

# South Lake Tahoe ice rink may be run by outside entity

By Kathryn Reed

Quashing subsidies is a goal of South Lake Tahoe city staff and elected officials. The first chance to do so will be next week when the City Council is expected to approve the request for proposal to seek bids to operate the city ice rink.

With the rink requiring close to \$100,000 from the general fund in some years to break even, the goal is the next operator would create enough revenue so taxpayer money is never used and in an ideal scenario the rink would be adding to the city's bottom line.



Improving retail sales at the South Tahoe ice rink is a goal. Photo/LTN file

“By subjecting the enterprise to competition we find out the true cost to operate it,” City Manager Tony O’Rourke said. “At a minimum we don’t want to subsidize it.”

City employees will have an opportunity to bid as well. Bob Pelkola is now running the ice rink.

With only two full-time employees at the rink, not many employees would be displaced if an outside entity were the winning bidder. It's possible those employees would be reassigned. It's also likely an outsider would bring in staff.

O'Rourke said the city contingent will not be privy to any special information and would not receive automatic preference.

City staff has looked at other ice rinks and know it's possible to break even, if not turn a profit.

"It was making \$800,000 at one time and now it's at \$500,000. Is it an issue of the economy or that it's not open as many hours as it could be?" Nancy Kerry, communications manager for the city, said.

She said most ice rinks are open more hours than the one in South Lake Tahoe, which in turn means more programs and more money being generated. Most also do a better job of advertising and marketing themselves.

The plan is for the winning bidder to pay the city a nominal fee to essentially rent the rink. The larger source of income for the city would be a share of the revenues.

"That is negotiable. We are putting the burden on the bidder how much of the pie they are willing to share with us and that will be one of the criteria for awarding the bid," O'Rourke said.

The council meets April 5 at 9am at Lake Tahoe Airport. Assuming the RFP is approved, the application deadline would be May 16, with the council likely to award the bid June 7.

This would be the first time South Lake Tahoe has gone after others to run city-owned entities. O'Rourke does not intend to stop at the ice rink. He wants the airport, campground and golf course to go through the same sort of RFP process.

South Lake Tahoe officials provided the following fiscal information about the ice rink:

	<u>FY 2005/06</u>	<u>FY 2006/07</u>	<u>FY 2007/08</u>	<u>FY 2008/09</u>	<u>FY2009/10</u>
Revenue (Actual)	\$ 752,478	\$ 812,635	\$ 694,575	\$ 605,696	\$ 509,080
Expenses (Actual)	\$ 787,643	\$ 789,671	\$ 791,847	\$ 702,492	\$ 595,457
Annual GF Subsidy	\$ 35,165	\$ (22,965)	\$ 97,272	\$ 96,796	\$ 86,377