



COMMONWEALTH OF MASSACHUSETTS
MASSACHUSETTS SENATE

STATE HOUSE, BOSTON 02133-1053

SENATOR BRIAN A. JOYCE

ROOM 413A, STATE HOUSE

TEL. (617) 722-1643

FAX (617) 722-1522

RES. (617) 696-0200

E-Mail: Brian.A.Joyce@state.ma.us

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March 17, 2010

CAUCUSES:

CHILDREN'S LEGISLATIVE CAUCUS

BIOTECHNOLOGY CAUCUS

LEGISLATIVE CAUCUS ON OLDER CITIZEN'S CONCERNS

M.W.R.A. LEGISLATIVE CAUCUS

GREEN SCHOOL BUILDINGS CAUCUS

Dear Town Officials and Interested Citizens,

A fair amount of concern and some misinformation have circulated recently regarding the future of the state owned and operated Max Ulin Rink. I write to inform you of the current situation. This week the Massachusetts Senate again passed legislation that would lease this estimated \$5,000,000 facility to the Town of Milton for twenty-five years at a rate of \$1 per year. Should that legislation not pass the House of Representatives, the Patrick Administration will instead move forward with its plan that does not require legislative approval to offer the facility to the Town for five years, and if refused, to private entities.

It is my sincere hope that the House will pass my bill, a variation of which has passed the Senate for eight consecutive years, for three reasons:

1. State taxpayer savings of at least \$12,500,000 over twenty-five years.
2. New revenue to the Town of Milton of an estimated \$2,500,000 over twenty-five years.
3. Professionally run year round facility, with abundant low cost ice time available to Milton's High School and Youth Hockey programs.

State Taxpayer Savings of \$12,500,000

The current annual operating loss of Ulin Rink is some \$334,000 and growing. Also, money is not being set aside for necessary and inevitable capital repairs and improvements. Thus the estimated twenty-five year cost of \$12,500,000 to the state's taxpayers if current operations remain unchanged is likely a conservative one.

Moreover, DCR Commissioner Rick Sullivan has indicated to me that inaction is not an option in light of a projected 30% cut in DCR's operating budget. He believes that

the department must permit or lease the facility in order to ensure its continued long-term operation.¹

Estimated New Town Revenue of \$2,500,000

Senate Bill 2327 would not only professionalize operations at the Ulin Rink, save state taxpayers millions, and result in a better facility remaining open year-round; it would also create a new source of revenue for the Town.

I do not propose that the Town hire additional employees with resultant salary, health care, pension and other costs, nor do I propose additional responsibilities for existing personnel. Rather, I propose that the Town contract with a professional rink management company to operate the facility at no risk to the Town, while simultaneously receiving new recurring revenue.

The state would, of course, insist upon an open and competitive bid process for the selection of such a management company. To aid in my calculations on this matter, I contacted FMC Ice Sports, which currently operates twenty-five public skating rinks in Massachusetts, to determine what they would offer to the Town for the right to operate Ulin Rink.

FMC would offer Milton a similar arrangement to that which it has with Boston, Chelmsford and Everett, and would pay 5% of all gross revenues to the Town, with a guaranteed minimum of \$50,000 per year. Based on its past experience, FMC estimates that the Town's revenue could eventually exceed \$100,000 per year. Over a period of twenty-five years, that could result in over \$2,500,000 in new revenue for Milton.

FMC or another company would also set aside 5% of revenue each year toward capital repairs and improvements, which would ensure a properly maintained facility.

Finally, FMC indicated that it would provide the Town with a bond that would protect the Town from any financial exposure, name the Town and Commonwealth as additional insureds on all liability, property, workers compensation and other insurance, and absorb any unexpected losses while maintaining payments to the Town.²

Guarantee Existing Ice Time and Price for Milton High School and Youth Hockey, as well as continued use of Locker Rooms and Storage Facility

FMC has indicated a willingness to ensure that both Milton High School and Milton Youth Hockey keep all of their existing ice time, that the rink rental rates charged to those teams be frozen for five years, and that any increases thereafter require DCR approval. No such written guarantees of ice availability for Milton High School and Youth Hockey currently exist. Also, ice rental rates would most likely rise if the state

¹ Commissioner Sullivan's letter dated March 15, 2010 is Attachment 1 to this letter.

² FMC's letter dated March 8 is attached to this letter as Attachment 2.

continues to operate the rink. An informal survey of rink rental rates conducted by my office indicates that the rates that would be paid by Milton Youth Hockey and Milton Public Schools under my plan would likely be the lowest in the region.

And since public officials recently raised questions concerning the conversion of a cinderblock storage room to a locker room by Curry College at the college's expense, the DCR is now reviewing its policies that allow at least eight other non-profit organizations near-exclusive use of skating rink facilities. The DCR indicated that any changes to current policy would likely be uniform.

The Town could protect the current exclusive usage of locker room facilities by the Milton High School girls' and boys' hockey teams at Ulin, the exclusive storage facility usage by Milton Youth Hockey, and, if desired, the locker room usage by Curry College, as part of its contract with a management company.

Better Maintained and Operated Facility Open Year Round

By professionalizing the management of the Max Ulin Rink, the Town and its skaters would enjoy a better maintained and operated facility with double the amount of available ice time for our children.

My own experience as a parent of five hockey players has convinced me that private operators run better rink facilities than the state. A noted public policy institute reached the same conclusion: The Pioneer Institute for Public Policy Research issued a White Paper in 2006 called Long-Term Leasing of State Skating Rinks: A Competitive Contracting Success Story, wherein it concluded that state owned rinks operated by private operators result in (i) increased ice availability; (ii) the least expensive ice rentals in the state; (iii) greater rink attendance; and (iv) more capital investment in rink improvements.³

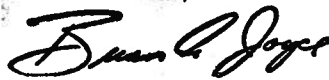
³ The Pioneer Institute's White Paper can be found at www.pioneerinstitute.org/pdf/06_04_skatingrink.pdf. Other reports of note include the Department of Conservation and Recreation's *Interim Report with Accompanying Recommendations for Legislative Actions by the Department of Conservation and Recreation, Relative to the Feasibility and Merits of Executing Long Term Lease Arrangements for Recreational Facilities that are Under the Control of the Department* found at: http://www.mass.gov/dcr/documents/rinks_report.pdf, and from the Office of the Inspector General, a November 2002 report entitled *Long-Term Leasing of DEM Skating Rinks*, which can be accessed at: www.mass.gov/ig/publ/demrinks.pdf. The IG's report notes that its review was as a result of my request to ensure that state rink leases maximize state revenues, maintain full access to skating for the public at reasonable hours and rates, and maintain sufficient oversight to ensure the taxpayers' interests were protected.

Conclusion

I believe that Senate Bill 2327 would save state taxpayers at least \$12.5 million over a period of twenty-five years, create \$2.5 million of new revenue for the Town over that same period, and ensure that Milton's youth enjoy an abundance of inexpensive ice time in a well maintained, professionally run facility. Alternatively, if Senate Bill 2327 does not become law, I believe that the governor will exercise his prerogative to permit Ulin Rink for five years in order to save very limited state resources for higher priority items. While the latter approach would save state tax dollars and likely afford Milton's skaters more inexpensive ice time, I believe that my legislation promises greater financial benefits to the Town.

Thank you for taking the time to read this letter and for the opportunity to represent you in the Massachusetts Senate. If you have any questions concerning this or any other matter, please do not hesitate to contact me by email at bjoyce@senate.state.ma.us or by telephone at my office (617) 722-1643, or at my home (617) 696-0200.

Sincerely,



BRIAN A. JOYCE
State Senator