

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

**REDEVELOPMENT AGENCY  
OF THE CITY OF OAKLAND  
AGENDA REPORT**

2010 JUN 30 AM 10: 58

TO: Office of the City/Agency Administrator  
ATTN: Dan Lindheim  
FROM: Community and Economic Development Agency  
DATE: July 13, 2010

RE: **An Agency Resolution Approving a Five-Year Agreement with San Jose Arena Management, Limited Liability Corporation to Manage and Operate the Oakland Ice Center for a Percentage of Net Revenue Pursuant to Specific Criteria**

---

**SUMMARY**

Staff is recommending that the Redevelopment Agency adopt a resolution that would authorize the Agency Administrator to negotiate and execute a new 5-year agreement with San Jose Arena Management, LLC (SJAM) to continue managing and operating the Oakland Ice Center (OIC) under a modified version of the net revenue sharing arrangement contained in its current management and operating agreement. Key terms of the new agreement are described in *Attachment A*. Highlights of SJAM's first 29 months of management that ended March 31, 2010 include:

- Following expected operating losses during the initial 2-month transition period of SJAM's management, the OIC generated \$1,024,123 in net total net revenue over the next 27 months that ended this past March 31, 2010. The Agency has or will receive \$376,072 of that net revenue.
- Provided free-use privileges to 7,317 Oakland Unified School District (OUSD) students during the first 29 months of the contract period through March 2010. This amount averages to 3,027 free-use students per year, three times the minimum required by SJAM's contract.
- Collaborated with Oakland Technical High School to set up an early morning physical education class that has attracted so many students that a waiting list had to be created.
- Expanded the size and quality of beginning hockey and learn-to-skate programs, which help introduce more Oakland residents to ice skating activities.

Item: \_\_\_\_\_  
CED Committee  
July 13, 2010

- Gradually increased public admission and various program fees to bring them in line with comparable fees for competing ice skating facilities throughout the greater Bay Area.
- Noticeably increased the participation of Oakland residents in all activities at the OIC.
- Coordinated substantial repairs and needed capital improvements to the OIC while consistently maintaining the facility in a clean and attractive condition.

## **FISCAL IMPACT**

The existing management agreement provides for the Agency to receive only 30 percent of the first \$150,000 of annual net revenue, 40 percent of the next \$50,000 of annual net revenue, and 50 percent of annual net revenue above \$200,000. The new formula would give the Agency 50 percent of the first \$450,000 of annual net revenue, and 35 percent of annual net revenue above \$450,000. This new formula will yield the Agency a higher relative share of annual net revenue that the OIC is expected to generate during the term of the new agreement, while still providing SJAM an incentive to maximize total net revenue.

For example, under the new formula the Agency's share of net revenue would have been \$35,000 higher during each of the fiscal years of SJAM's management. Only when total annual net revenue exceeds \$681,000 would the Agency begin to receive a relatively lower share of that revenue under the new formula. That amount is more than twice the \$320,656 total net revenue the OIC generated in the fiscal year that ended June 30, 2009, and over \$300,000 above the total net revenue generated during the 9 months that ended March 31, 2010 of the last fiscal year. SJAM would continue to be responsible for any operating losses that might occur, and the Agency responsible for capital repairs and improvements. SJAM would also continue leasing the snack bar and pro shop in the OIC for a combined annual rent of \$31,860 that includes an annual consumer price index adjustment beginning January 2012.

## **BACKGROUND**

On October 29, 2007, SJAM, pursuant to a Management & Operations Agreement (Agreement) between the Redevelopment Agency and SJAM began to manage and operate the Oakland Ice Center (OIC). The Agreement will terminate on December 31, 2010. Through the first 29 months of the Agreement that ended March 31, 2010, staff is pleased to report that SJAM has been highly successful in achieving the financial, operating and community participation performance goals specified in the Agreement.

## KEY ISSUES AND IMPACTS

### Changes to Key Terms from the Existing Agreement to New Agreement

#### *Revenue Sharing*

Given the profitability of the OIC under SJAM's management and the need for continuing capital improvements and repairs, the Agency and SJAM negotiated changes to a few key terms of the Agreement for a new management and operations agreement ("New Agreement"). First, the term of the New Agreement would be five years instead of the three-year two-month term of the Agreement. Second, the net revenue sharing formula in the New Agreement would be changed to provide the Agency 50 percent of the first \$450,000 of OIC net revenue, instead of the current two-tiered formula for the first \$200,000 of revenue. Based on the past financial performance of the OIC, the change will increase the Agency's share of the first \$200,000 of revenue by at least \$35,000. The current Agreement provides for the Agency to receive 50 percent of all net revenue above \$200,000. In the New Agreement, as a trade-off for the Agency's increased percentage of initial amounts of net revenue, SJAM would receive 65 percent of net revenue above \$450,000 and the Agency 35 percent.

#### *Capital Improvements*

SJAM has agreed to invest \$200,000 of its own money for capital improvements to the OIC during the term of the New Agreement at the rate of \$40,000 per year. The Agency and SJAM will collaborate on the scope and timing of these improvements. In exchange, the Agency will agree to partially match SJAM's annual investment in capital improvements by investing at least \$20,000 of its annual share of net revenue, after deduction for the \$120,944 of annual payments on the lease for the OIC solar panels. The Agency would remain responsible for covering all capital repairs at the OIC from its share of net revenue. Capital maintenance would continue to be paid from OIC operating revenue. The New Agreement would better distinguish between repairs and maintenance by defining maintenance as servicing and minor repairs that are routinely performed at least once per year according to industry standards. The Agency would not be obligated to invest in capital improvements during any year that it was required to spend more than \$60,000 on capital repairs. It is proposed that the Agency Administrator be given the option to establish a checking account at a commercial bank in the name of the Agency, and deposit to that account some or all of the Agency's share of annual net revenue in excess of \$120,944.

The New Agreement would also provide for potential increases in SJAM's current \$2,655 monthly or \$31,860 annual lease payments for the snack bar shop and pro shop beginning January 1, 2012 based upon the previous year's consumer price index.

## Financial Performance

The marked improvement in the financial performance of the OIC since SJAM assumed management on October 29, 2007 is revealed in the growth of net revenues shown in *Attachment B*. The OIC did suffer a \$95,571 loss during the initial two months of SJAM's management, but this was anticipated and had been provided for in the management agreement. It was mutually acknowledged that SJAM would need time to complete deferred cleaning, maintenance and capital repairs, evaluate and retrain staff, install a new point of sale and accounting system, and evaluate and restructure existing OIC programs and procedures. It was expected that operating expenses would be temporarily higher and revenues lower than normal during this transition. Consequently, the Agency agreed to pay for all operating losses during the first two months of SJAM's management. Since the first two months of SJAM's management, however, the OIC has generated increasing amounts of net revenue.

Since February 1, 2008, the Agency has also received \$2,655 per month or \$31,860 per year on SJAM's lease of the 1,123 sq. ft. pro shop and 647 sq. ft. snack bar in the OIC. Through June 30, 2010, the Agency will have received \$69,030 of rental income from SJAM.

## Operations

During its almost three years of management of the OIC, SJAM has maintained a balanced program of ice activities while continually adjusting the scheduling of these activities to optimize operational efficiencies, customer convenience, and revenues. SJAM also requested and received Agency approval for several increases or changes in the fees for public admission and various program activities to make those fees comparable to those of competing ice skating facilities throughout the greater Bay Area. Public admissions averaged 4,804 persons per month during the fiscal year that ended June 30, 2009, and increased to 5,378 persons per month through the first nine months of the fiscal year that ended March 31, 2010. SJAM has been able to maintain the largest adult hockey league in northern California at the OIC, besides the one it operates in San Jose. By changing the previous management's per player fee structure to a per team arrangement typical of most ice facilities, SJAM increased adult hockey revenues even though slightly reducing the number of teams. That eliminated some previous inequities in the program, and has allowed SJAM greater flexibility to expand and rationalize scheduling of other existing and new activities at the OIC.

SJAM likewise improved the operations of the youth hockey travel program in the areas of coaching, fee collection, and scholarship awards. There are six youth hockey travel teams in age levels ranging from 8 to 18 years old. SJAM has also been particularly successful in expanding and improving the beginner hockey and ice skating programs. These programs introduce newcomers to ice skating activities, and serve as feeder programs to the more advanced programs at the OIC. Skating class registrations increased from 1,523 students for the fiscal year that ended June 30, 2009 to 2,159 through just the first nine months of the just ended fiscal year. SJAM has

Item: \_\_\_\_\_  
CED Committee  
July 13, 2010

also added a weekly evening ice dancing session and created a summer off-ice physical conditioning program for figure skaters. SJAM has continued to maintain its excellent relationship with the St. Moritz Ice Skating Club, an important long-standing member of the Oakland Ice Center community. The OIC continues to schedule speed skating, and has noticeably increased its scheduling of curling and broomball as the popularity of those activities has continued to grow.

Three of members of SJAM's ice facilities management team, including the OIC's director of skating, recently received awards during the annual Ice Skating Institute luncheon. The OIC's director of skating was cited as one of the top three leaders across North America for attracting and developing new coaching professionals. The OIC's skating director has done an especially notable job encouraging and mentoring young in-house skaters to become successful junior coaches.

### **Community Outreach**

SJAM far exceeded expectations and contract requirements regarding community outreach and participation. It has noticeably increased the ethnic, gender, and economic diversity of OIC patrons and within the various skating program. Over the first 29 months of SJAM's management through March 31, 2010, SJAM has provided one-time free-use admissions to over 7,000 OUSD and charter school students – over twice the minimum 2,400 students required over this period of time by the Agreement. Another 2,506 OUSD students have participated in regular physical education classes throughout the first 29 months, including students from Oakland School for the Arts, Lighthouse and Oasis charter schools, and Oakland Technical High School. The overflowing early morning Oakland Tech ice skating class illustrates how well SJAM's community outreach efforts have worked, and the impact it has had on the lives of these students. A number of the Oakland Tech students have commented how the discipline and focus they began developing in their skating class carried over to their academic classes and helped them become better overall students. Administrators from other OUSD high schools have expressed interest in working with SJAM to create similar classes for their students. The excitement and enthusiasm over SJAM's outreach programs are apparent in numerous letters from school administrators and students.

SJAM hosted a number of special events since taking over management of the OIC. They include several NHL diversity events featuring appearances by Willie O'Ree, the NHL's first black player, as well as a number of San Jose Shark players. SJAM invited the Oakland Boys & Girls Club, Dream Catcher Homeless Shelter, OIC Special Skaters program, and the OIC's Oakland Bears youth hockey teams to participate in these events, which included on-ice clinics with Mr. O'Ree and the Shark players. The first NHL diversity event received national news coverage including a front-page article in USA Today newspaper and a video segment on the NHL's official website. In 2008, SJAM collaborated with the City's police and fire service agencies to organize and host the first annual Guns N Hoses charity hockey game in December of that year.

Item: \_\_\_\_\_

CED Committee

July 13, 2010

Approximately \$10,000 raised during that first game funded scholarships for Oakland youth to participate in OIC hockey and skating activities. The second annual game in October of last year raised a similar amount for the families of fallen police officers. Other events hosted by SJAM include American Collegiate Hockey Association championships, 17 UC Berkeley intercollegiate hockey games, Skate St. Moritz skating competitions, and holiday ice shows. During 2008, SJAM worked with Oakland Tech HS to create a hockey team that began practice and play in January 2009.

SJAM and the Agency applied to the NHL Players' Association for an equipment grant through the Goals and Dreams program and were awarded a \$10,000 grant to purchase 25 sets of hockey gear in various sizes in order to roll out the first phase of a city-wide youth hockey program. SJAM facilitated the acquisition of the gear through its pro shop at a significantly reduced price. SJAM has also partnered Bay Area Outreach and Recreation Program (BORP) to obtain a \$7,000 grant from Kristi Yamaguchi's "Always Dream" foundation and a \$15,000 grant from the NHL's Goals and Dreams program to purchase 30 sets of sleds, equipment and hockey gear that are permitting physically disabled persons to participate in ice hockey and other ice activities.

From January 2008 through March 31, 2010, SJAM provided public admission discounts of 10 percent to 26,086 Oakland residents. The number of Oakland residents taking advantage of this opportunity has steadily increased as SJAM continues to market and educate customers about it. Finally, SJAM successfully established a Community Advisory Committee (CAC) comprised of community representatives of seven constituencies of OIC users. These constituencies are public skaters, adult figure skaters, parents of youth figure skaters, adult hockey players, parents of youth hockey players, ice dancers, and speed skaters. The CAC met six times during SJAM's first year of management to help facilitate the transition to SJAM's management and implementation of new policies and programs. The meetings allowed SJAM management personnel, Agency staff, and representatives and members of the OIC community to discuss issues and exchange information related to programs, scheduling and standards at the OIC. Now that most of the transition issues have been resolved, the CAC agreed to reduce the number of meetings in 2009 and 2010 to the three required each year by the Agreement.

### **Capital Improvements and Repairs**

As required by the Agreement, SJAM completed \$30,000 of initial clean-up and maintenance to the OIC upon its assumption of management. This work consisted primarily of extensive cleaning of the facility and re-painting of the administrative offices, basement hallways and locker rooms. The Agency reimbursed \$30,000 to SJAM from its \$170,897 share of net profit from the last two quarters of the first partial fiscal year of SJAM's management that ended June 30, 2008. SJAM also invested \$100,000 in capital improvements and equipment at the OIC as required by its management agreement. This investment was made during the first ten months of SJAM's management and included hardware and software for a new accounting and activity scheduling system, new security cameras, interior painting, and new rental skates.

Item: \_\_\_\_\_  
CED Committee  
July 13, 2010

From November 2007 through May 2010, the Agency also invested approximately \$420,000 in capital repairs and improvements at the OIC, not including \$232,000 for construction of the alternate 17<sup>th</sup> Street entry to the OIC completed last fiscal year. The largest portion of the Agency capital expenditures since November 2007, \$154,116, was for critical repairs to the ice refrigeration system, including troubleshooting and repair of ongoing refrigerant leaks. Another major expense was \$85,687 for a new Zamboni ice resurfacing machine. *Attachment C* details SJAM's and the Agency's investment in capital improvements, repairs, and maintenance to the OIC from November 2007 through May 2010. Additionally, the Agency continues to make semi-annual payments of \$60,472 that began in July 2006 on a 15-year capital lease for the \$1.3 million solar panel system and energy-saving lighting authorized by Agency Resolution No. 2004-41 C.M.S. on July 20, 2004, and installed at the OIC in mid-2005.

As of the writing of this report, the Agency and SJAM were planning to repair leaks in refrigerant piping discovered earlier this year under one end of the OIC's NHL rink. The initial estimate for this repair work is \$40,000 and it is scheduled to occur during the facility's annual maintenance shutdown during the first week of July. It is hoped that this repair will finally end a longstanding problem with refrigerant leaks that has strained the refrigeration system and required thousands of dollars of replacement refrigerant. Other anticipated capital improvements to the OIC over the next five years include the eventual replacement of the other ice resurfacing machine, the continued updating and expansion of the rental skate inventory, the re-building of the ice system compressors, the repair of the roll-up doors to one side of the ice resurfacing room, the installation of rubberized flooring in the basement locker room bathrooms, and steam cleaning and painting of the building's exterior. The estimated cost of these capital improvements and repairs is approximately \$300,000.

It should be noted that the OIC refrigeration system was designed to operate with a refrigerant that is being completely phased out of production during the next couple years because of environmental concerns. Though the refrigerant will no longer be manufactured, it will still be available from secondary sources, but at increasingly higher prices. At some point in the future, the Agency will need to evaluate the cost of converting the OIC's ice refrigeration system to enable it to use environmentally acceptable and less expensive refrigerant. Consultants indicate that the cost to convert the OIC's refrigeration system could exceed \$1million.

Item: \_\_\_\_\_  
CED Committee  
July 13, 2010

## **SUSTAINABLE OPPORTUNITIES**

**Economic:** The OIC under SJAM's management continues to provide employment opportunities and sales tax revenues from food, beverage, and merchandise sales.

**Environmental:** SJAM continues to work with staff from PG&E, Quantum Energy Services and Technology, and the City's electrical engineering division to maximize energy savings from the OIC's solar panel system and retro-fitted lighting that was installed several years ago.

**Social Equity:** Under SJAM's management, the OIC has dramatically expanded its connection to the local community and is providing of a variety of healthy recreational services to a much broader range of Oakland residents.

## **DISABILITY AND SENIOR CITIZEN ACCESS**

The OIC remains accessible to seniors and those with disabilities and special needs. The OIC continues to offer senior public admission discounts, and attracts a number of senior citizen patrons. It also offers special skating opportunities for children with special needs.

## **RECOMMENDATION AND RATIONALE**

It is recommended that the City Council approve the resolution authorizing a new 5-year management and operations agreement for the OIC with SJAM for the following reasons:

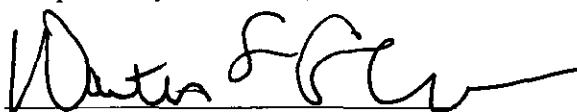
1. SJAM has exceeded expectations and the minimum requirements of its existing management and operations agreement.
2. SJAM has generated the highest amount of net revenue from the OIC since it opened in 1996.
3. SJAM has agreed to a revision in the net revenue sharing allocation for a new agreement that will provide the Agency a larger share of annual revenue that is likely to be generated by the OIC during the term of the new agreement.



**ACTION REQUESTED OF THE CITY COUNCIL**

It is requested that the Redevelopment Agency Board approve the attached resolution authorizing a new 5-year management and operation agreement for the OIC with SJAM.

Respectfully submitted,



Walter S. Cohen  
Director  
Community and Economic Development Agency

Reviewed by:  
Gregory Hunter, Deputy Director  
Economic Development and Redevelopment, CEDA

Jens Hillmer, Urban Economic Coordinator  
Downtown Redevelopment, CEDA

Prepared by:  
John Quintal, Urban Economic Analyst  
Downtown Redevelopment, CEDA

APPROVED AND FORWARDED TO THE  
COMMUNITY AND ECONOMIC  
DEVELOPMENT COMMITTEE:



Office of the City/Agency Administrator

Attachment A: Pertinent Term Sheet  
Attachment B: Summary of Revenue & Expenditures  
Attachment C: Capital Repairs & Improvements November 2007 through May 2010

Item: \_\_\_\_\_  
CED Committee  
July 13, 2010

**PERTINENT TERM SHEET**

**MANAGEMENT/OPERATIONS AGREEMENT FOR  
THE OAKLAND ICE CENTER**

- Facility: Oakland Ice Center ("OIC") property located at 519 18th Street, Oakland, California
- Owner: Oakland Redevelopment Agency ("Agency")
- Manager and Operator: San Jose Arena Management, LLC ("SJAM")
- Term: Five years commencing on January 1, 2011 and ending on December 31, 2015.
- Compensation: This is a profit-sharing agreement. For all five years, SJAM and the Agency will share net revenues as calculated from an agreed upon amount from OIC operations. The profit sharing will be as follows:
- Net revenues to \$450,000: 50% to SJAM and 50% to Agency;  
Net revenues over \$450,000: 65% SJAM 35% Agency
- Programming: SJAM will continue to maintain a balanced and diverse schedule of programs such as hockey, figure skating, public skating, ice dancing and other ice-related activities at the OIC, with any significant changes in program scheduling to be brought back to the Agency Administrator for review and approval.
- Charges and Fees: SJAM will be permitted to increase fees for public admissions, private ice rental, hockey programs, figure skating programs, and other OIC activities and events up to five percent (5%) annually without Agency Administrator approval. Should SJAM desire to increase any fees more than five percent (5%) in any year, it must submit the proposed fee increase to the Agency Administrator for review and approval, which approval will be granted if the increased fees are comparable to the fees charged by other ice rinks in the greater Bay Area, which must include rinks that are not managed or owned by SJAM or its affiliates.

Pro Shop

and Snack Bar: SJAM will pay to Agency monthly full service rent in the amount of \$1.50 per square foot for the Pro Shop-for a total of \$1,684.50, and \$1.50 per square foot for the Snack Bar (including vending machines selling food and drink products, which may be located outside the Snack Bar location) for a total of \$970.50. Beginning January 1, 2012 and on each January 1 during the remaining term of the Agreement, the rent for the Pro Shop and the Snack Bar will be adjusted by the increase in the Bay Area Consumer Price Index during the most recent year.

Maintenance  
and Repair:

SJAM will as a cost of operation, keep and maintain all portions of the OIC and all improvements located in the OIC in good order and repair consistent with the uses of the buildings contemplated by the Agreement and in as safe and clean a condition as they were when received from Agency, reasonable wear and tear excepted.

Capital

Improvements: SJAM will contribute a minimum of \$40,000 for capital improvements during each year of the Agreement for a total capital improvement investment of \$100,000 during the term of the Agreement. Agency will contribute a minimum of \$20,000 each year for non-emergency discretionary capital repairs or improvements from the Agency's share of annual net revenue above \$120,944. If, however, the Agency is required to spend more than \$60,000 in any year on emergency capital repairs, then the amount spent above \$60,000 will reduce the amount the Agency will be obligated to contribute for non-emergency or discretionary capital repairs or improvements during that year.

The capital improvement funds from Agency and SJAM will be expended in accordance with an initial capital improvement list, and to the extent not fully expended for such purposes then in accordance with the capital budget submitted by SJAM. Only after SJAM has expended its annual \$40,000 contribution for capital improvements, will Agency be responsible for all additional capital improvements.

Community

Outreach:

During each year of the term of the Agreement SJAM shall (a) offer free admission and skating equipment for no less than 1,000 Oakland Unified School District ("OUSD") students during field trips with their class to the OIC, which shall take place on dates and times to be determined in consultation with Agency and OUSD staff; and (b) in cooperation with OUSD, shall arrange the physical transporting of these OUSD students to the OIC, whether by financial contributions or other means, without any expense/cost to the City/Agency or OUSD.

At least four (4) times during each year of the term of the Agreement, SJAM shall offer OUSD students participating in OUSD's 'After School Program' free skating dates and times, and skating equipment during scheduled regular public skating sessions;

SJAM shall offer additional scholarship programs for OUSD students;

SJAM shall continue to support creation of High School Hockey League competition and sponsor at least one OUSD team.

SJAM shall ensure that Oakland residents receive a ten (10) percent discount on all fees, admissions, and skating equipment rentals.

SJAM and Agency shall continue providing support and attending meetings of an OIC advisory committee consisting of representatives of the customers and parents of youth who are customers of the OIC, whose members shall represent a balance of ice activities. SJAM shall meet with the OIC advisory committee at least three (3) times during each year of the term of the Agreement. In those meetings, the advisory committee and SJAM management will review and discuss issues relevant to the programs, scheduling and standards at the OIC.

Marketing:

Within thirty (30) days following the commencement of the term of this Agreement, SJAM will provide a marketing plan for the OIC to Agency for review and approval. Said marketing plan will, among other things, describe how SJAM will market the OIC at other San Jose Sharks or SJAM-affiliated facilities such as HP Pavilion at San Jose, Logitech Ice at San Jose and Fremont Ice Center. For marketing purposes, SJAM will be entitled to use the name "Oakland Ice Center managed by Sharks Ice" and the logo of the Sharks in advertising, internal labeling of forms, certificates and paper products, and general reference to the Property; provided that the font size of the phrase "Oakland Ice Center" and "Sharks Ice" will be the same size, but may be different type faces.

In consultation with Agency staff, for each year of the Agreement, SJAM will include up to \$70,000 for direct OIC marketing expenditures during each annual budget cycle for the OIC of the Agreement. Additionally, SJAM shall offer another \$150,000 in-kind value (at commercial rates charged by third parties) at other San Jose Sharks or SJAM-affiliated facilities such as HP Pavilion at San Jose, Logitech Ice at San Jose and Fremont Ice Center. Up to the committed \$70,000 for direct marketing expenses shall be a cost of operation for OIC; the \$150,000 in-kind value will not be a cost of operation for OIC.

Facility

Naming Rights: Agency reserves all naming rights for the facility and any revenues that may be generated from such naming rights in the future. SJAM will consult with Agency prior to any proposed name changes of the facility during the period of the agreement.

Minimizing

Energy Use: SJAM shall fully cooperate with the Agency, SunPower Corporation, Quantum Energy Services and Technology, and other appropriate organizations in efforts to fine tune the operations of the OIC, particularly the ice refrigeration system, to take maximum advantage of the solar panel system and energy efficient lighting to minimize energy usage and cost.

Attachment B

**Oakland Ice Center  
Revenue and Expenditures Summary**

	Iceoplex Management				SJAM Management			
	12 Mos End <u>6/30/2005</u>	12 Mos End <u>6/30/2006</u>	12 Mos End <u>6/30/2007</u>	4 Mos End <u>10/29/2007</u>	2 Mos End <u>12/31/2007</u>	6 Mos End <u>6/30/2008</u>	12 Mos End <u>6/30/2009</u>	9 Mos End <u>3/31/2010</u>
Gross Revenue	1,704,277	1,686,627	1,548,050	493,326	291,136	1,127,245	1,967,446	1,557,851
-Operating Expenses	1,774,143	1,553,252	1,574,943	529,695	386,706	793,719	1,646,790	1,187,910
-Management Fee	<u>66,000</u>	<u>65,771</u>	<u>61,439</u>	<u>24,000</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net Revenue	(135,866)	67,604	(88,332)	(60,369)	(95,570)	333,526	320,656	369,941
-SJAM Share	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>0</u>	<u>192,629</u>	<u>235,451</u>	<u>219,971</u>
Agency Share	(135,866)	67,604	(88,332)	(60,369)	(95,570)	140,897	85,205	149,970

**Capital Improvements & Repairs to Oakland Ice Center  
November 2007 through May 2010**

<u>Amount</u>	<u>Description</u>
<b>SJAM Funded Nov 2007 through August 2008</b>	
34,500	Point-of-Sale and Ice Activity Scheduling System
13,724	Installation of Cabling to Network Workstations & POS System
12,645	Skate Sharpener
11,993	Computer Work Stations
9,177	Re-Keying of Exterior & Interior Doors
8,340	Rental Skates
6,508	Partial Cost of Security Camera System
<u>3,113</u>	Snack Bar Ice-Making Machine
100,000	
<b>Agency Funded</b>	
<b>November 2007 through June 2008</b>	
44,500	Replacement of Basement Locker Room and Fire Doors
30,000	Reimbursement of SJAM's Initial Clean-up & Maintenance Expenses
15,057	Balance of Cost of Security Camera System
10,746	Repairs and Improvements to Fire Alarm and Sprinkler Systems
10,463	Re-painting of Lobby and Other Main Level Areas
<u>2,808</u>	Roof Repairs
113,574	
<b>July 2008 through June 2009</b>	
48,365	Repairs to Ice Refrigeration System
25,352	Plumbing Repairs and Improvements
25,000	Deposit on Purchase of New Zamboni Ice Resurfacing Machine
7,345	Security Cameras, Cabling & Controls for 17th St Entry
5,322	93 Pairs of Rental Skates
4,800	Roof Repairs
3,921	Painting of Restrooms & Party Room
3,877	Replace Defective & Install Additional Fire Alarm Strobes
<u>2,026</u>	Emergency Repairs to Main Entry Doors
126,008	
<b>July 2009 through May 2010</b>	
105,751	Repairs to Ice Refrigeration System
60,687	Balance of Payment for New Zamboni Ice Resurfacing Machine
8,990	Security Controls for New 17th Street Entry
4,270	New Sump Pump Control Panel & Emergency Water Pipe Repair
<u>809</u>	Emergency Door Threshold Repair
180,507	
<b>420,089</b>	<b>Total Agency Expenditures November 2007 through May 2010</b>

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

2010 JUN 30 AM 10:58

APPROVED AS TO FORM AND LEGALITY:

  
AGENCY COUNSEL

## REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

RESOLUTION NO. \_\_\_\_\_ C.M.S.

---

### AN AGENCY RESOLUTION APPROVING A FIVE-YEAR AGREEMENT WITH SAN JOSE ARENA MANAGEMENT, LIMITED LIABILITY CORPORATION TO MANAGE AND OPERATE THE OAKLAND ICE CENTER FOR A PERCENTAGE OF NET REVENUE PURSUANT TO SPECIFIC CRITERIA

**WHEREAS**, on October 23, 2007, the Redevelopment Agency ("Agency") entered into a management and operations agreement ("Existing Agreement") with San Jose Arena Management, LLC ("SJAM"), pursuant to Agency Resolution No. 2007-0074 C.M.S. and Agency Resolution No. 2007-0036 C.M.S., for SJAM's management of the Agency-owned Oakland Ice Center located at 18<sup>th</sup> Street ("OIC") in the Central District Redevelopment Project Area; and

**WHEREAS**, SJAM has successfully managed the OIC since October 29, 2007 and generated consistent net revenues from its operation of the OIC that are substantially higher than those generated under previous management companies; and

**WHEREAS**, SJAM has met or exceeded all of the performance benchmarks in the Existing Agreement, particularly those involving community outreach and accessibility; and

**WHEREAS**, the Existing Agreement will terminate on December 31, 2010; and

**WHEREAS**, both SJAM and the Agency desire to extend the term of SJAM's management of the OIC; and

**WHEREAS**, SJAM and the Agency have agreed to modify some of the terms of the Existing Agreement in entering into a New Agreement for SJAM's management and operation of the OIC; now, therefore, be it

**RESOLVED:** That Agency Administrator is authorized to negotiate and execute a New Agreement with SJAM that shall include the following terms and conditions:



- 1) The term of the New Agreement will begin January 1, 2011 and end on December 31, 2015 .
- 2) SJAM will continue to be responsible for paying for any operating shortfalls during the term of the New Agreement.
- 3) SJAM shall receive compensation under the New Agreement equal to fifty (50) percent of the first \$450,000 of annual OIC net revenue, and sixty-five (65) percent of all annual OIC net revenue greater than \$450,000.
- 4) The Agency shall receive fifty (50) percent of annual OIC net revenue and thirty-five (35) percent of annual OIC net revenue greater than \$450,000.
- 5) SJAM shall be required to invest at least \$40,000 during each year of the New Agreement in capital improvements to the OIC to be jointly agreed upon by SJAM and the Agency.
- 6) The Agency shall be required to invest at least \$20,000 of its annual share of OIC net revenue each year that is in excess of \$120,944, provided that the Agency has not spent in excess of \$60,000 for capital repairs during that year.
- 7) SJAM shall continue to lease the pro shop snack bar within the OIC from the Agency for payments of \$1,684.50 per month and \$970.50 per month respectively, and these payments shall be increased beginning January 1, 2012 based upon the previous year's increase in the Consumer Price Index; and be it

**FURTHER RESOLVED:** That Agency Administrator be authorized to set aside the Agency's share of annual net revenue from the OIC in a capital repair reserve in Fund 9553, and at his option establish a checking account with a commercial bank in the name of the Agency to facilitate prompt and timely payment of the Agency's capital repair and improvement obligations; and be it

**FURTHER RESOLVED:** That the Agency Administrator or his designee is authorized to negotiate and execute the New Agreement and take whatever action is necessary with respect to the New Agreement consistent with this Resolution and its basic purposes; and be it

**FURTHER RESOLVED:** That the New Agreement authorized hereunder shall be approved as to form and legality by Agency Counsel and filed with the Agency Secretary.

IN AGENCY, OAKLAND, CALIFORNIA, \_\_\_\_\_, 2010

**PASSED BY THE FOLLOWING VOTE:**

AYES-                      BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, REID, AND  
                                    CHAIRPERSON BRUNNER

NOES-

ABSENT-

ABSTENTION-

ATTEST: \_\_\_\_\_  
                                    LATONDA SIMMONS  
                                    Secretary of the Redevelopment Agency  
                                    of the City of Oakland