



Agenda Report

19-876

Agenda Date: 9/17/2019

REPORT TO COUNCIL

SUBJECT

Action to Award Agreement to Ice Rentals, LLC dba Special Ice for Annual Seasonal Ice Rink Installation, Management and Operation Services

BACKGROUND

The Parks and Recreation Department has hosted a seasonal ice rink in Santa Clara's Central Park during the winter operating season (mid-November through January) since 2015. The ice rink has become a welcomed addition to the City, annually providing over 10,700 residents and visitors of all ages a winter drop-in recreation venue or a place to learn to skate. Public skate sessions account for most of the demand. In addition, the ice rink is a key attraction at the annual Holiday Tree Lighting event in Central Park.

The City has contracted with Ice Rentals, LLC dba Special Ice since 2015 to install, operate and manage the seasonal ice rink. Ice Rentals, LLC also provides programs including, but not limited to, ice skating lessons, private parties and special events. The contractor operates a concession stand for snacks, beverages, skating equipment rentals and other items. During the 2018-19 season, City revenues were 20% of net operating revenues or approximately \$8,000 associated with ice rink operations, programs and concessions. Expenditures were approximately \$36,000 for City installation/removal of the base (425 hours labor, materials and supplies) and contractual payment of \$99,000 to Special Ice for chiller unit and program management (equipment rental, permits, power generation, staff, etc.). Currently, the total City General Fund support of the ice rink and recreation program is approximately \$127,000 per year (or, \$11.87 per user).

On a related note, four (4) commercial sponsors of the Holiday Tree Lighting Event purchased ice rink dasher board sponsor panels in the amount of \$8,500 which provided an additional revenue opportunity to reduce the General Fund subsidy of this community recreation program.

DISCUSSION

Request for Proposal: On May 11, 2019, the City issued a Request for Proposal (RFP) to select a qualified firm to provide seasonal ice rink installation, management and operation services. The City published the RFP using BidSync, the City's e-procurement tool. In addition, the City reached out directly to firms that are known to provide the required services. The RFP closed on June 6, 2019. The City received one proposal, from the incumbent Ice Rentals, LLC dba Special Ice (Livermore, CA).

Evaluation Process: Staff reviewed the proposal from Ice Rentals, LLC and determined that the response satisfied all the requirements set forth in the RFP. Ice Rentals, LLC has proven experience in installing, managing and operating ice rinks.

Staff reached out to other seasonal ice rink companies to inquire why they did not submit a proposal. Staff was told by each company that while they were interested in the ice rink project, they didn't believe the contract would be lucrative enough to offset the costs of setting up operations in the City, since each company is located well outside of the Bay Area. Ice Rentals, LLC is the only seasonal ice rink company located in the Bay Area.

Notice of Intended Award: A Notice of Intended Award (NOIA) announcing the City's recommended contractor was issued on June 14, 2019. The RFP process included a ten-day protest period which commenced with the issue of the NOIA and ended on June 24, 2019. No protests were received.

Summary of Agreement: The agreement with Ice Rentals, LLC includes an initial term through January 31, 2025, and up to five, one-year renewal options at the sole discretion of the City. The scope of services includes installation, management, operation and removal of the seasonal ice rink. Annual compensation includes fixed pricing for labor, materials, equipment and rental of a chiller. Ice Rentals, LLC may request adjustments to the compensation rate which would be subject to approval by the City. The compensation under the agreement is shown below:

COST ELEMENTS:

Year 1 Costs

Ice Rink Package	\$55,000
Chiller Rental	\$24,000
Installation	\$10,000
Equipment Rental	\$10,000
Ice Rink Removal	\$7,500
Materials	\$2,500
Year 1 Costs subtotal	\$109,000
On-going Costs (Years 2-5)	\$436,000
GRAND TOTAL	\$545,000

In addition, the City has negotiated more favorable terms to retain fifty-five percent (55%) of net operating revenue associated with ice rink operations, programs and concessions. Based on past experience, this City gross revenue amount is anticipated to be approximately \$20,000-\$24,000 per year.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378 (b)(4) in that it is a fiscal activity that does not involve commitment to a specific project which may result in potential significant impact on the environment.

COORDINATION

This report has been coordinated with the Finance Department and the City Attorney's Office.

FISCAL IMPACT

Funds in the amount of \$109,000 per year for the first two years of the Agreement is available in the Parks and Recreation Department's FY 2019/20 and FY 2020/21 Adopted Biennial Operating Budget. Budget for the subsequent years is subject to the appropriation of funds.

Funds for City expenditures related to installation, materials and supplies for the rink base is approximately \$36,000 per year and is included in the Parks & Recreation Department's Adopted Biennial Operating budget.

Contract provisions include City retention of fifty-five percent (55%) of contractor's net revenue associated with ice rink operations, programs and concessions. Based on past experience, this City gross revenue amount may be approximately \$20,000-\$24,000 per year.

The City General Fund support of the ice rink and recreation programs is anticipated to be slightly less than in the past at approximately \$121,000 to 125,000 per year (or, \$11.31 to \$11.68 per user).

Separately, the ice rink dasher boards are available for a fee as sponsor panels for the annual Holiday Tree Lighting Ceremony and provide an additional revenue opportunity to reduce the General Fund subsidy of this community recreation program.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

RECOMMENDATION

1. Authorize the City Manager to execute an Agreement with Ice Rentals, LLC dba Special Ice to install, operate, and manage a seasonal outdoor ice rink at Santa Clara Central Park for an initial term ending January 31, 2025, for a maximum compensation not to exceed \$545,000 for the initial term, subject to the appropriation of funds;
2. Authorize the City Manager to execute amendments to increase the maximum compensation for the agreement, subject to the appropriation of additional funds; and
3. Authorize the City Manager to execute five one-year options to extend the term of the Agreement after the initial term through January 31, 2030, subject to the appropriation of funds.

Reviewed by: James Teixeira, Director of Parks & Recreation

Approved by: Deanna J. Santana, City Manager

ATTACHMENT

1. Agreement with Ice Rentals, LLC dba Special Ice