON Center

When I told a friend the other day that I was going to come out in support of the City swap of land for the IKON Center, he commented about my being from Minnesota and, by virtue of that, having ice and hockey in my blood.

Actually, I cannot ice skate (or roller skate, either) and I have never been ice fishing. I have gone on one long (50 mile) snowmobile ride and didn't particularly enjoy it. I hate scraping ice from my windshield - below zero weather is for penguins.

I have repeatedly said "dance with the one that brung ya," on these pages. By that, I mean that government should provide services and amenities for those who have paid the freight - to recognize that those who have been around deserve more consideration than those they wish were here. To offer incentives for new businesses while ignoring existing ones is wrong to my way of thinking.

I do not propose wasteful spending or foolish additions and I do not support asking for state or federal money for fringe items such as a spray park which have proven dangerous to health elsewhere. I also don't buy into the myth that Lowe's Distribution Center located in Cheyenne because of 11 miles of concrete walkway. That is an insult to their intelligence - and mine - to continue to claim that is true.

And I have mixed emotions about the Civic Center. It has limited potential and has never been operated at close to a breakeven point - even when expenses aren't all allocated to its operations. It continues to require several hundred thousand dollars of subsidies from the general fund to keep the doors open. That is unacceptable. That should change.

As I wrote before, I support the acquisition of the IKON Center with reservations.

The property must be conveyed to the City debt-free. No exceptions. Debt-free.

An amount of \$250,000 was loaned to the IKON Center by the Cheyenne-Laramie County Economic Development Joint Powers Board. That money was a loan, not a grant. It must be cleared and the City must not take it on as an obligation.

The \$250,000 was loaned to the Ice Center operation in mid-2000 and was drawn down in October 2000. The term was ten years at six percent interest, with monthly installment payments - which have been made on a timely basis.

All mortgages, loans, notes payable or accounts payable must be paid before the City takes ownership. There must be recourse on any undisclosed debts.

The ice-making plant must also be certified to be problem-free before the City takes ownership. To accept the IKON Center only to learn that it will take a million dollars (give or take) to bring the ice-making equipment and property up to speed is also unacceptable.

A further condition of the City taking ownership of this facility would be a due diligence done by a reputable independent firm with experience in this specific field.

No one now in City employment knows the first thing about ice. Sure, there are some councilmen that know "on the rocks" means their drinks have ice cubes, but no one knows the first thing about operating such a unique facility. Such a person must be hired and it cannot be another retired Air Force Colonel from the officer's club at F.E. Warren.

The City must look at this acquisition and its operation honestly. They cannot say that current City employees can take on the additional load of operating the IKON Center. It cannot, will not and should not be operated that way.

*I continue to identify the facility as the IKON Center because that is what most local residents still call it and I believe that Taco John's will end the naming arrangement in the near future.*

I have another major concern about this property becoming City owned and operated. One of the revenue producers there is a miniature golf course. I cannot accept the notion that the City can use public funds and mailings to promote miniature golf at that location to the detriment of the Putt Hutt in Lions Park.

How that can be handled is something I do not have the answer for. But it is imperative, in my opinion, that the Putt Hutt owners be kept whole if this transaction comes to fruition. They cannot be hurt.

One of the greatest objections I am hearing about the City swapping land for the IKON Center is that such an action will bail out a bunch of rich guys. What it will do for certain is relieve those of the investors who now provide money to cover operating losses of continuing cash calls. They can also take advantage of a loss on their investment and benefit in whatever way federal income tax code allows.

The land they will receive in the exchange is worth little. It is my opinion that the investors who control the decision to divest themselves of this property have decided that they would rather end the hemorrhaging of money (in losses) and get little to nothing in exchange than to continue to invest the money it takes just to keep the doors open.

Could the investors sell the IKON Center to another private investor? They face the same problem the City concluded they had with the former UP depot. No one would buy it because there was no evidence money could be made on their investment to purchase and remodel the depot. This group of savvy investors has admitted they could not turn a profit under the circumstances of their ownership, which has included considerable debt.

But, could they give it away? If I knew how to run an ice rink, I'd take it. First off, I could borrow a few million dollars on the value of the property for operating funds until profitable. But I am not a 501(c)(3).

Without a doubt. If the investors said, "We will give the IKON Center to any non-profit (church, etc.), that can satisfy us that they can operate the place and will keep it open for the foreseeable future," the line would form to the left. A long one.

If the City had done the same thing with the UP depot, developers from all over the region would have tripped over each other. But buy it, remodel it and then lease it? Was not going to happen. The outcome of the depot would have been better had it been GIVEN to the right group. That majestic building deserves better

than a tavern, a picture gallery and offices for non-profits that were already in other offices in the downtown.

I see an advantage even for those who oppose the swap. Voters might be persuaded to hold the rec center in abeyance until the City proves it can operate this much smaller facility well. The City will promise voters they can operate the \$55 million rec center at a profit. A fair test would be whether they can operate a free ice rink and events center at a profit.

If the \$55 million rec center is not approved in the next specific purpose sales tax election and if the Archer Property funds are also denied, it would take less than two years to collect sales tax for all of the other items on next May's ballot. The City could hardly argue that would be an unfair test.

Is the way this exchange was handled proper and the way a city government should operate? Of course not. But that is where Cheyenne is at now. The mayor and his majority voting bloc do not share information with two of the members of the city council. But, hell, they also can't get along with the county commissioners and have chosen to saddle the County with a new cost for their own development office. When the County wanted to take the escalating revenues of a few years ago away from the City and open their own development office, the City begged them to stay where they were. Now that residential construction has tanked here, the City is perfectly willing - make that eager - to throw the County (which does include residents of the City) over the side.

Nothing is going to change in the immediate future.

While I support the debt-free acceptance of the IKON Center, I do not support taking the property with ANY debt, nor do I support taking it with maintenance costs hanging, nor do I support taking it without consideration for Putt Hutt, nor would I support it if the city land being used in the trade had matching value to it. It is my opinion that the 15 acres of land being traded is virtually without development potential and has a true value of less than a million dollars. If an appraiser for the investors told them otherwise, this becomes a classic case of caveat emptor.

Is there a gamble to taking this ice rink, events center and miniature golf course, and the attendant land? Yes, there is.

I have made all the arguments about the failings of this administration since the first issue of the Cheyenne Herald was published - in January of 2002, 137 issues ago - and it is not easy to support their having yet another chance to screw something up. What is the worst thing that can happen? The City can lose money operating the rink and other amenities there. But this property is much more likely to break even than the depot or the Belvoir. Much better. And with no debt, the City can sell the facility. At even \$1 million, we make money.

My position has been and is: Public amenities do not have to be profitable.

## The IKON Center debt

Some question whether the City will actually receive the ice rink, miniature golf course, and almost eight (8) acres of land without debt. Their cursory review of public records indicated that there is substantial debt on the property. But, based on my personal review of county records and discussion with a principal of the Cheyenne Ice & Events Center, here is the situation as of December 10, 2007:

- 1.) \$3,087,500.00 Mortgage by American National Bank, recorded May 23, 2001. Has been satisfied but has not been released by ANB. Investor group will insure that is now done.
- 2.) \$1,306,190.77 Mortgage by Remount Capital LLC, recorded July 31, 2006. This loan is from a principal investor and will be released now.
- 3.) \$250,000.00 Mortgage by Cheyenne-Laramie County Economic Development Joint Powers Board, recorded June 30, 2000 - drawn down in October, 2000. This loan is for a term of ten (10) years, with Six percent (6%) interest. Monthly payments of \$2,775.51 have been timely made through November 2007 and the outstanding balance is \$104,379.00. That mortgage will also be removed before conveyance of the property to the City.
- 4.) City Treasurer Barb Dorr told me the City never put any money into the IKON Center - in the form of a loan, investment or grant. No money is owed to the City by the Ice Center.

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