



**FMC Ice Sports**  
100 Schoosett Street, Building 3  
Pembroke, MA 02359

March 8, 2010

Senator Brian A. Joyce  
Room 413-A  
State House  
Boston, MA 02133

Dear Brian,

Thank you for your inquiry on the potential third party operator proposals the Town of Milton could expect should it exercise its option to lease and operate the Max Ulin Skating Rink owned and currently operated by the Commonwealth of Massachusetts.

It is my professional opinion that a long term lease of the facility and subsequent bid for a management firm would benefit the Town and the citizens served by the Ulin skating rink.

My company currently operates twenty five public skating rinks throughout Massachusetts in partnership with the Commonwealth, municipalities and a college. In some instances we operate state-owned ice skating rinks as a third-party partner with municipalities such as the City of Boston (Roche Arena in West Roxbury), the Town of Chelmsford (Tully Forum), and the City of Everett (Allied Veteran's Skating Rink).

These arrangements have proved effective in achieving the public recreation purpose of the facility while relieving the municipality of all financial risk as well as the burdens of management and facility programming in the specialized field of ice sports. I'm confident that a similar collaboration would prove to be the most effective approach to guaranteeing the rink serves the recreation needs of the community in the future.

The current RFP issued by the Department of Conservation and Recreation is a laudable attempt by the department to gain operating efficiencies within the constraints of existing legislative authority. However, a longer term lease could be more beneficial to the rink users and the town's taxpayers as it would allow an operator to implement proactive facility and programmatic initiatives necessary to expand services and reverse the current budgetary shortfalls.

The legislation you have filed that is currently under consideration in the legislature would authorize the Commonwealth to lease the facility to the Town for up to twenty five years on a prequalification basis – I am certain this would be the best outcome for all parties, most particularly the citizens served by the rink. This is similar to the agreements FMC and many municipalities have entered into directly with the Commonwealth. It provides the best opportunity to ensure the long-term success and stability of the skating rink.

In the following sections I will briefly outline what I believe would be possible in a long

term agreement. I understand that an arrangement such as this would require the Town to initiate an open and competitive public bidding process. My intent is solely to demonstrate the potential benefits that could be achieved by the Town partnering in such a way with FMC or another professional ice rink management firm.

## **FMC'S BACKGROUND AND QUALIFICATIONS**

FMC Ice Sports (Facility Management Corporation) is a Massachusetts corporation established in 1992 for the purpose of operating publicly owned ice skating rinks. In the eighteen years since its inception the company has expanded to currently operate twenty five ice rink facilities across the Commonwealth of Massachusetts.

The company's headquarters is located in Pembroke, MA with a senior management staff of over 20. This includes accounting, marketing, sales, maintenance and operations, information technology, concessions and programming divisions. This organizational structure provides for specialized talent and responsibilities in the critical areas of ice rink management, operation and programming.

Our team of senior management works closely with our onsite rink management and staff with extensive training and policy guidelines. As a mature and successful organization we offer a depth of expertise and knowledge of facility operation and ice sport programming that is unparalleled.

The firm has an unblemished record of success in our partnerships with public entities. In particular we have worked closely with the Department of Conservation and Recreation and have a strong organizational commitment to achieving the greatest potential of the DCR rink system. This is not simply a business for us; we take very seriously the public responsibility that comes with operating DCR rinks.

## **FINANCIAL TERMS**

We believe that the Ulin Skating Rink can be operated in a self-supporting manner with the appropriate application of efficient operating practices and proactive programming and marketing of the facility. As such, we would be willing to assume all financial risk of operations in an agreement with the Town. In addition our revenue and expense projections provide sufficient confidence to make the following statements:

1. We would pay the Town 5% of all gross revenues generated at the facility, with a guaranteed minimum of \$50,000 per year. In the early years of a potential agreement this minimum amount would equate to more than 10% of revenues, however we are certain that we can significantly grow revenues by expanding the programs and services available to the citizens and extending the operating season. It is entirely possible that the Town could eventually realize \$100,000 or more per year in new revenue. In our public/private partnership at the DCR's Roche Arena in West Roxbury we have consistently increased fee payments by expanding to year round operation, generating approximately \$80,000 in 2008 and 2009 that was split between the city of Boston and the Roche Rink Fund, and

we expect that payment to increase.

2. We would dedicate an additional 5% of total gross revenues to a set-aside capital sinking fund maintained by the Town or the Commonwealth (as the parties agree) for the sole and exclusive purpose of funding capital repairs and improvements to the facility over the life of an agreement. We believe this amount would be sufficient to ensure available capital for major repairs, replacements and improvements given the existing condition of the facility.
3. Guarantee the Milton High School boys and girls hockey teams and Milton Youth Hockey their current ice rental rate for the first five years of an agreement. Increases subsequent to that time would be subject to DCR authorization to ensure the fees remain affordable.
4. Guarantee the Milton High School boys and girls hockey teams and Milton Youth Hockey their existing ice allocation so long as the ice is used exclusively by the respective programs for the purpose of operating their public and not-for-profit athletic programs. There are currently no such guarantees as to retaining the same ice time and not having increased pricing from the DCR.
5. Guarantee the Milton High School boys and girls hockey teams will maintain their exclusive use of two locker rooms during their season, and the Milton Youth Hockey maintains a storage facility, so long as this practice is approved by DCR (as it is currently).
6. FMC's compensation would be derived from the operating surplus, if any. Operating deficits would be absorbed by FMC with no risk to the Town. A bond would insure financial performance by FMC. This results-based model incentivizes efficient and customer focused management as well as proactive programming that will increase recreational opportunities for the citizens.
7. Liability, building / property, machinery, workers compensation and auto insurance would be provided by FMC with the Town and Commonwealth as additional insured where appropriate to protect both entities from risk.
8. Provide a detailed monthly report of revenues and attendance to the Town and DCR as well as an independently audited annual financial report. We would utilize online scheduling software that allows the Town or any citizen / user to view ice schedules, public sessions, programs, special events, etc. ensuring financial transparency and accountability.

## **MANAGEMENT APPROACH**

As the largest operator of publicly owned ice rink facilities in the nation, we have a keen understanding of the need to achieve the public mission in an efficient and creative manner. We don't view our operation of these important public assets as "privatization", rather our role is to achieve the maximum public benefit by increasing utilization and extending the operating season, this in turn provides the revenues needed to sustain the operation of the facility without subsidy.

In an agreement with the Town we would propose to:

1. Employ all management and support staff for the quality operation of the facility. FMC has created companywide training and development programs as well as operating procedures and guidelines that are centered on the principles of providing a safe, clean and well-maintained facility with affordable user fees to encourage participation.
2. Extend the operating season with the goal of year-round ice operation. While the demand for ice skating and hockey are certainly seasonal, there is a significant percentage of the skating community that would utilize the facility during the spring and summer for recreation and competitive skating as well as hockey leagues and development programs.
3. Expand the existing public skating schedule as per the requirements of DCR.
4. Develop new programming to increase the hours of operation without displacing the existing youth hockey, high school and college users. Our programming focus would be on developmental, niche uses such as ISI recreational skating, adult introductory classes and off-season programs that will supplement but not compete with the existing non-profit youth groups.
5. We would seek to operate the snack bar, vending and skate rental concessions "in-house", generating needed revenue for rink operation and maintenance.

## **MAINTENANCE & OPERATION**

FMC would be responsible for all repairs and maintenance to the facility, equipment and grounds. Single repairs exceeding \$10,000 or aggregate repair costs over \$20,000 in a year would be deducted from the capital reserve sinking fund.

As an operator of a large number of ice rink facilities within a geographic region, we are able to achieve many significant efficiencies in the maintenance and operation of ice arenas. These include:

1. Employ a central maintenance staff that includes a certified refrigeration technician, ASE ice resurfacers mechanic, carpenters and painters.
2. Bulk purchase operation supplies and industry specific materials to achieve best pricing and terms.
3. Aggregate the purchase electricity and natural gas in the competitive market to control these large operating expenses.
4. Negotiate preferred pricing from refrigeration, mechanical, electrical and other service contractors.
5. Maintain spare ice resurfacing equipment in regional "hub" facilities for transport

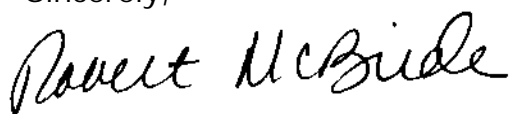
in emergency as well as to allow machines to be pulled from service for extensive maintenance and overhaul.

6. Work with utilities to access energy efficiency grant funds to help defray the cost of needed efficiency upgrades at the facility, such as:
  - a. A low emissivity ceiling over the ice
  - b. Sealing and insulating openings in the building envelope that are allowing large amounts of moisture laden untreated air to enter the building
  - c. Modify the refrigeration plant to optimize brine flow in the split circuit and upgrade controls with CPU automation
7. Employ an in-depth preventive maintenance routine on all equipment, including daily, weekly, quarterly and annual maintenance will ensure assets are cared for in the highest quality manner.
8. Purchase an electric powered ice edger to eliminate noxious emissions from the existing gasoline fueled ice edging machine.
9. Provide quality figure skating and hockey rental skates to encourage attendance at public skating sessions.

In closing, I sincerely appreciate you taking time to review this outline and would be happy to supply more information or discuss the contents in greater detail. I understand there are many considerations that will factor into the Town's decision on how best to proceed on the Ulin Rink. I hope I have provided some information that will be useful in those considerations.

As I'm sure you are aware, the Ulin Rink plays a very special and important role in the community. I thank you for your efforts it continues to serve that purpose and would urge the Town of Milton to give every consideration to operating it directly or partnering with a professional management firm to ensure it continues to have that positive impact on the lives of so many people.

Sincerely,



Rob McBride  
President  
FMC Ice Sports