Hockey deal passes City Council test

By Nissa Darbonne
Staff Writer

Cajundome official’s deal with ice hockey team owners passed a test Monday of City Council members.

Greg Davis, the dome’s director, outlined the terms of a 10-year deal, actually a lease of the dome, in a special briefing for the council.

Council members F.V. "Pappy" Landry, Elmo Laborde Jr. and Nancy Mounce verbally applauded Davis’ and other dome staff members’ work.

City government, in a contract with USL and the state, is obligated to cover Cajundome operating deficits of up to $500,000 a year, with the subsidy coming in at about $200,000 this past year.

Laborde said of the questioning Monday of Davis, “We want to make sure we at least minimize the risk as much as possible.”

Otherwise, he supports and encourages the project, Laborde said.

Hosting minor league ice hockey at the Cajundome requires that the dome install an ice rink, locker and other facilities needed for play, beginning with team practice camp and an exhibition game in October.

The improvements are estimated to cost about $1.4 million. The Cajundome Commission is borrowing the money. Repayment is to run about $187,000 a year for 10 years.

The team’s owner — Entertainment Venture Associates (EVA), formed by local businessman Ernie Parker — is, under the lease, to pay the note if the dome doesn’t make enough money off ice hockey and other ice events to pay the bill itself.

Any profits beyond the $187,000 a year are to go into a savings account to cover losses, if any, in future years. At the end of the 10-year period, city government will get any profits left, Davis said. According to Davis’ estimate of profit potential off the ice rink, city government could receive a small windfall off the deal in 2005.

The guarantee that EVA will pay the note is via a letter of credit, endorsed by a bank of the commission’s and EVA’s choice. The commission is to draw on the letter of credit if EVA shuts down, leaves the dome, or can’t pay the bill for some other reason.

The dome is also to hire at least two more employees — an extra marketing staff member and a zamboni operator or “ice specialist;” shut down the dome for about two months, beginning July 17 through Sept. 11, while the rink is being installed in the dome’s floor and it will take 30 days for the concrete to dry; and pay an estimated $55,000 more in electric bills for making and keeping ice in the dome. The dome’s light bill is about $160,000 a year currently.

Davis said that he expects Cajundome profits off ice hockey and ice events — such as hosting Disney on Ice and opening the dome to public skating on free dates — to cover the costs.

Or, if hockey isn’t turning the profit that’s expected, it will probably also mean that EVA isn’t making any money either and play will be discontinued at the dome, meaning the dome’s bills would be reduced too.

Either way, the dome gets a $1.4 million ice rink paid for by hockey, whether by dome profits off ticket and other sales, or by EVA via the letter of credit, according to the terms of the 10-year lease.

Overall, city government’s liability for covering dome operating deficits “won’t be worse” than it is today, Davis said. In even an “at worst” estimation, city government’s subsidy of the dome’s operating deficit will be no more than it is now, he said.