

South Tahoe gives ice rink keys to private operator

By Kathryn Reed

Skating on financial thin ice is exactly what South Lake Tahoe hopes to stop doing by turning over operation of the city's ice arena to private operators.

The City Council on July 12 awarded Tahoe Sports and Entertainment, a private corporation run by Chris Cefalu of South Lake Tahoe and Van Oleson of Stateline, a 10-year contract to operate the 9-year-old facility.



South Tahoe's ice rink will be operated by a private firm starting Aug.

1. Photo/LTN file

The city recently has been losing about \$100,000 a year on the slab of ice that was built with taxpayer money through the 2000 voter-approved Measure S. It's estimated during the life of the initial contract the city will save \$1.5 million.

The contract begins Aug. 1. This is the first time the city has turned one of its assets over to a private concessionaire. But it is something that goes on in government all the time.

Just look at the U.S. Forest Service using California Land Management to operate some of its venues in the Lake Tahoe Basin.

The ice rink agreement calls for Tahoe Sports and Entertainment to pay the city \$2,000 a month for the first year; \$3,000 month after that. Beginning Oct. 1, 2012, 3 percent of gross revenue above \$600,000 will be the city's; with it capping at 5 percent starting Oct. 1, 2014.

The \$600,000 figure came about because that is what the city has grossed in the past few years, City Manager Tony O'Rourke said.

The operators will also pay all utilities.

Cefalu and Oleson use the rink regularly as hockey players. Their key investor is Shelly Zimbler, a former executive with Procter & Gamble. His wife, Naomi, is involved in the figure skating world.

Oleson told the council what is missing is creating the Tahoe identity when it comes to the ice. The new operators intend to boost all aspects of the rink – hockey, figure skating, and public skate.

"You have a jewel. It just needs to be shined up a bit," Cefalu said.

Oleson pointed to how Lake Placid capitalized on its Olympic miracle on ice. He pointed out how Squaw Valley had the first miracle in 1960. That hockey spirit is what they intend to bring to the South Shore, noting that ice hockey participation in California has grown by 240 percent since the Anaheim Ducks and San Jose Sharks became part of the NHL.

South Tahoe's sheet of ice meets NHL requirements. One day there will likely be another sheet of ice. That addition is in the operators' long-term plans.

Initially, about \$300,000 is intended to be infused into the facility to upgrade the concession stand – which includes having a beer and wine license – and to buy a conversion kit, according to Zimbler.

The kit would allow another surface to be put on the ice so the arena could be used for more than ice sports. Indoor soccer is what company officials envision being a big draw.

Soccer is a big sport on the South Shore. Ice hockey is not something Hispanics tend to play, as evidenced by the NHL only having two Hispanic players. Cefalu said he'd like to see soccer players take an interest in hockey.

The length of the contract had some council members squirming, but in the end they all agreed to the deal. One caveat is the city can get out of the deal in 90 days, while the operators must give six months notice.

Part of the reason for the decade-long contract is so the group can make some money and then perhaps midway through start thinking about building another sheet of ice. This is part of the bigger plan for what was originally known as the 56-acre project – which is what Lakeview Commons on the other side of Highway 50 is part of.

The project is likely to cost more than \$4 million. Zimbler was honest with the council in when that might get built.

“We would not build it under the current agreement. We would come back in year four or five before we spend \$4 million,” he said, “because if the lease expires, it’s technically yours.”

With the contract just being signed, immediate changes are not known. However, increasing fees will not be one of them. In fact, to increase use fees, the city must first review, though not approve, them. Cefalu said he could see some rates coming down as a way to get people in the doors.

Before this transaction occurred, city officials said ice areana employees would have other jobs within the city. It is not known how many people Tahoe Sport and Entertainment will hire or for what positions.

Other things from the council meeting:

- Expect the Aug. 2 meeting to be long – the marijuana cultivation ordinance, discussion about being a charter city, and the possibility of asking voters to decide the pension issue – are all slated to be on the agenda.
- Councilmembers Angela Swanson and Claire Fortier are working behind the scenes for the city to have more of a presence at the annual environmental summit next month in Homewood.
- The Aug. 16 meeting was moved to Aug. 23 so councilmembers may attend the summit.
- Two lobbyist firms were hired to give the city more political clout.
- More than 140 properties will have liens put on them to collect nearly \$90,000 in unpaid South Tahoe Refuse fees.