

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

OFFICE OF THE AGENCY ADMINISTRATOR
2006 OCT 24 11:50:09

TO: Office of the Agency Administrator
ATTN: Deborah Edgerly
FROM: Community and Economic Development Agency
DATE: October 24 2006

RE: Resolution Authorizing the Agency Administrator to Negotiate and Execute a Three-Year Agreement with Rink Management Services Corporation for Management and Operation of the Oakland Ice Center for a Base Monthly Fee not to Exceed \$4,900, Plus an Annual Incentive Fee not to Exceed 20 percent of Net Revenue Adjusted for Any Deferred Expenses that May be Earned during the Previous Year in Excess of \$7,603, Pursuant to Specific Criteria

SUMMARY

The purpose of this report is to request that the Redevelopment Agency approve a resolution authorizing the Agency Administrator to negotiate and execute an agreement with Rink Management Services Corporation (RMSC) to manage and operate the OIC. The existing management agreement with Ice Specialty Entertainment, Inc. (ISE), dba Iceoplex Oakland, is expired and has been extended on a month-to-month basis. Staff issued a Request for Proposals (RFP) in April of this year and received four responses (Attachment A). After review and evaluation of these four responses by a committee organized by staff, RMSC ranked a definitive first. Accordingly, staff is requesting authorization to negotiate and execute a 3-year agreement with RMSC for a base monthly fee not to exceed \$4,900, plus an annual incentive fee not to exceed 20 percent of the net revenue, after deduction of the base management fee and adjustment for deferred electric utility expense, generated by the OIC under RMSC's management during the previous fiscal year that is greater than \$7,603.

FISCAL IMPACT

The Ice Center is a self-funded operation wherein anticipated operating expenses are appropriated annually to Agency Unrestricted Land Sales Proceeds Fund (9553), Capital Improvement Project – Economic Development Organization (94800), Project Improvements Account (57312), Oakland Ice Center Project (P131210). For the 2006-07 fiscal year, \$1,989,929 was appropriated to this account. This amount is \$370,906 higher than the 2005-06 fiscal year's actual operating expenses of \$1,619,023 including management fees. Staff is confident that the funds appropriated for the current fiscal year are sufficient to pay all operating expenses including the \$4,900 monthly or \$58,800 annual base management fee to RMSC.

It is also proposed that if the net revenue for the OIC for the current and future fiscal years under RMSC's management after appropriate adjustment for deferred electric utility expenses exceeds the \$7,603 in net revenue, after deduction of ISE's base management fee and \$60,000 of deferred

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electric utility expense, that the OIC generated in the fiscal year ending June 30, 2006 (FY05-06), then RMSC would be entitled to a management incentive fee. This incentive fee would be payable to RMSC within two months of the end of each fiscal year during the term of the agreement. It would be equal to 20 percent of net revenue generated in the previous fiscal year, after base management fee and deferred utility expense deductions, that was in excess of \$7,603. Since it is anticipated that the management agreement with RMSC will begin in the middle of the current fiscal year, it is proposed that any incentive fee earned this fiscal year be prorated based upon the number of days that the OIC is under RMSC's management. Please refer to Attachment B for RMSC's annual revenue and expense projections for FY06-07 and FY07-08.

BACKGROUND

Facility Description

The Agency is the owner of the Oakland Ice Center, located at 519 18th Street in downtown Oakland. The Oakland Ice Center is a three level, steel and concrete building constructed in 1995-1996. The facility contains two ice rinks, an Olympic-sized rink (200' by 100') and a NHL-sized rink (200' by 85'). The multi-purpose ice skating facility provides public skating, organized teams, hockey, figure skating and speed skating. The facility includes a 647 square-foot snack bar and vending machine alcove, and an 1,123 square-foot pro shop retailing hockey and ice skating equipment and accessories. The Agency has contracted for the management of the Ice Center since the Agency's acquisition of the facility in 1997. Agency also has agreements with operators of the snack bar and pro shop which are currently on a month-to-month status. It is expected that the selected manager will renegotiate long-term leases with these current operators or, if such negotiations are not successful, with new operators chosen by the selected manager.

History

The Agency entered into a Disposition and Development Agreement ("DDA") with U.S. Ice Ventures on April 28, 1995, for the development and construction of an ice skating and hockey facility on Agency-owned land in the middle of the block bounded by 17th and 18th Streets, and San Pablo and Telegraph Avenues in downtown Oakland. The Agency subsequently entered into a long-term ground lease with the developer and extended an \$11,000,000 loan to develop and construct the facility. The Ice Center began limited operations in September 1995 and became fully operational after completion of construction in March 1996.

In June 1996, the developer defaulted on the Agency loan and title to the facility was transferred to the Agency on May 2, 1997. In order to achieve an orderly transition, the Agency retained Recreational Management Services of California, Inc. as manager of the facility on a temporary basis. Following a RFP process in late 1997, Recreational Management Services was retained as the long term operator of the facility. In calendar year 1999, the OIC generated its highest gross revenue and highest net revenue before management fee of \$1,753,518 and \$161,581 respectively. In March 2000, the Agency terminated its agreement with Recreational Management Services and selected

Ice Specialties Entertainment, Inc. (ISE), dba Iceoplex, to manage the facility following a limited RFP process. Though ISE's agreement has since expired, the company continues to operate the Ice Center on a month-to-month basis. Annual revenues have ranged between \$1.5 and \$1.7 million during ISE's management, but operating expenses increased faster in most of those years than revenues resulting in increasing operating shortfalls which peaked at approximately \$70,000 before payment of management fees for the fiscal year that ended June 30, 2005. Cost-cutting measures implemented at the beginning of the FY05-06 resulted in a reversal of those losses and the generation of a \$67,603 net profit after payment of management fees, but before adjustment for approximately \$60,000 of deferred electric utility expenses for that fiscal year. Adjustment for these deferred expenses would reduce net revenue after payment of the base management fee to approximately \$7,603 for FY05-06.

The RFP

In late April 2006, the Agency issued a RFP for the management and operation of the Oakland Ice Center. The Agency's goal and the objective of the RFP were for the Ice Center to realize its potential for serving the public and generating net revenues for the Agency in excess of recent net income. More specifically, the Agency's stated goals for a new management team of the OIC were to:

- Attract many users and visitors, thus stimulating economic development in the surrounding area
- Provide the Agency with some reasonable level of net revenue
- Eliminate Agency subsidy of Ice Center operations
- Provide a high quality experience for all levels of skaters
- Comply with Agency's affirmative action policies and programs
- Develop programs that fully make use of the two rinks and other spaces within the Ice Center
- Continue to provide food and beverage service, and maintain a pro shop selling hockey and ice skating equipment and accessories
- Achieve above-standard maintenance for the facility

The Agency indicated its interest in entering into a thirty-six (36) month management agreement with an experienced ice center management firm that would enable the Ice Center to fulfill the goals listed above. The Agency also indicated its willingness to all applicants to negotiate creative gross and net revenue sharing structures to maximize revenues and minimize expenses at the Ice Center.

The Agency received four responses to the RFP. Respondents were required to submit a written proposal by June 5, 2006 detailing their ice rink management experience and plans for marketing and operating the OIC. Interviews of the four respondents were held on June 29, 2006. The four respondents to the RFP are listed below. A brief description of each company is attached.

- ISE, through its subsidiary, Iceoplex Oakland, Inc., the current management company;

- San Jose Arena Management, LLC;
- Rink Management Services Corporation;
- VSC Sports Enterprises, Inc.

KEY ISSUES AND IMPACTS

Evaluation of RFP Respondents

The RFP required respondents to submit a written proposal which described their experience and capacity managing ice skating facilities, as well as a preliminary marketing plan and pro forma operating statement for the OIC under their management. Respondents were also required to submit a separate fee proposal. A six-member RFP review committee consisting of an industry expert, a parent with two children in hockey and skating programs at OIC, and four staff members in the Redevelopment Division was organized to review and evaluate the RFP respondents. The committee first reviewed and scored the four written proposals according to the following criteria: experience; operational standards; marketing; financial capacity; references; and pro forma analysis. The unweighted average scores for each respondent under the six criteria above are displayed in Attachment C. One-hour interviews were conducted by the RFP committee in late June and respondents were evaluated and scored on the basis of experience, operations and marketing. The unweighted average scores for each respondent under each of the interview criteria are also shown in Attachment C. RMSC achieved the highest total average score for both the proposal and interview evaluations.

Since the proposal and interview evaluations have unequal amounts of total possible points, it was decided to adjust the average scores to give equal weight to both (Attachment D). Since RMSC scored higher than the other respondents on both the proposal and interview evaluation scores, weighting the scores made little difference in the magnitude of RMSC's ranking over the other respondents. The committee generally agreed that RMSC submitted the most responsive and complete written proposal and performed exceptionally well in the interview evaluation. VSC, more so than any of the respondents, lost evaluation points on its written proposal because it did not submit complete or specific enough information in response to the RFP. Following is a synopsis of the evaluation of the four respondents according to the RFP rating criteria.

A. Experience

RMSC as a company has more experience than the other three respondents managing ice skating facilities. VSC is fairly close in experience followed by ISE-Iceoplex and to a much lesser extent, SJAM. RMSC also has good experience managing publicly-owned facilities. VSC lost points under the experience evaluation criteria for the written component because its proposal did not clearly explain its management experience. SJAM's experience is limited to its 7-year tenure at LogiTech Ice and less than one year managing Sharks Ice Fremont. The principals of both RMSC and VSC have extensive experience in the ice skating industry. The principal management team for SJAM and its related entities has impressive credentials and extensive

entertainment facility and business management experience. Overall the committee was more impressed with RMSC's specific and extensive experience managing a larger number of ice facilities, and in particular publicly-owned ones.

B. Operations

The committee was especially impressed with RMSC's well-established operating procedures, comprehensive financial controls and timely reporting mechanisms. RMSC's ability to achieve discounts in procuring goods and services due to its size leverage was also considered a positive. Similarly, SJAM's access to its own maintenance and engineering staff was viewed favorably. All four respondents offer the usual array of skating activities including public skating, youth and adult hockey, figure skating, instructional camps, birthday parties and special events in the facilities they manage. *All seem to appreciate the need to carefully allocate prime ice time among these various activities to not only maximize short-term revenues, but continually attract new customers and potential participants in these activities in order to foster future clientele.*

C. Marketing

The majority of the RFP committee thought that all the respondents except VSC Sports proposed solid and fairly comprehensive marketing plans. A common complaint of committee members, however, was that these plans were not sufficiently tailored to address the goals of increasing use of the facility by Oakland's diverse population while also expanding revenue. Of all the respondents, it was generally agreed that RMSC had done the most homework and appreciated the need to undertake specific activities to attract segments of Oakland's community which have not historically utilized the OIC. RMSC also displayed a willingness to experiment with unusual and non-traditional activities to attract non-traditional patrons and enhance the experience of both new and existing patrons. Examples of these non-traditional activities which are tailored to the local community include concerts, food festivals, charity casino nights, and corporate parties.

SJAM of course brings with it all of the star power and panache of the San Jose Sharks professional hockey club and its well-developed marketing and ticketing arm, SVSE. In fact, SJAM suggested renaming the OIC "Sharks Ice at Oakland" to further emphasize the facility's connection with the Sharks organization. It also proposes to re-brand OIC's youth hockey organization as Oakland Sharks. There certainly are obvious advantages associated with being under the Sharks umbrella, but the committee was concerned that SJAM might be more focused on promoting activities geared to enhancing the Sharks organization than on longer term strategies to maintain and strengthen OIC's connection to the local community. The committee believes that RMSC is firmly committed to maintaining and strengthening these local connections without any competing objectives.

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D. Financial Capacity

RMSC provided financial statements which documented steady increases in gross and net revenues over the past three years. It also showed a healthy net equity. SJAM declined to submit financial information, citing confidentiality issues due to its related affiliates, but did offer to make such information available for inspection if selected as the OIC manager. It did provide confidential financials for the LogiTech center which showed substantial gross and net revenues over the past couple years. SJAM also provided a letter from Comerica Bank verifying a 13-year relationship with the Sharks and SVSE, and those entities' current maintenance of a \$30 million credit facility with Comerica Bank. Iceoplex submitted financial statements showing a slight decline in revenues over the past couple years and corresponding increase in operating losses. These losses are attributable to the fact that ISE-Iceoplex includes salary expenses on its financials for administrative staff who may work at its different facilities, but only revenue from management fees are reflected on those financials. The negative equity reported on Iceoplex's balance sheet is the result of operating losses from earlier years from several ice skating facilities it formerly owned and operated, and subordinated shareholder loans to the company. VSC submitted financial statements showing sizable increases in gross and net revenue from 2004 to 2005. The negative equity reported on its balance is due to subordinated shareholder loans.

E. References

As might be expected because of their rink management portfolio, RMSC submitted the most references from clients. Staff checked references for several of the publicly-owned rinks and verified that RMSC had in fact performed very well, including the highly relevant turn-around of the twin-rink facility in York, PA with similar market characteristics as OIC. ISE-Iceoplex submitted references from the owners of the Bakersfield, Escondido and Vacaville ice facilities it manages. Staff was able to confirm the positive recommendations from the owners of these three facilities. Iceoplex also submitted a number of positive letters from customers, groups and teams who patronize the OIC. SJAM submitted references from the San Jose Sports Authority, San Jose Arena Authority, and City of San Jose confirming that it has done an outstanding job managing both LogiTech Ice and the HP Pavilion, particularly in the areas of facility maintenance and customer service. VSC provided only two references, one from the San Francisco Redevelopment Agency for VSC's management of Yerba Buena Ice & Bowling Center, and the other from the owner of a privately-owned rink in Pasadena, CA. The project management staff in the San Francisco Redevelopment Agency indicated that VSC had done a very good job operating Yerba Buena during the first 8 years of its 10-year lease. The owner of the Pasadena ice facility reported that VSC Sports and Mike Paikin personally have an almost 20-year track record successfully managing that facility.

F. Pro Forma Analysis

For the first year under its management, SJAM aggressively projected that OIC would increase gross revenue approximately 37 percent to \$2,328,750 and net revenue, before any management fee deduction, approximately 77 percent to \$236,347, from the approximate \$1,686,626 gross and \$133,374 net amounts the OIC actually produced during the last fiscal year before deductions of base management fee and deferred electric expense. SJAM projected almost a four-fold increase in contract ice revenue, along with an approximately 20 percent increase in hockey revenue and over a 40 percent increase in public skating. SJAM did not provide details on how it proposed to achieve these significant increases given the fact that OIC's prime skating hours are almost fully booked with activities, and its contract ice prices are already on par with other rinks in the Bay Area. ISE-Iceoplex projected a much more modest 10 percent increase in gross revenues the next year if it is retained as manager of OIC. However, it optimistically projected net revenue of \$225,000 that is approximately 70% higher than the \$133,374 earned this past fiscal year before payment of its management fee. VSC Sports projected less than a 5 percent increase in gross revenue over last year's actual amount, but a reduction in net revenue to virtually a break-even amount.

RMSC conservatively projected a 5.3% increase in first-year gross revenue over FY05-06's actual amount, and a 6% decrease in first-year net revenue from FY05-06's actual amount. Because FY05-06's \$133,374 net revenue amount is actually overstated by \$60,000 of deferred electric utility expense, RMSC's \$125,458 first-year net revenue projection in fact represents an approximate \$52,000 increase over FY05-06 net revenue after adjustment for the deferred expense. RMSC estimates that second-year revenues will increase to almost \$2,000,000 and net revenue before base management fee to just over \$200,000 (See last two columns of Attachment B for complete display of RMSC's projections of revenue and expenses for FY06-07 and FY07-08).

G. Fee Proposals

Iceoplex, VSC Sports and RMSC all proposed standard base management fees with percentage of net revenue provisions. ISE-Iceoplex proposed a reduction in its current annual base fee from \$72,000 to \$60,000, and an increase in its percentage of net income from the current 5 percent of amounts in excess of \$300,000 to 20 percent of amounts in excess of \$50,000 (See Attachment E for a comparison of the four respondents' fee proposals). VSC proposed a \$65,400 base fee plus reasonable administrative, travel, food and lodging expenses for visits by the president or vice-president. It was noted that these travel expenses would be split between OIC and the Yerba Buena Center in San Francisco. VSC also proposed a performance bonus based on operating profits, but did not specify what the amount and structure might be. Finally, RMSC proposed a base management of \$58,800 with a 20 percent share of net income over the current adjusted baseline amount of \$7,603. SJAM proposed no base management fee, but instead a 70 percent share of all net revenues it produces in excess of the \$73,374 FY05-06 adjusted baseline amount of net revenue prior to any management fee deduction. It proposed that the Agency's 30 percent

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share of net revenue be maintained in a capital reserve for repairs and improvements. It also proposed to advance \$30,000 for a thorough cleaning of the OIC before beginning its management, and required to be reimbursed for this advance only out of the Agency's 30 percent share of net revenue after the first and second year of SJAM's management. The review committee appreciated the confidence and boldness of SJAM's no-base fee structure, but also understood that this structure would be less beneficial to the Agency than the base plus incentive fee structure proposed by RMSC, if the performance of the OIC continues to improve and annual net revenues before deduction of any management fee increased just beyond approximately \$190,000. SJAM projects that this increase in net revenues will occur during the second year of its proposed management.

SUSTAINABLE OPPORTUNITIES

Negotiation and execution of a management agreement with RMSC as proposed is expected to create the following sustainable opportunities:

Economic

It is expected that usage of the Ice Center will increase under RMSC's management, thereby drawing larger numbers of participants and spectators who will patronize surrounding businesses and garages.

Environmental

It is expected that RMSC will, just as the current management company has, work with Agency and City staff to implement energy saving measures at the Ice Center, similar to the solar panel system and energy efficient lighting installed last year.

Social Equity

It is expected that RMSC will continue the current management company's excellent record of hiring Oakland residents at the Ice Center. It is also expected that RMSC will develop and implement effective strategies that will further increase the participation of Oakland residents in activities and programs at Ice Center. RMSC has expressed its commitment to particularly target those segments of Oakland's community which have not historically participated in Ice Center programs and activities to a large degree.

DISABILITY AND SENIOR CITIZEN ACCESS

The Oakland Ice Center will continue to comply under RMSC's management with all applicable local, state and federal regulations including those pertaining to disabled and senior citizen access, including American with Disabilities Act and Title 24 regulations.

RECOMMENDATION(S) AND RATIONALE

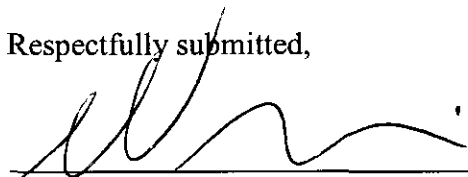
It is recommended that the Agency authorize the Agency Administrator or her designee(s) to negotiate and execute a management agreement with RMSC for a 3-year period for the following reasons:

- Markedly higher ranking than other respondents in all evaluation criteria for both the written proposal and individual interview
- Superior experience managing ice skating facilities throughout the country for a number of years
- Recent demonstrated experience transforming a poorly performing ice skating facility in an eastern city with similar socio-economic characteristics as Oakland into a financially profitable facility serving a diverse community
- Excellent reputation in the ice skating industry
- Particularly strong in financial controls and reporting
- Willingness to collaborate with Agency staff in developing and implementing strategies to improve OIC operations
- Proven ability to market its facilities to increase participation and benefits to local communities
- Intention to carefully evaluate existing staff and various skating programs before making any changes resulting in least disruption of current operations and programs
- Proposal to charge a reasonable and competitive management fee

ACTION REQUESTED OF THE AGENCY

The Agency is requested to approve the attached resolution authorizing the Agency Administrator to negotiate and execute an agreement with RMSC to manage the Oakland Ice Center for a monthly fee not to exceed \$4,900, plus an annual incentive fee not to exceed 20 percent of net revenue, adjusted for deferred electric utility expense, if earned during the previous year in excess of \$7,603 after deduction of the annual base management fee, pursuant to specific criteria.

Respectfully submitted,



Daniel Vanderpriem

Director of Redevelopment, Economic
Development, Housing and Community
Development

Prepared by:
John Quintal
Economic Development Analyst

APPROVED AND FORWARDED TO THE
COMMUNITY AND ECONOMIC
DEVELOPMENT COMMITTEE:


OFFICE OF THE AGENCY ADMINISTRATOR

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October 24, 2006

DESCRIPTION OF RFP RESPONDENTS

Iceoplex

Iceoplex is based in Santa Monica, California and its parent ISE has managed a number of ice facilities throughout the country. ISE and its subsidiaries currently manage four other ice facilities in California. One is a publicly-owned facility in Bakersfield. The others are in Escondido, Simi Valley and Vacaville. ISE's senior management and Iceoplex's local management team have extensive ice facility management experience. Iceoplex has managed OIC since March 2000. In FY04-05 expenses escalated nearly twice as fast as revenue and produced a worst-ever \$135,866 operating loss. Near the end of FY04-05, however, Iceoplex appointed a new president and he began implementing a number of cost saving measures. Those cost savings resulted in a reported \$67,603 net profit for the just-ended FY05-06, even though gross revenue declined almost \$18,000 from the previous year (See Attachment A – OIC Revenue and Expense Comparison FY2003-06). It should be noted that the reported net profit does not account for approximately \$50,000 of accrued electric utility charges deferred until October 2006 under the ice center's new solar panel billing system. However, even after adjusting for this accrued expense, the remaining smaller \$17,603 net profit still represents more than a \$153,000 improvement over the last fiscal year's operating loss.

Rink Management Services Corporation

Rink Management Services Corporation (RMSC) was established in 1999 by its president, Thomas Hilgrove who has over 25 years of recreational management experience. RMSC is now the largest operator of ice skating facilities in the United States and has the most experience managing publicly owned facilities. It currently manages 14 facilities across the country, five of them publicly owned. It was recently selected to manage two more public facilities in Wichita, Kansas and Des Moines, IA. RMSC began managing a twin-rink facility for the City of York, PA in 2004 which has almost the same racial breakdown as the City of Oakland. Staff verified with a York City official that RMSC was doing an excellent job making the facility accessible to all members of York's diverse population, while increasing net operating income to approximately \$320,000 in 2005. The relatively large number of rinks that RMSC manages provides better opportunities to take advantage of volume discounts from suppliers and service providers which reduce operating expenses for its clients.

San Jose Arena Management

San Jose Arena Management (SJAM) is affiliated and operates in a unified manner with San Jose Sharks, LLC, the ownership entity of the NHL professional hockey team, and Silicon Valley Sports and Entertainment (SVSE), the sales and marketing arm for HP Pavilion and the Sharks. SJAM manages the HP Pavilion, LogiTech Ice Center in San Jose, and the recently acquired Sharks Ice at Fremont. The Sharks are currently negotiating to construct a four-rink facility in Pleasanton which SJAM would also presumably manage. SJAM was established in 1990 with the construction of the HP Pavilion and in the late 90's also began managing the LogiTech Ice Center on behalf of the City of San Jose. Though SJAM's approximate 7-year

management of this facility represents its primary experience operating a recreational ice skating facility, the Sharks, SJAM, and SVSE management team is very experienced and capable. SJAM has the advantage of its own in-house maintenance and repair staff which serves to hold down that expense in the facilities it manages.

VSC Sports Enterprises, Inc.

VSC Sports Enterprises, Inc. is a 20-year old ice skating management and consulting firm currently based in Sherman Oaks, California. VSC currently manages 11 rinks across the country, four of them in California, including the Yerba Buena Ice Skating and Bowling Center in San Francisco. Besides Yerba Buena, VSC manages two other publicly-owned rinks in Pasadena, CA and Bremerton, Wa. Its president, Michael Paikin and its vice-president, Bert Blanchette have over 30 years experience in the ice skating industry. The company has also served as a well respected consultant in the development and management of privately and publicly-owned ice skating facilities throughout the country for a number of years.

Attachment B

Oakland Ice Center
FY 2003-06 Comparison

	12 mos. End. <u>YTD6/03</u>	12 mos. End. <u>YTD6/04</u>	12 mos. End. <u>YTD6/05</u>	12 mos. End. <u>YTD6/06</u>	12 mos. End <u>6/07 Projectd</u>	12 mos. End <u>6/08 Projectd</u>
REVENUES						
Public Admissions	144,916	153,156	174,676	196,849	185,000	200,000
Groups	51,952	47,656	50,843	49,193	60,000	65,000
Skate Rentals	36,234	39,117	35,453	40,063	35,000	37,000
Birthday Parties	37,543	36,556	31,361	43,699	40,000	50,000
Skating School	191,683	179,274	248,649	234,396	250,000	260,000
Pick-up/Sticktime	51,080	40,513	33,672	45,907	38,000	45,000
Freestyle	165,479	104,802	122,385	128,492	125,000	135,000
Hockey-Adult	549,730	580,957	607,950	559,859	610,000	630,000
Hockey-Youth	180,486	194,405	185,561	199,776	190,000	230,000
Hockey classes/lessons	25,677	36,076	29,386	29,236	35,000	40,000
Other Private Ice	104,003	108,230	117,032	98,481	117,000	125,000
Rental Income-Lessees	40,672	40,632	30,577	25,862	19,000	27,000
Pro Commissions	20,892	16,467	20,650	16,997	21,000	25,000
Dasher Board/Sponsorship Rev.	45	3,720	1,005	0	30,000	35,000
Other Income	<u>10,863</u>	<u>16,845</u>	<u>15,077</u>	<u>17,816</u>	<u>21,000</u>	<u>28,800</u>
Total Revenues	1,611,255	1,598,406	1,704,277	1,686,626	1,776,000	1,932,800
EXPENSES						
Payroll (Incl Payroll Taxes)	675,648	652,257	709,298	657,976	674,880	700,000
Pros Fees	a	a	62,530	56,728	65,000	75,000
Utility Costs	266,811	281,333	316,934	223,393 c	300,200	300,000
Repair & Maintenance	51,030	55,871	72,294	91,574	104,348	120,000
Advertising/Promotion	47,537	49,542	57,129	27,354	50,000	50,000
Insurance	154,033	176,035	233,573	187,991	159,800	165,000
Travel	2,025	1,895	2,528	85	3,000	3,000
Accounting/Legal	3,022	1,373	545	5,714	11,000	11,000
Office Expense	80,184	64,808	61,560	56,599	78,414	80,000
Hockey Programs	117,298	121,509	126,644	126,558	131,000	140,000
Operating Supplies	13,221	10,335	13,582	12,795	13,000	13,500
Security Services	28,375	25,787	6,263	3,192	6,000	6,500
Special Event Costs	28,326	18,811	23,020	34,230	21,900	25,000
Other Expenses	<u>119,849</u>	<u>126,828</u>	<u>88,243</u>	<u>69,063</u>	<u>32,000</u>	<u>35,000</u>
Subtotal	1,587,359	1,586,384	1,774,143	1,553,252 c	1,650,542	1,724,000 d
Earnings b/f Mgment Fee (b)	23,896	12,022	-69,866	133,374	125,458	208,800
Less Base Mgment Fee	72,000	72,000	66,000	65,771	58,800	58,800
Subtotal Net Revenue	-48,104	-59,978	-135,866	67,603	66,658	150,000
Less Incentive Mgment Fee	0	0	0	0	0	16,479
Net Revenue	-48,104	-59,978	-135,866	67,603	66,658	133,521

a - Pro fees included in Other Expenses in FY03 & 04.

b - Excludes depreciation.

c - Does not include approximately \$60,000 of deferred electric utility expense that will be billed in October 2006

d - Does not include any potential expenses related to the rental of off-site parking for OIC patrons or additional staffing costs for monitoring such parking.

Attachment C

OVERALL SCORES	Max. Points	Iceoplex	Rink Management Services Corporation (RMSC)	San Jose Arena Management	VSC Sports Enterprises, Inc.
I. Proposal	50.00	38.17	44.43	36.58	30.91
Experience	14.00	11.50	13.42	11.00	10.58
Operational Standards	12.00	8.25	10.42	7.92	5.58
Marketing	10.00	7.67	8.17	6.83	3.67
Financial Capacity	6.00	3.50	5.00	4.50	5.00
References	5.00	5.00	5.00	4.50	4.50
Proforma Analysis	3.00	2.25	2.42	1.83	1.58
II. Interview - General	30.00	21.26	27.83	22.50	20.66
Experience	12.00	8.67	11.33	8.83	9.08
Operations	10.00	6.67	9.17	7.67	5.75
Marketing	8.00	5.92	7.33	6.00	5.83
TOTAL POINTS AWARDED	80.00	59.43	72.26	59.08	51.57
PERCENTAGE OF POSSIBLE POINTS	100.00%	74.29%	90.33%	73.85%	64.46%

Ranking (Non-weighted)

Management Company	Score	Percentage	Rank
Iceoplex	59.43	74.29%	2
Rink Management Services Corporation	72.26	90.33%	1
San Jose Arena Management	59.08	73.85%	3
VSC Sports Enterprises, Inc.	51.57	64.46%	4

Attachment D

Oakland Ice Center - Overall Scores (Weighted)		Iceoplex	Rink Management Services Corporation (RMSC)	San Jose Arena Management	VSC Sports Enterprises, Inc.
Proposal Review Scores	50.00	38.17	44.43	36.58	30.91
Total Interview Scores*	30.00	21.26	27.83	22.50	20.66
Overall Management Team Scores (Weighted)					
Proposal Review Scores (@ 50% of total score)	40.00	30.54	35.54	29.26	24.73
Interview Scores (@50% of total score)	40.00	28.35	37.11	30.00	27.55
TOTAL POINTS AWARDED	80.00	58.88	72.65	59.26	52.27
PERCENTAGE OF TOTAL POINTS	100%	73.6%	90.8%	74.1%	65.3%

*Scores based on General Interview Scores; Specific interview questions were utilized for informational basis.

Ranking (Weighted)

Management Company	Score	Percentage	Rank
Iceoplex	58.88	73.60%	3
Rink Management Services Corporation	72.65	90.81%	1
San Jose Arena Management	59.26	74.08%	2
VSC Sports Enterprises, Inc.	52.27	65.34%	4

Attachment E

Comparison of Base & Incentive Fee Proposals

	Annual Base Fee	Incentive Fee Structure	Incentive Fee Calculated on \$73,000 Net Revenue before Base Fee Deduction	Incentive Fee Calculated on \$150,000 Net Revenue before Base Fee Deduction	Incentive Fee Calculated on \$190,000 Net Revenue before Base Fee Deduction	Incentive Fee Calculated on \$250,000 Net Revenue before Base Fee Deduction
RMSC	\$58,800	20% of net revenues in excess of \$7,603, <i>after</i> deduction for base management fee	\$1,319	\$16,719	\$24,719	\$36,719
SJAM	\$0	70% of net revenues in excess of \$73,374, <i>before</i> deduction for any management fees	\$0	\$53,638	\$81,638	\$123,638
ISE, Iceoplex	\$60,000	20% of net revenues in excess of \$50,000, <i>after</i> deduction for base management fee	\$0	\$8,000	\$16,000	\$28,000
VSC Sports	\$65,400	Not Specified	Indeterminable	Indeterminable	Indeterminable	Indeterminable

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APPROVED AS TO FORM AND LEGALITY


AGENCY COUNSEL

REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

RESOLUTION NO. _____ C.M.S.

A Resolution Authorizing the Agency Administrator to Negotiate and Execute a Three-Year Agreement with Rink Management Services Corporation for Management and Operation of the Oakland Ice Center for a Base Monthly Fee not to Exceed \$4,900, Plus an Annual Incentive Fee not to Exceed 20 Percent of Net Revenue Adjusted for any Deferred Expenses that May be Earned during the Previous Year in Excess of \$7,603, Pursuant to Specific Criteria

WHEREAS, on May 2, 1997, the Agency acquired ownership of the twin-rink ice skating facility located at 519 – 18th Street known as the Oakland Ice Center (OIC) following the default by the original owner of the OIC on an Agency loan to construct the OIC ; and

WHEREAS, pursuant to Agency Resolution No. 97-12 C.M.S., the Redevelopment Agency is authorized to enter into contracts necessary to manage operate the OIC; and

WHEREAS, the management agreement that the Agency entered into with the current manager of the OIC in March 2000, expired in March 2002, and has been continued on a month-to-month basis since its expiration, as provided in the agreement; and

WHEREAS, even though the financial performance of the OIC improved markedly during the fiscal year ending June 30, 2006, in comparison to the previous four fiscal years, Agency staff decided to solicit other potential managers of the OIC in hopes of further improving financial performance and the generating recreational and other economic benefits to Oakland residents; and

WHEREAS, in furtherance of that goal, Agency staff issued a Request for Proposals (RFP) in April 2006, to the specialized group of firms experienced in managing ice skating facilities; and

WHEREAS, four qualified firms responded to the RFP, and an RFP Review Committee was established to review and evaluate the qualifications and RFP responses from these firms; and

WHEREAS, following a multi-step review process, the RFP Committee and Agency staff ranked Rink Management Services Corp. (RMSC) as the best qualified of the four responding firms to manage the OIC; and

WHEREAS, the \$4,900 monthly, or \$58,800 annually, base management fee (Base Fee), and the annual incentive fee equal to 20 percent of net revenues, after adjustment for any deferred expense, if any generated by the OIC in the previous year, which are greater than \$7,603 after deduction of the Base Fee (Incentive Fee) that have been proposed by RMSC, are considered reasonable and competitive compared to management fees that are standard in the industry, and those proposed by the other three RFP respondents; now, therefore, be it

RESOLVED: That the Agency Administrator is hereby authorized to negotiate and enter into a three-year agreement with RMSC for the management and operation of the OIC consistent with the terms set forth above ("Management Agreement") for a monthly Base Fee not to exceed \$4,900, plus an annual Incentive Fee not to exceed 20 percent of net revenue adjusted for any deferred expense in excess of \$7,603, generated by the OIC in the preceding fiscal year, after deduction of the Base Fee; and be it

FURTHER RESOLVED: That the Agency Administrator is authorized to take whatever action is necessary with respect to the Management Agreement consistent with this Resolution and its basic purposes; and be it

FURTHER RESOLVED: That any agreements authorized hereunder, including amendments, modifications, or extensions, shall be approved as to form and legality by the Office of the City Attorney and filed with the Office of the City Clerk.

IN AGENCY, OAKLAND, CALIFORNIA, _____, 2006

PASSED BY THE FOLLOWING VOTE:

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

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____
LATONDA SIMMONS
Secretary of the Redevelopment Agency
of the City of Oakland