

Additional Proposed Legislation  
For the July 24, 2018 City Council Meeting -  
Filed in the Office of the City Clerk  
June 28-through July 13

**\*\*Please Note\*\***

For questions regarding the proposed legislation,  
Call the City Clerk's Office at 585-428-7421

**City of Rochester**

City Hall Room 308A, 30 Church Street  
Rochester, New York 14614-1290  
[www.cityofrochester.gov](http://www.cityofrochester.gov)

**PARKS & PUBLIC WORKS  
INTRODUCTORY NO.**

285

Lovely A. Warren  
Mayor

July 13, 2018

TO THE COUNCIL

Ladies and Gentlemen:

Re: Statement of Necessity

I am submitting this Statement of Necessity so that action may be taken during the July 19 Council Committee Meetings on the attached legislation. This action is necessary to ensure continuity of operations.

Respectfully submitted,

Lovely A. Warren  
Mayor

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## City of Rochester

City Hall Room 308A, 30 Church Street  
Rochester, New York 14614-1290  
www.cityofrochester.gov

### ARKS & PUBLIC WORKS INTRODUCTORY NO.

285

38  
Lovely A. Warren  
Mayor

July 13, 2018

TO THE COUNCIL

Ladies and Gentlemen:

Re: Agreement – Pegula Sports  
Entertainment, LLC – Management of the  
Blue Cross Arena at the War Memorial

Transmitted herewith for your approval is legislation authorizing an agreement with Pegula Sports & Entertainment, LLC (PSE) or an entity to be formed by its principals for the management of the Blue Cross Arena at the Rochester War Memorial. The City's current management contract expires on July 15, 2018. The City is taking over the operation on an interim basis until a new operator is in place.

The proposed agreement with PSE is an interim agreement to provide for continuity of arena operations while a long term arrangement is negotiated. PSE is the management company of the Rochester Americans, the anchor tenant of the arena, and this agreement affirms PSE's commitment to the venue. This agreement will shift the financial risk of operating the arena from the City to the arena operator.

Under the terms of the proposed agreement, which will run from August 1, 2018 through December 31, 2018, PSE will be responsible for all aspects of arena operations, including but not limited to concessions, ticketing, booking events, security, and negotiating and administering tenant agreements. PSE will pay all operating expenses, including all utilities, and will reimburse a portion of police overtime. In return for the right to operate the arena, PSE will pay rent to the City in the amount of \$5,000 per month.

The City will continue to receive revenues generated from ticket surcharges of \$.25 for tickets \$6 and under and \$1.25 for tickets over \$6 to offset debt service, as well as revenues from naming rights and hotel/motel tax. The City would relinquish any revenues generated from suite sales and scoreboard sponsorship.

This interim agreement will result in a financial benefit to the City of at least \$200,000 over the five month term.

Respectfully submitted,

Lovely A. Warren  
Mayor





## JUSTIFICATION STATEMENT

### Awarding a Professional Services Agreement Without a Request for Proposals

The Procurement of Professional Services Policy (Ord. No. 2012-318) requires an RFP to be issued under most circumstances. If it is determined that an RFP process will not benefit the City, this form must be completed, signed by the Department Head, and kept on file (electronically or hard copy). It must also be submitted:

1. To City Council as an attachment to the transmittal letter for any PSA that exceeds \$10,000, and
2. To the contract record when entered in Munis.

Department: DES

Service(s): Management of Blue Cross Arena

Vendor/Consultant selected: Pegula Sports and Entertainment (PSE) or a related Rochester-based local business entity.

How was the vendor selected? : PSE owns the Blue Cross Arena's anchor tenant, the Rochester Americans, and, as such, has a long-term presence in and knowledge of the Blue Cross Arena.

#### Why was no RFP issued for this service?

(Your rationale should include the following information when applicable)

**The current management agreement for the Arena expires on July 15, 2018. PSE has agreed to operate the Arena beginning August 1, 2018 through the end of calendar year 2018.**

- Is there **previous experience** with the vendor? Describe why it is in the City's best interest to continue with them and not solicit others. **Yes, PSE is currently the management company of the Amerks, the Arena's anchor tenant, farm team to the Buffalo Sabres. National trends dictate sports team managers like PSE are best to control the stadium where their teams play.**
- Are there **unique or emergency circumstances**? Describe how an RFP process would jeopardize the success of the project. **An RFP process in 2016 resulted in only two proposals, of which SMG was the stronger choice and was awarded the contract. Arena revenues failed to meet Arena expenses under that contract. As such, it is plain that there is little market interest outside of that shown by PSE. Further, to undergo another RFP process would result in substantial delays.**
- Is the service **specialized and unique**? Is the number of **qualified providers limited**? Describe the Department's experience with and knowledge of the market and why an RFP would not produce additional qualified consultants. **Operation of a large sporting and event facility is both specialized and unique. The recent 2016 RFP demonstrated that there are very few qualified providers.**
- Does the project include **multi-year State or Federal funding**? Explain why it is in the best interest of the project and the City to continue with the same consultant (e.g. where the design consultant on a project is retained for resident project representation services). **We are hopeful State funds and eventual PSE investments will allow us to substantially upgrade the Arena fan experience.**
- Compensation  
**Amount: PSE pays all utilities, retains ticket revenues, and pay us \$5,000 per month plus ticket surcharges. The City will also save on payment of the former management fee.**

- How was this determined? Explain how it is a reasonable and best value for the City.  
**We incurred substantial losses under prior management, we believe this is the best path to Arena self-sustainability.**

  
Signature: Department Head

7/13/18  
Date



INTRODUCTORY NO.

285

38

Ordinance No.

**Authorizing an agreement for the interim management of the Blue Cross Arena at the War Memorial**

BE IT ORDAINED, by the Council of the City of Rochester as follows:

Section 1. The Mayor is hereby authorized to enter into an agreement with Pegula Sports & Entertainment, LLC (PSE), or an entity to be formed by its principals, for interim management of the Blue Cross Arena at the War Memorial (the Arena). The term of agreement shall be August 1, 2018 through December 31, 2018. PSE shall be responsible for operating expenses, including all utilities, and will reimburse a portion of police overtime. In return for the right to operate the Arena, PSE will pay the City \$5,000 per month.

Section 2. The agreement shall contain such additional terms and conditions as the Mayor deems to be appropriate.

Section 3. This ordinance shall take effect immediately.