



THE KETTLER CAPITALS ICEPLEX:

A CREATIVE PARTNERSHIP

When Lincoln Holdings, LLC, a group of investors led by AOL Vice Chairman Ted Leonsis, bought the Washington Capitals Hockey Club in July 1999, the organization needed a new home for its front office and a practice facility for its players and coaches. The new ownership group wanted the Capitals players to have a higher profile in the community, the convenience and efficiency of having the entire Capitals' organization under one roof and the benefits of being closer to the team's fan base. But the high cost of land and scarcity of sites close to the new MCI Center (which would later be renamed the Verizon Center) where the team played its home games in downtown Washington, D.C. posed a dilemma: either the Capitals would be forced to split their operations between a front office in D.C. and a training facility 35 miles away in Anne Arundel County, or they would need to come up with a creative plan for finding a suitable and affordable location for both functions

The solution turned out to be very creative one indeed: a public-private venture with Arlington County that resulted in the creation of the Kettler Capitals Iceplex, a 137,000 square foot facility located atop an existing seven level parking garage owned by Arlington County and adjacent to the Ballston Common Mall. The ice skating center, which opened in November 2006, features two NHL regulation sized rinks for year-round use by the Capitals and the community; 20,000 square feet of office space for the Capitals' administrative and executive offices; and about 20,000 square feet of training area for the Capitals players, coaches and team staff. Above all, the skating center serves as an anchor for the Arlington community by providing a venue for a variety of learn-to-skate programs, open recreational skating sessions, figure skating practices and competitions and hockey leagues for children and adults as well as high and college teams and skaters with special needs.



The use of an existing garage as a platform for an ice rink was innovative.

Creating a Workable Plan

In January 2000, Capitals officials met with Arlington County to discuss the idea of building a rink and training center on a new eighth level of the Ballston Garage. There were questions about whether the existing garage could support such a massive structure even though it was designed for eight decks. A study by a structural engineer commissioned by Arlington Economic Development quickly provided a positive response regarding the structural integrity of adding the new parking level, the rinks and ancillary areas.

Still to be resolved was an even larger question of how to pay for the \$42.7 million project. Arlington County finance and economic development staff spent many hours analyzing multiple options. The simplest option seemed to be creating a new deck as a pad site and “ground leasing” it to the Capitals, however that approach did not meet the team’s financing parameters. Eventually, Arlington County proposed that the Capitals contribute \$1.5 million, which the organization had already spent on architectural design and engineering fees, while the County would contribute \$6 million to the cost of the garage’s new eighth level. The balance of \$34.7 million would be financed through the County’s sale of revenue bonds, to which the Capitals would

make annual payments to retire the debt service over 27 years. In order to make the bonds saleable at a preferred rate, the County offered their moral obligation to back the bonds. The bond deal itself was part of the challenge as the garage on which it would stand had no fewer than six signatories with property interests who needed to approve the project.

Meanwhile, the test for Arlington County staff was to provide assurance to public officials that in the event that the County had to take over operations of the facility, there would be adequate operations and replacement reserves in place to ensure continuous operations. The Capitals retained the right to offer naming rights, which turned out to be somewhat lucrative in the overall financing scheme.

A Winning Facility in Arlington

In spring 2005, construction began on the Kettler Capitals Iceplex: a state-of-the-art facility that would not only feature two full size ice rinks and space for the Capitals front office and training center, but also include a pro shop, eight locker rooms, a snack bar and rooms for special events and community meetings. The 1,200 seats that were built overlooking the rink where the Capitals practice would soon be filled with fans – watching free of charge – the Caps morning workouts.



Capital’s practice sessions are open to the public.



Kettler Capitals Iceplex hosts a million visitors each year for open skate and club activities.

The project was structured as a win-win for both sides. The Capitals received a world-class training center and headquarters facility, in the heart of their fan base, at a cost below what they previously paid for office space and training center separately. Metro access to the facility also provided a huge benefit to both the Capitals and the Arlington community. The County received a new ice complex that was available for figure skating and hockey for the public some 94 percent of the time. The Capitals also contributed 500 hours of ice time annually for use by the County for special skating programs.

The number of visits to the Kettler Capitals Iceplex, about one million annually, has had a profound effect on the immediate economy. According to Forest City Enterprises, the Mall's owner/operator, during the first year of the rinks' operation sales increased each month by about 5 percent for the Mall's retail tenants. Ballston area restaurants, such as Union Jack's, The Front Page, Bailey's Sports Pub and Rock Bottom Brewery, benefitted too as Capitals fans flocked to special promotions and Caps "watch" parties. The facility has also had a significant economic development impact, as hockey tournaments have drawn thousands of competitors from throughout the East Coast to play during some of the greatest vacancy times for Arlington hotels, the December/January holiday season.

The Kettler Capitals Iceplex is a replicable example of a public-private partnership where each party gained value. It required some creative thought in both financing and construction and was not necessarily an easy project. In the end however, the commitment of all parties to work together and find an innovative solution was the key to success and ultimately to providing a winning solution for the team and the community.

This report was prepared by Arlington Economic Development