

San Jose Arena Authority

Memorandum

To: Sheila Tucker, City Manager's Office
From: Chris Morrisey, Executive Director *CM*
Subject: Summary of Activities at Sharks Ice at San Jose
Date: April 12, 2011

On behalf of the San Jose Arena Authority, I respectfully submit to you a summary of programs and operations at Sharks Ice at San Jose from Fiscal Year 2009-10. This summary is an abbreviated version of a comprehensive report on programs and operations at Sharks Ice at San Jose that is annually submitted by HP Pavilion Management to the Arena Authority. HP Pavilion Management's report was presented to the Arena Authority Board of Directors in February 2011.

Under the terms and conditions of the Amended and Restated Lease and Management Agreement Regarding the Ice Centre of San Jose, the Arena Authority has been delegated by the City to perform certain management oversight responsibilities. Included in this area of oversight responsibilities is the Authority's submittal of an annual review summarizing the manager's performance in the operation of the ice training facility.

As you know, Sharks Ice at San Jose is one of the most utilized public ice facilities in North America. With four rinks available for ongoing public use, the facility welcomed over 1,500,000 visitors and patrons during the 2009-10 fiscal year. It is worth noting that during the 2010 Winter Olympic Games, Sharks Ice at San Jose was featured in a number of news specials and reports.

The attached summary provides more information on programs and operations at the ice training facility. If you have any questions about the report or the facility, please contact me.

cc: Members of the Arena Authority Board of Directors

San Jose Arena Authority

Informational Memorandum

To: Sheila Tucker, City Manager's Office
From: Chris Morrisey, Executive Director *cmf*
Subject: Summary of Activities at Sharks Ice at San Jose for Fiscal Year 2009-10
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Background

In May 2004, the City of San Jose and HP Pavilion Management executed an agreement to amend the lease and management agreement for Sharks Ice at San Jose for the expansion of the ice training facility. In doing so, the City delegated to the San Jose Arena Authority general management oversight responsibilities of Sharks Ice at San Jose. Included in this oversight role was the execution of an annual review of the facility manager's performance in the management and operation of the facility. For this and other facility oversight responsibilities, the City annually allocates approximately \$41,000 to the Arena Authority that the City receives from HP Pavilion Management through the quarterly payments determined in the lease and management agreement.

Narrative on Pertinent Lease and Management Agreement Sections

Section 3.10. Maintenance Standard.

During FY 2009-10, HP Pavilion Management invested over \$1,150,000 in facility maintenance. This included costs for labor and materials for the ice plant, plumbing, water treatment, electrical, HVAC, building grounds, general systems maintenance and Zamboni operations.

Section 6.01. A-B. Use of the Premises. Public Areas. Private Areas.

Sharks Ice at San Jose includes four ice rinks; a pro shop for figure skating and ice hockey merchandise and equipment; a full service restaurant; locker rooms; ice skating rental area; video arcade; a small food concession area; a mezzanine area; a public training area; a conference room; and the private Sharks hockey team training and physical conditioning area. With these many patron amenities, Sharks Ice at San Jose has become the largest public ice facility west of the Mississippi River. All four rinks are available to the public, including the Sharks training rink, which is available for public use at 90% of the total available use time. With four ice rinks in operation, the public has significant ice time for hockey, ice, and figure skating lessons, leagues, and sessions. It is worth noting that during FY 2009-10, Sharks Ice at San Jose welcomed over 1,500,000 visitors and participants.

Sheila Tucker

Summary of Activities at Sharks Ice at San Jose for Fiscal Year 2009-10

April 12, 2011

Page 2

Section 6.02. A-G. Community Access.

Sharks Ice at San Jose continues to be one of the busiest public ice facilities in the United States. Below is a list of programs provided at the public ice facility:

Ice Hockey

Sharks Ice at San Jose provides a large number of ice hockey programs, including youth in-house hockey and adult in-house hockey. Sharks Ice at San Jose has the largest adult hockey program in the United States (144 teams) that was recognized by USA Hockey for being the largest organization in the country. Other programs include Jr. Sharks Hockey Club (the largest of its kind in California); Girls/Women's Hockey (the only program in Northern California with teams competing at state and national levels); HP Sharks high school hockey program (with 32 high schools represented, the only one of its kind in Northern California); youth-in house (26 teams and 435 players); and drop-in hockey. Please note that there have been incremental increases in a number of these programs since the last annual report.

Figure Skating

Figure skating programs include lesson programs (over 4,300 youth participants); freestyle/figure skating; dance programming (Sharks Ice at San Jose is only one of four facilities in the United States that offers high-end dance programs and has attracted dance couples from all over the world for instruction.); and public skating (over 99,000 participants last year). Please note that the 2012 U. S. Figure Skating Championships will be held at HP Pavilion at San Jose. Sharks Ice at San Jose will serve a significant role by providing practice times for competitors while supporting the championships with event volunteers and program participants.

Community Programs

Community programs include a free use program (During FY 2009-10, 4250 at-risk youths participated in the program. Since this program was introduced, HP Pavilion Management has provided over \$1,175,500 in donated services. Please note that participation in this program has declined in recent years, mainly due to reductions in student transportation services.); a special needs program; free use lessons (Each quarter, 12 scholarships are presented to children in the community for free use lessons.); and Home School Fridays.

Other Programs and Events at Sharks Ice at San Jose

Sharks Ice at San Jose features programs in curling, speed skating, and ice dancing. Collegiate hockey, hockey tournaments, and figure skating competitions have also become a significant part of the ice training facility. Sharks Ice at San Jose is the home of the San Jose State University and Santa Clara University hockey teams. In fact, tournaments, competitions, and events held at Sharks Ice at San Jose were directly responsible for over 6,000 hotel room nights in San Jose during FY 2009-10.

Section 6.03 Management Oversight

Per the terms of the lease and management agreement, HP Pavilion Management is to make available to the City or the Arena Authority information on operating revenues and expenditures. For FY 2009-10 Sharks Ice at San Jose generated \$8,902,978 in operating revenue while operating expenses totaled \$9,298,283.

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Summary of Activities at Sharks Ice at San Jose for Fiscal Year 2009-10

April 12, 2011

Page 3

Section 7.02. Capital Repairs and Replacements.

The Arena Authority convenes a Facilities Committee to oversee the analysis and implementation of a capital repairs and replacements program for Sharks Ice at San Jose. Each fiscal year, representatives from the Arena Authority, the City Manager's Budget Office, the City's Department of Finance and HP Pavilion Management address the current and anticipated capital repair and replacement needs for the facility. Through this process, a comprehensive capital repairs and replacements budgetary program is established and monitored. This capital improvements oversight program is modeled after the successful HP Pavilion at San Jose capital repairs and replacements program. For FY 2009-10, the City Council approved a capital budget of \$273,000 for the facility. For FY 2010-11, the approved capital budget for Sharks Ice at San Jose is \$444,000 while the capital budget recommendation for the ice training facility for FY 2011-12 is \$672,500.

Summary

Sharks Ice at San Jose is an outstanding public ice facility, offering an array of community ice skating programs for youths, adults, and those with special needs. With access to four ice rinks, Sharks Ice at San Jose continues to grow as the hub of local, regional, national and international hockey, figure, and ice-skating activities. The facility is well managed and maintained by HP Pavilion Management and continues to attract record-setting numbers of participants. For reference, just five years ago Sharks Ice at San Jose attracted 1,000,000 visitors and participants. As reported earlier in this summary, during FY 2009-10 the ice training facility welcomed over 1,500,000 participants and visitors. In conclusion, Sharks Ice at San Jose should continue to be regarded as one of the premier public ice facilities in the western United States.