



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Nanci Klein

**SUBJECT:** SEE BELOW

**DATE:** February 14, 2022

Approved

Date

**2/18/2022**

**COUNCIL DISTRICT: 7**

**SUBJECT: ACTIONS RELATED TO THE NAMING RIGHTS OF THE  
COMPETITION ARENA AT THE ICE CENTRE OF SAN JOSE**

## **RECOMMENDATION**

Adopt a resolution:

- (a) Approving the sale by Sharks Ice, LLC of the naming rights to the Competition Arena at the Ice Centre of San Jose, and consenting to the official naming of the Competition Arena as “Tech CU Arena at Sharks Ice at San Jose” for the term of the sponsorship agreement ending June 30, 2032.
- (b) Delegating to the City Manager, or her designee, the authority to approve the location, design, size, and appearance of new exterior signage at the Competition Arena at the Ice Centre of San Jose to portray the new name and logo.

## **OUTCOME**

The proposed actions will result in the official naming of the Competition Arena at the Ice Centre of San Jose, also known as Rink #6 (“Competition Arena”), as “Tech CU Arena at Sharks Ice at San Jose” in accordance with the Second Amended and Restated Ice Centre Lease and Management Agreement dated October 1, 2020, as amended by and between the City of San José (“City”) and Sharks Ice, LLC (“Sharks Ice”) (“Lease Agreement”). The Competition Arena is a bowl surrounded by 4,213 spectator seats and will be the future home of the San Jose Barracuda, the American Hockey League affiliate of the San Jose Sharks. Signage denoting the approved Competition Arena name would be installed on the exterior of the facility, or elsewhere on the site per terms of the Lease Agreement and subject to City Manager authorization. The proposed actions will support the continued successful operation of the Competition Arena and

Sharks Ice at San Jose as a public recreational and entertainment facility, without expenditure of funds by the City.

## **BACKGROUND**

### Sharks Ice at San Jose

The existing, Sharks Ice at San Jose (the “Ice Centre”) is a 180,000 square foot City-owned building located at 1500 S. 10<sup>th</sup> Street in San Jose. The Competition Arena is currently under construction in an additional 200,800 square foot City-owned building adjacent to the existing Ice Centre facility. After construction, the Ice Centre will contain six ice rinks, and accommodate organized ice hockey, figure skating, broomball, curling, speed skating, ice dancing, and public recreational ice skating. The Ice Centre is the official practice facility of the San Jose Sharks and San Jose Barracuda hockey clubs and is home to the San Jose State University hockey team and the Jr. Sharks Hockey Club.

The Ice Centre was originally constructed in 1994 with two ice rinks. In 1999-2001 a third rink was built along with the San Jose Sharks’ practice facility. In 2005, a fourth rink was added along with a new restaurant, expanded locker rooms, and a new public entrance. In 2015, an additional training facility was built to accommodate the San Jose Barracuda. In 2020, the City and Sharks Ice signed the Lease Agreement which proposed a fourth expansion to add a community practice rink, the Competition Arena with 4,213 spectator seats, and associated supporting uses. Since its construction, the demand for public use of the Ice Centre has grown so much that it has become one of the most utilized public ice facilities in the United States. It has the largest adult hockey and arena curling programs in the nation.

To help advertise and pay for these programs at no cost to the City, Sharks Ice has been seeking a naming rights sponsor as permitted by the Lease Agreement to name the Competition Arena, currently under construction. Sharks Ice has now obtained a naming rights sponsor – Technology Credit Union - that will promote recognition of the Competition Arena in the local community and throughout the United States.

### Technology Credit Union

Technology Credit Union (“Tech CU”) was formed over 60 years ago in Silicon Valley, and now has over \$4 billion in assets under their management with over 100,000 members. Tech CU is a part of the local community and in 2015 was awarded Silicon Valley Business Journal’s Corporate Philanthropy Award, naming it one of the top 50 most generous companies in Silicon Valley. In 2016, Tech CU was inducted into the San Jose Silicon Valley Chamber of Commerce Hall of Fame.

## **ANALYSIS**

### Approvals under Lease Agreement

The Lease Agreement governs the use and management of the Ice Centre and Competition Arena at San Jose. Sharks Ice, which operates the facility as the Manager under the Lease Agreement, is an entity wholly owned by Sharks Sports & Entertainment, LLC (“SSE”). SSE is the parent organization of all other San Jose Sharks-related entities and is a guarantor of the Lease Agreement.

The Lease Agreement governs Sharks Ice’s ability to sell naming rights to the Competition Arena provided the following criteria are met:

1. Naming rights must conform to City Council Policy 7-5 (Naming of City-Owned Land and Facilities);
2. Manager must use reasonable efforts to include “San Jose” in the name;
3. The City retains the right to approve the location, design, size, and appearance of the graphic statement proposed to portray the name or logo of the approved sponsor on the exterior of the facility, or elsewhere on the site. Any such signage must comply with applicable laws; and
4. Sharks Ice is entitled to revenues from the sale of the naming rights to the Competition Arena.

Staff has analyzed and determined that Sharks Ice’s proposal to name the Competition Arena as “Tech CU Arena at Sharks Ice at San Jose” is in compliance with the terms of the Lease Agreement.

Staff recommends that Council delegate authority for the City Manager to approve the design and appearance of graphics for the new Competition Arena’s name and logo, as well as the location and size of the new exterior signage which will replace the existing exterior signage. Sharks Ice and Tech CU will work with their consultants to develop appropriate designs and specifications and understand that all signage must conform to applicable City policies and ordinances including Title 23 of the San José Municipal Code (the “Sign Ordinance”) and other applicable laws as defined in the Lease Agreement. They will coordinate with Public Works and Planning, Building, and Code Enforcement staff, and other departments as necessary, to ensure that all applicable requirements are satisfied.

### Revenues and Expenses

In accordance with Section 3.14 of the Lease Agreement, Sharks Ice is entitled to retain all revenues generated by the sale of the naming rights of the Ice Centre facility.

Sharks Ice and/or Tech CU will be responsible for all costs and expenses associated with the new facility name and logo, any costs for the design, fabrication and installation of the new exterior signage, and all other related expenses, including costs for City street signage. The City will not incur any costs related to such items, either directly or indirectly.

### City Council Policies

The Lease Agreement allows for the sale of the naming rights of the Competition Arena by Sharks Ice in accordance with the applicable provisions of Council Policy 7-5. Council Policy 7-5 establishes a naming policy to guide the naming of public lands and facilities. Sharks Ice must conform to Council Policy 7-5, generally, including the City's Sign Ordinance and all other applicable laws as defined in the Lease Agreement. The sponsorship agreement with Tech CU aligns with Section II(b) of Policy 7-5 which allows for names that may be reflective of a group via a donation or sponsorship agreement which contributes to the improvement, upkeep and operation of the land or facility in exchange for the naming. Sharks Ice is responsible for making all capital repairs and replacements at the Ice Centre, as defined in the Lease Agreement. Section III of Policy 7-5, which refers to the re-naming of existing City-owned land and facilities, is not applicable as the Competition Arena is a new facility and the sponsorship agreement is temporary, ending June 30, 2032. The request to name the Competition Arena complies with the Nomination Process in Section V of Policy 7-5 as this request is being heard directly by the City Council in a public forum and this memorandum shall be considered the report and recommendation to name the Competition Arena in conformance with Section V of Policy 7-5.

### CONCLUSION

Staff recommends the proposed actions which will result in the official naming of the Competition Arena as "Tech CU Arena at Sharks Ice at San Jose." The sale of the naming rights will be in accordance with the Lease Agreement and in conformance with Council Policy 7-5, the City's Sign Ordinance, and other applicable laws. The City Manager, with the authority delegated by the Council, will approve the design and appearance of graphics for the new Competition Arena's name and logo; in coordination with Public Works and Planning, Building, and Code Enforcement staff, and other departments as necessary, to ensure that all applicable requirements are satisfied. The proposed actions will support the operation of the Competition Arena and all costs related to the new name will be borne by Sharks Ice and/or Tech CU.

### EVALUATION AND FOLLOW-UP

Public Works staff will work with representatives of Sharks Ice to review signage designs and specifications and coordinate the proposed signage replacement on the exterior of the Ice Centre facility and surrounding City streets. All signage will be reviewed by the Department of Planning, Building, and Code Enforcement to ensure that it conforms to the City's Sign Ordinance, and all other applicable laws as defined in the Lease Agreement.

### **CLIMATE SMART SAN JOSE**

The recommendation in this memorandum has no effect on Climate Smart San José energy, water, or mobility goals.

### **PUBLIC OUTREACH**

The memorandum will be posted on the City Internet website for the March 1, 2022 City Council meeting.

### **COORDINATION**

This memorandum has been coordinated with the City Attorney's Office, Planning, Building, and Code Enforcement, and the City Manager's Budget Office.

### **COMMISSION RECOMMEDATION/INPUT**

No commission recommendation or input is associated with this action.

### **FISCAL/POLICY ALIGNMENT**

The recommendations in this memo further the goals of Economic Development Strategy Policy No.12: Develop a Distinctive Set of Sports, Arts, and Entertainment Offerings Aligned with San Jose's Diverse, Growing Population.

### **COST SUMMARY/IMPLICATIONS**

The City will not incur any costs associated with this action. All costs related to the new Ice Centre name and related logos and signage to be installed at the Ice Centre will be borne by Sharks Ice and/or Tech CU. Revenues generated by the sale of the naming rights are operating revenues and will be retained by Sharks Ice in accordance with the Lease Agreement. Sharks Ice is responsible for capital repairs and replacements for the facility and is obligated to pay rent that covers the approximately \$150,000,000 debt service on the property. Accordingly, the revenue generated by the proposed sponsorship agreement, while received by Sharks Ice, will benefit the City by further funding the ongoing maintenance of the Ice Centre.

HONORABLE MAYOR AND CITY COUNCIL

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**CEQA**

Not a Project, File No. PP17-010, City Organizational and Administrative Activities resulting in no changes to the physical environment.

/s/

NANCI KLEIN

Director of Economic Development and  
Cultural Affairs

For questions, please contact Kevin Ice, Real Estate Manager, at (408) 535-8197.