

The City of Novi's Ice Arena is an enterprise fund in the City's audit. This is a typical fund assignment for activities that are meant to cover their costs and in essence, run like a business. However, with this type of fund, there is no fund balance designation. Rather, the amount available at the end of the year is considered "Unrestricted Net Position".

This distinction is important. In governmental funds (such as the General Fund), fund balance is viewed as the amount available to the governing body to spend or support various activities. In enterprise funds, the value of the assets such as buildings, equipment, etc. are included in the audit as well as any outstanding debt (i.e. pension, retiree health care, bonded debt). In order to determine how much is available to spend, Current Assets minus Current Liabilities can be a more appropriate measure.

In the June 30, 2025 audit, we see the following:

	Ice Arena				
Assets					
Current assets:					
Cash and cash equivalents	\$ 115,441				
Investments	\$ 619,187				
Receivables:					
Leases	\$ 24,186				
Other	\$ 17,062				
Inventory	\$ 3,238				
Prepaid items and other assets	\$ 6,609				
Total current assets	\$ 785,723				
Noncurrent assets:					
Receivables:					
Leases	\$ 3,185,814				
Capital assets not being depreciated	\$ 409,701				
Capital assets being depreciated, net	\$ 4,417,430				
Total noncurrent assets	\$ 8,012,945				
Total assets	\$ 8,798,668				
Liabilities					
Current liabilities:					
Accounts payable	\$ 272,394				
Accrued salaries and wages	\$ 9,771				
Other accrued liabilities	\$ 4,513				
Refundable deposits	\$ 88,023				
Total current liabilities	\$ 374,701				
Deferred inflows of resources					
Deferred lease amounts	\$ 3,210,000				
Total deferred inflows of resources	\$ 3,210,000				
Net position					
Net investment in capital assets	\$ 4,628,929	(Capital net of Construction-related payables)			
Unrestricted	\$ 585,038				
Total net position	\$ 5,213,967				

\$411,022

It would be incorrect to equate Total Net Position of \$5,213,967 to “Fund Balance” as the value of the Capital Assets and Leases (Noncurrent Assets) are not liquid and cannot help pay the bills or fund various capital projects. Instead, we can look at Current Assets of \$785,723 (mainly Cash and Investments) and subtract Current Liabilities of \$374,701 and determine the Ice Arena has \$411,022 in current available resources per the audit.

Another question that has arisen concerns how the funding previously allotted to debt service payments was spent.

Ice Arena Statement of Cash Flows History		
	6/30/2025	6/30/2024
Cash flows from operating activities		
Cash received from customers	\$ 2,188,110	\$ 2,095,596
Cash payments for goods and services	\$(1,792,552)	\$(2,347,989)
Net cash provided by (used in) operating activities	\$ 395,558	\$ (252,393)
Cash flows from capital and related financing activities		
Acquisition/construction of capital assets	\$ (699,456)	\$ (135,297)
Principal paid on bonds and other long-term liabilities		\$ (520,000)
Interest paid on bonds and other long-term liabilities		\$ (11,440)
Net cash provided by (used in) capital and related financing activities	\$ (699,456)	\$ (666,737)
Cash flows from investing activities		
Sale of securities	\$ 110,570	\$ 622,767
Interest and dividends received	\$ 134,836	\$ 148,149
Net cash provided by (used in) investing activities	\$ 245,406	\$ 770,916
Net change in cash and cash equivalents	\$ (58,492)	\$ (148,214)
Cash and cash equivalents, beginning of year	\$ 173,933	\$ 322,147
Cash and cash equivalents, end of year	\$ 115,441	\$ 173,933

When we compare the Statement of Cash Flows in the audit year over year, we can see in the 2024 audit, the principal and interest paid was \$531,440. In the 2025 audit, the cash was used to finance capital assets/improvements (an increase from \$135K to \$699K).

Finance has verified that the management fee has not exceeded the agreed upon contract amount.



TO: Jeff Muck, Director
Parks, Recreation & Cultural Services
City of Novi

FROM: Tom Anastos
Suburban Sports Group

DATE: January 15, 2026

RE: Novi Ice Arena Revenue Performance

The following is a summary of revenue performance (based on FYE 2024-25) and my general analysis:

REVENUES	2024-25	% Rev.
Ice Rental & Leagues	1,292,082	58%
Figure Skating	300,603	13%
Learn to Skate	297,724	13%
Drop-in/Public Skating	120,923	5%
Concession Sales (Net of COGS)	42,664	2%
Pro Shop Rental	14,500	1%
Skate Rental	31,214	1%
Room Rentals/Parties	10,119	0%
Advertising	5,338	0%
Cell Tower Rental	127,395	6%
TOTAL	2,242,562	

As you know, since we took on management of the Novi Ice Arena back in 1999 after its challenging start, we have been guided by the city to operate the facility in a manner that would be “financially responsible” (cover operating expenses and debt service) as it is an “enterprise” entity while servicing the interests of the community and patrons. As such, we have built budgets, set pricing and have juggled the interests of various customer-interests to achieve those objectives to date.

The key drivers to successful ice arena operations include diverse offerings, including a vibrant amateur hockey program (youth, adult and high school), figure skating and



recreational skating programs, striving to maximize utilization and meet the challenges presented by the seasonality of the business. All other ancillary revenues such as concession sales, pro shop and skate rental, etc are really driven by participation levels in the programs noted above, as well as overall utilization.

From purely a revenue prospective, the \$2,242,000 overall net revenues is very much in line with other well-performing two-sheet ice arenas (and I would estimate near the top in the market). Programmatically, our Learn to Skate program is the largest in the State and among the largest in the country. Our adult hockey league operates at or near capacity annually and our figure skating related revenues are also very strong.

In assessing potential opportunities for revenue growth we can consider the following:

Ice rental rates – generally, we have maintained rates higher than other municipally-owned facilities in the market, yet 10-15% lower than the highest rates in the market (mostly privately held facilities who also have property tax obligations that the municipal facilities do not).

Novi Youth Hockey Association (NYHA)/Youth Hockey -- as has been discussed and shared in recent times, the NYHA has historically been the principal user group in the facility, yet the NYHA's program has reduced in size significantly from years past. I believe that their structural business model in today's marketplace is antiquated and has not adapted to the demands of current market conditions and consumer interests in order to grow their program. As such, this season we implemented a plan that we presented to both City officials and the NYHA in January 2024 – and it's gaining traction. It has started to show the signs of growth that we projected, however we are in the very early stages of implementation. I believe that growth will occur but will take time to manifest over the next 3+ years.

Events – we host a number of youth hockey tournaments throughout the year which play an important role in both revenue generation, facility utilization as well as provide general economic impact to the local community. We have become a primary location for many tournament operators, including hockey's national governing body, USA Hockey, being one of their host sites (along with their own facility in Plymouth) of their annual 15-only boys National Championships each year. Other than their own Plymouth-based facility, the Novi



Ice Arena is the only facility in the country to host one of USA Hockey's National Tournaments every year. Adding more tournament events is challenging because of its impact on reducing ice blocks from the core user groups (and results in more of a displacement of ice rather than new sales). We will continue to focus on trying to add events in the spring and or summer season where possible.

Seasonality: Spring/Summer – While it's a very challenging task, we continue to focus on growing activity levels during the spring and summer seasons. The strong figure skating program utilizes a lot of ice during this time which makes daytime opportunities limited. We are reassessing ways to potentially reconstruct some of this time to see if we can find ways to increase utilization, even if marginally. We will also be adding a summer high school league this year which will be a very nice addition.

New Concept Considerations

There have been a number of ancillary concepts studied in recent times, which include:

Bar/Restaurant

Without consideration as to whether a bar/restaurant would make any sense in the ice arena (compatibility/alignment with program offerings, etc.) – we assessed it strictly from a financial viability perspective. First – space would need to be built out (basic framing enclosure with plumbing and electrical access) to be positioned to attract a 3rd party operator. Cost estimates to do so and locate in the center of the viewing lobby space (which is the most feasible) was in the \$70,000 -- \$80,000 range for approximately 1,700 square feet of space. If we were able to attract a reputable and interested party, typical market rental rates in a property like the ice arena would fall somewhere between \$6-\$12 per s.f. – which would yield at the high end \$20,400 per year in rent. This is less than what we do at our current concession stand. Keeping both open and operating at the same time would not be feasible.

Advertising/Naming Rights

Currently we sell limited signage opportunities, primarily dasherboard signage. The net yield off such sales based on market interest and rates is not significant and its growth potential may range in an additional \$5,000-\$8,000 at capacity.



Naming rights of the building could be a consideration. Given that we aren't experts in this specific area, consulting with a sponsorship/marketing group that specializes in such valuations would be our recommended course of action. My best-guest estimate is a building naming rights deal could result in \$40,000-\$50,000 annually (less 3rd party sales commissions).

Room Rentals

Since the inception of the facility (prior to Suburban taking on the management of the facility), the Novi High School hockey team, Northville High School hockey team and Figure Skating Club of Novi utilize dedicated locker rooms for their respective groups at no charge. In other arenas we own and operate, similar type rooms are rented at rental rates between \$6,000-\$8,000 per season. In addition, the NYHA and skating club utilize dedicated office space at no charge as well. Rental rates for those two spaces would likely be at a minimal level.

Dry Floor Events/Activities

The arena was built with two sand floors under the ice surfaces which does not allow for use in the event we take the ice out to host dry floor activities. As such, either new concrete floors would need to be added or portable flooring would need to be purchased (which presents a whole new set of issues, including storage, increases in labor, etc.). In our opinion, these options are not economically feasible to attract enough event activity to overcome the costs of conversion and the loss of ice utilization during the summer time period.

Let me know if you have any questions.

Thank you.

WORK AUTHORIZATION

February 12, 2026

Novi Ice Arena
c/o Jeffrey Muck
City of Novi Parks, Recreation & Cultural Services
45175 Ten Mile Road
Novi, MI 48375
jmuck@cityofnovi.org 517-404-2931

Property Name: Novi Ice Arena (1 Building, 76,707 sq. ft.)

Property Address: 42400 Nick Lindstrom Drive, Novi, MI 48375

ON-SITE INSIGHT, Inc. (OSI) will perform the below described services for the above captioned projects. Please execute this agreement authorizing us to proceed for the proposed fee and terms. No work will be performed until you return this authorization, properly executed. Cooperation in providing **OSI** with necessary information and assistance in performing the work is assumed. Acceptance of this agreement by signature authorizes **OSI** to proceed as described and commits the client to perform tasks as herein provided.

SCOPE OF SERVICES – Capital Needs Assessment / Accessibility Assessment

- **Scope of Work** – The assessment will determine the overall physical condition of the property through evaluation of the site, building architecture and systems.
- **Field Assessment** – Accurate and complete field assessments require site and building plans, adequate escorts for field assessors.
- **Preliminary Report** – Consists of a 20-year capital needs evaluation in executive summary and quantitative form (including replacement reserve analysis in appropriate format) plus photographic documentation and graphic presentation of key observations/findings. Client to receive electronic copy in PDF format.
- **Joint Review of Preliminary Report** – fee is inclusive of one round of joint review, conducted by phone. Client should have all appropriate parties participate in this discussion.
- **Final Report** – Final report to incorporate joint review comments by client. Client to receive electronic copy in PDF format.
- **Additional Services** – Additional services, including but not limited to additional rounds of report review, presentations of report findings to other interested parties, and meetings conducted in person or after normal business hours, will be subject to additional charges billed at Senior Associate rate of \$295 per hour.
- **Work does not include assessment of presence of any environmentally hazardous materials (e.g., asbestos or lead-based paint), architectural or engineering services.**

FEE:

- \$8,950 Payable as follows:
 - \$4,475 due on signing this agreement. X _____
Initials here
 - Balance due 30 days from the issue of the Preliminary Report.

83 Morse Street • Suite 6
Norwood, MA 02062-4350
617.502.5985
on-site-insight.com

Property Name: Novi Ice Arena (1 Building, 76,707 sq. ft.)
Property Address: 42400 Nick Lindstrom Drive, Novi, MI 48375

TERMS & CONDITIONS:

- Payments -- The client agrees that any amount unpaid after thirty days will be subject to interest at the rate of 18% per year (1.5% per month) until such unpaid amount is paid in full. Additionally, client will be responsible for the reasonable cost of collection of any such unpaid amounts, including collection and attorney's fees.
- Limitation of Liability -- Provided On-Site Insight is not negligent in performing its duties, the Customer hereby indemnifies and holds harmless On-Site Insight, its subsidiaries, its principals, shareholders, agents and representatives, from any claims, causes of action, lawsuits, demands or any other costs (including legal fees) that may be incurred as a result of On-Site Insight's work in connection with the transaction, as a result of actions undertaken by On-Site Insight at the behest of the Customer, or actions taken by the Customer, or others in full or partial reliance on the services, information or work product provided by On-Site Insight. On-Site Insight hereby indemnifies and holds harmless Customer, its principals, shareholders, agents and representatives, from any claims, causes of action, lawsuits, demands or any other costs (including legal fees) that may be incurred as a result of actions undertaken by On-Site Insight. On-Site Insight's liability under this Section shall not exceed the total compensation received by On-Site Insight hereunder.
- Cancellation and/or Rescheduling -- In the event the Client cancels or requests a rescheduling of the confirmed assessment, the Client shall pay for all services fully or partially performed to-date, and all related costs incurred (such as non-refundable travel expenses and change fees).
- Final Reports -- Preliminary Reports that are not finalized within 60 days of issuance will be deemed final and a Final Report will be issued to the client.
- Work (including issue of final report) to be completed on a schedule to be agreed upon, assuming prompt response by client to schedule and report requirements. Changes in schedule or scope of work after agreement will entail change in terms, including but not limited to due date and fee. Work will be performed to endeavor to be in compliance with applicable governmental and professional standards, regulations and requirements, with normal care and competence
- The fee quoted is valid for 90 days.

OSI:

Agreed & Accepted:

By: 

By: _____

Title: Chief Executive Officer

Title: _____

Date: February 12, 2026

Date: _____

Operations Manager: Tyler Heser / WA-26059

PLEASE NOTE OUR REMITTANCE ADDRESSES HAVE CHANGED

FOR CHECK PAYMENTS SENT BY US MAIL

Please mail your check payment to the following address:
On-Site Insight, Inc.
PO Box 412518
Boston, MA 02241-2518

FOR WIRE TRANSFER PAYMENTS

Bank of America, 100 Federal Street, Boston, MA 02110
Routing Number: 026009593
Account Number: 004640502919
Account Name: On-Site Insight, Inc.

FOR OVERNIGHT DELIVERY OF PAYMENTS

Please send all overnight delivery of payments to the following address:
Bank of America Lockbox Services
On-Site Insight Inc. 412518
MA5-527-02-07
2 Morrissey Blvd.
Dorchester, MA 0212

Real Estate Asset Operational and Ownership Analysis & Playbook

Proposed Scope of Services – Novi Ice Arena

Step 1 – Site, Building and Operational Due Diligence (NTE \$25,000):

1. **Property Due Diligence:** It is assumed that ownership is fee simple, no significant encumbrances of record exist and that the use meets the requirements of the master plan and applicable zoning regulations in addition to other critical regulations that may constrain the use.
2. **Facility Condition Assessment:** Review existing capital reports and perform facility condition assessment to identify short-, medium- and long-term capital budget needs for ongoing operation including site conditions, building enclosure, interior, MEP systems (incl. ice plant). This assessment report represents a statement of the physical condition of the buildings and properties based upon visual site observation and PMR's professional judgment. It applies only to those portions of the property, items, and equipment that PMR staff were able to visually observe. Walls and ceilings will not be opened to observe covered, hidden, or concealed conditions. PMR's assessment of plumbing systems will not include the collection or testing of water samples to determine water quality. The assessment of mechanical systems and equipment is based on general observations of condition and/or age and not a full diagnostic or inspection by a certified maintainer. In addition, PMR will not sample any property components or test nonfunctioning equipment at the time of the assessment. PMR's assessment, analysis, and recommendations are, in whole or in part, dependent on the information provided by the City and other third parties. PMR cannot provide an opinion on the reliability of such information, and inaccuracies in such information may impact our assessment, analysis, and recommendations.
3. **Operational Review:** Review existing management agreements and leases and historical, current and future operational projections, for reasonableness and professional observations.
4. **Appraisal Review:** Review the recently completed appraisal to understand findings and assess the results.

Deliverable: Identification of existing conditions and current status of Ice Arena.

Step 2 – Operational and Ownership Options Analysis (guided by Step 1 findings) (NTE \$45,000):

1. Identify a competitive set of 3-4 ice arenas, in addition to future pipeline in the market area as available, to understand supply status, performance, relative value and possible alternatives to existing ownership and operating model.
2. The competitive set will be determined by profiling competitive properties based on industry metrics which may include location, programming, target market audience, and other critical success factors, as available. Analysis includes assessing the market using in-depth market knowledge, coupled with database sources including Placer, AI.
3. **Demand Forecast and Market Outlook:** Develop market forecasts for current and future demand utilizing regional growth projections, pipeline data, locational strengths, changes in employment and other statistical data relevant to industry demand.

Deliverable: A playbook identifying options that may serve Novi residents for ongoing Ice Arena ownership and operations, and which may include but is not limited to, hold as is, hold and explore operational changes including for profit status, public/private partnerships, sell and lease back, sell, or redevelop. The quantitative and qualitative strengths, weaknesses, opportunities and threats (SWOT) matrix of each option will be provided.

Note: PMR's services are subject to the refinement of scope and execution of a formal agreement including standard terms and conditions between PMR and the City. PMR's standard rates will be provided and will be discounted by 20% in recognition of the City's relationship with PMR. PMR has provided similar services recently for the City of Birmingham Ice Arena and other athletic and community recreational facilities, the details of which can be provided.

Assumptions & Considerations

1) 2025-26 updated to represent "forecasted" FYE to include actual performance thru December plus budgeted performance thru June.

2) All revenue line items annually increase by 3% unless noted otherwise in notes (column L) - resulting in a 10-year average annual revenue growth of 3.1%.

3) All COGS & G & A expense line items annually increase by 3% unless noted otherwise in notes - resulting in a 10-year average annual expense growth of 3.4%.

4) 2028-29 (and/or surrounding years) could be significantly impacted if Little Caesars/Illitch organization opens a new 3-4 sheet ice facility in Farmington Hills. Forecasts not adjusted to consider marketplace impact.

5) Winter Olympic years noted as historically Learn to Skate registrations see greater participation than average year.

6) 3 Year Actuals

		ACTUAL				1		2		3		4		5		6		7		8		9		10		NOTES			
						FORECASTED																							
		2022-23		2023-24		2024-25		FYE	2025-26	2026-27		2027-28		2028-29		2029-30		2030-31		2031-32		2032-33		2033-34			2034-35		
Income																													
	Ice Rental	\$	810,029	\$	922,465	\$	1,013,552	\$	1,185,899	\$	1,221,476	\$	1,258,120	\$	1,295,864	\$	1,334,740	\$	1,374,782	\$	1,416,025	\$	1,458,506	\$	1,502,261	\$	1,547,329		
	Leagues	\$	330,907	\$	331,582	\$	278,530	\$	356,528	\$	367,224	\$	378,241	\$	389,588	\$	401,275	\$	413,314	\$	425,713	\$	438,484	\$	451,639	\$	465,188		
	Freestyle Figure Skating	\$	168,057	\$	174,478	\$	163,567	\$	207,535	\$	213,761	\$	220,174	\$	226,779	\$	233,582	\$	240,590	\$	247,808	\$	255,242	\$	262,899	\$	270,786		
	Ice Dancing	\$	128,178	\$	128,880	\$	137,036	\$	136,377	\$	140,468	\$	144,682	\$	149,023	\$	153,494	\$	158,098	\$	162,841	\$	167,727	\$	172,758	\$	177,941		
	Learn to Skate	\$	248,503	\$	280,507	\$	297,724	\$	299,082	\$	308,054	\$	317,296	\$	326,815	\$	343,156	\$	353,450	\$	364,054	\$	374,976	\$	393,724	\$	405,536	5% increase in Olympic years	
	Drop In Hockey	\$	7,385	\$	22,055	\$	31,592	\$	29,607	\$	30,495	\$	31,410	\$	32,352	\$	33,323	\$	34,323	\$	35,352	\$	36,413	\$	37,505	\$	38,630		
	Public Skate	\$	36,910	\$	72,345	\$	89,331	\$	90,254	\$	92,962	\$	95,750	\$	98,623	\$	101,582	\$	104,629	\$	107,768	\$	111,001	\$	114,331	\$	117,761		
	Concessions	\$	23,222	\$	49,640	\$	88,312	\$	81,922	\$	84,380	\$	86,911	\$	89,518	\$	92,204	\$	94,970	\$	97,819	\$	100,754	\$	103,776	\$	106,890		
	Rental Income - Pro Shop	\$	(700)	\$	17,056	\$	14,500	\$	5,400	\$	10,800	\$	11,124	\$	11,458	\$	11,801	\$	12,155	\$	12,520	\$	12,896	\$	13,283	\$	13,681		
	Vending Commissions	\$	1,683	\$	1,738	\$	1,958	\$	1,182	\$	1,217	\$	1,254	\$	1,292	\$	1,330	\$	1,370	\$	1,411	\$	1,454	\$	1,497	\$	1,542		
	Rental - Skate	\$	26,011	\$	29,443	\$	31,214	\$	27,782	\$	28,615	\$	29,474	\$	30,358	\$	31,269	\$	32,207	\$	33,173	\$	34,168	\$	35,193	\$	36,249		
	Birthday Parties	\$	4,133	\$	6,800	\$	2,414																						
	Room Rentals	\$	8,910	\$	4,850	\$	7,705		7,720	\$	7,952	\$	8,190	\$	8,436	\$	8,689	\$	8,950	\$	9,218	\$	9,495	\$	9,779	\$	10,073		
	Advertising	\$	5,200	\$	5,441	\$	5,237		6,522	\$	6,718	\$	6,919	\$	7,127	\$	7,341	\$	7,561	\$	7,788	\$	8,021	\$	8,262	\$	8,510		
	Misc Rev			\$	9,555	\$	-																						
	Sprint Tower	\$	119,581	\$	121,563	\$	130,151		102,852	\$	118,280	\$	118,280	\$	118,280	\$	118,280	\$	118,280	\$	118,280	\$	136,022	\$	136,022	\$	136,022	Per City contract	
	Interest on Investments	\$	35,509	\$	31,466	\$	26,273																						
	Interest Income Capital Reserve	\$	(613)	\$	19,233	\$	11,785																						
	EECBG Federal Grant								\$ -	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-		
Total Income		\$	1,952,903	\$	2,229,098	\$	2,330,882		\$	2,538,662	\$	2,632,402	\$	2,707,826	\$	2,785,512	\$	2,872,066	\$	2,954,679	\$	3,039,771	\$	3,145,158	\$	3,242,931	\$	3,336,139	
Cost of Goods Sold																													
	Leagues	\$	87,562	\$	77,787	\$	71,563		\$	74,997	\$	77,247	\$	79,564	\$	81,951	\$	84,410	\$	86,942	\$	89,550	\$	92,237	\$	95,004	\$	97,854	
	Learn to Skate Expense	\$	21,153	\$	17,824	\$	20,249		\$	18,608	\$	19,166	\$	19,741	\$	20,333	\$	21,147	\$	21,781	\$	22,435	\$	23,108	\$	24,032	\$	24,753	3% increase in Olympic years
	Birthday Party			\$	198																								
	Ice Dancing	\$	58,875	\$	58,763	\$	65,295		\$	59,163	\$	60,938	\$	62,766	\$	64,649	\$	66,588	\$	68,586	\$	70,644	\$	72,763	\$	74,946	\$	77,194	
	Concession Costs	\$	18,305	\$	30,947	\$	45,648		\$	39,384	\$	40,566	\$	41,782	\$	43,036	\$	44,327	\$	45,657	\$	47,027	\$	48,437	\$	49,890	\$	51,387	
	Advertising Production Costs	\$	900	\$	517	\$	704		\$	700	\$	721	\$	743	\$	765	\$	788	\$	811	\$	836	\$	861	\$	887	\$	913	
	Total COGS		186,794		186,036		203,459			192,852		198,638		204,597		210,735		217,260		223,778		230,491		237,406		244,759		252,102	
Gross Profit			1,766,109		2,043,062		2,127,422			2,345,810		2,433,765		2,503,229		2,574,778		2,654,806		2,730,901		2,809,280		2,907,752		2,998,172		3,084,037	
General & Administrative Expenses																													
	Cash Over Short	\$	3	\$	(17)	\$	(16)																						
	Wages & Benefits	\$	719,663	\$	847,643	\$	964,830		\$	1,031,856	\$	1,062,812	\$	1,094,696	\$	1,127,537	\$	1,161,363	\$	1,196,204	\$	1,232,090	\$	1,269,053	\$	1,307,124	\$	1,346,338	
	Repairs	\$	14,075	\$	15,088	\$	7,841		\$	136,985	\$	141,095	\$	145,327	\$	149,687	\$	154,178	\$	158,803	\$	163,567	\$	168,474	\$	173,528	\$	178,734	
	Maintenance & Supplies	\$	240,354	\$	238,860	\$	251,202		\$	150,829	\$	155,354	\$	160,014	\$	164,815	\$	169,759	\$	174,852	\$	180,098	\$	185,501	\$	191,066	\$	196,798	
	Rental Expense - Equipment	\$	3,501	\$	4,929	\$	5,075		\$	3,897	\$	4,014	\$	4,134	\$	4,258	\$	4,386	\$	4,518	\$	4,653	\$	4,793	\$	4,937	\$	5,085	
	Electricity	\$	179,900	\$	190,874	\$	180,578		\$	189,397	\$	200,761	\$	212,806	\$	225,575	\$	239,109	\$	253,456	\$	268,663	\$	284,783	\$	301,870	\$	319,982	Last 5 years ave. +6%/yr
	Gas	\$	56,192	\$	44,424	\$	56,444		\$	56,382	\$	59,765	\$	63,351	\$	67,152	\$	71,181	\$	75,452	\$	79,979	\$	84,778	\$	89,864	\$	95,256	Last 5 years ave. +6%/yr
	Water and Sewer	\$	12,264	\$	16,336	\$	13,603		\$	14,990	\$	15,440	\$	15,903	\$	16,380	\$	16,871	\$	17,378	\$	17,899	\$	18,436	\$	18,989	\$	19,559	
	Insurance - General	\$	12,867	\$	13,412	\$	15,499		\$	15,384	\$	15,846	\$	16,321	\$	16,811	\$	17,315	\$	17,834	\$	18,369	\$	18,920	\$	19,488	\$	20,073	
	Marketing & Promotions	\$	12,496	\$	14,095	\$	13,934		\$	11,020	\$	11,351	\$	11,691	\$	12,042	\$	12,403	\$	12,775	\$	13,158	\$	13,553	\$	13,960	\$	14,379	
	Bank /Credit Card Fees	\$	37,490	\$	38,335	\$	40,853		\$	44,038	\$	45,359	\$	46,720	\$	48,122	\$	49,565	\$	51,052	\$	52,584	\$	54,161	\$	55,786	\$	57,460	
	Dues and Subscriptions	\$	2,196	\$	1,190	\$	1,219		\$	2,014	\$	2,074	\$	2,137	\$	2,201	\$	2,267	\$	2,335	\$	2,405	\$	2,477	\$	2,551	\$	2,628	
	Office Expense	\$	4,130	\$	11,719	\$	12,168		\$	8,412	\$	8,664	\$	8,924	\$	9,192	\$	9,468	\$	9,752	\$	10,044	\$	10,346	\$	10,656	\$	10,976	
	Professional Fees	\$	12,149	\$	12,468	\$	13,709		\$	14,947	\$	15,395	\$	15,857	\$	16,333	\$	16,823	\$	17,328	\$	17,847	\$	18,383	\$	18,934	\$	19,502	
	Technology	\$	29,027	\$	55,531	\$	52,335		\$	43,039	\$	44,330	\$	45,660	\$	47,030	\$	48,441	\$	49,894	\$	51,391	\$	52,933	\$	54,521	\$	56,156	

Telephone	\$	7,994	\$	6,041	\$	8,652	\$	8,454	\$	8,708	\$	8,969	\$	9,238	\$	9,515	\$	9,801	\$	10,095	\$	10,397	\$	10,709	\$	11,031	
Meals & Entertainment	\$	6,229	\$	7,576	\$	6,080	\$	2,643	\$	2,722	\$	2,804	\$	2,888	\$	2,975	\$	3,064	\$	3,156	\$	3,251	\$	3,348	\$	3,449	
Mileage & Travel	\$	-	\$	-	\$	-	\$	3,777	\$	3,890	\$	4,007	\$	4,127	\$	4,251	\$	4,379	\$	4,510	\$	4,645	\$	4,785	\$	4,928	
Uniforms	\$	5,779	\$	4,045	\$	2,941	\$	4,251	\$	4,379	\$	4,510	\$	4,645	\$	4,785	\$	4,928	\$	5,076	\$	5,228	\$	5,385	\$	5,547	
Management Fee	\$	122,376	\$	142,128	\$	132,360	\$	138,000	\$	138,000	\$	145,520	\$	145,520	\$	145,520	\$	149,260	\$	149,260	\$	153,738	\$	153,738	\$	158,350	Per City agreement thru Yr. 5 / pi
Total G &A Expenses		1,478,685		1,664,676		1,779,307		1,880,315		1,939,958		2,009,352		2,073,552		2,140,175		2,213,063		2,284,844		2,363,849		2,441,239		2,526,229	
Operating Income		287,424		378,385		348,115		465,495		493,807		493,877		501,226		514,631		517,838		524,436		543,903		556,933		557,808	

LESS ESTIMATED INFLATED CAPX	725,000	88,000	187,000	54,000	114,000	1,192,000	175,000	886,000	427,000	427,000
Annual Cash Flow	(259,505)	405,807	306,877	447,226	400,631	(674,162)	349,436	(342,097)	129,933	130,808

Beginning Fund							Ending Fund	
Year	Balance (Cash)	Revenue	Expenses	Operating Profit	CapX - INFLATED	Cash Profit	Balance (Cash)	
1	300,000	2,538,662	2,073,167	465,495	725,000	(259,505)	40,495	
2	40,495	2,632,402	2,138,595	493,807	88,000	405,807	446,302	
3	446,302	2,707,826	2,213,949	493,877	187,000	306,877	753,179	
4	753,179	2,785,512	2,284,287	501,226	54,000	447,226	1,200,405	
5	1,200,405	2,872,066	2,357,435	514,631	114,000	400,631	1,601,036	
6	1,601,036	2,954,679	2,436,841	517,838	1,192,000	(674,162)	926,874	
7	926,874	3,039,771	2,515,336	524,436	175,000	349,436	1,276,309	
8	1,276,309	3,145,158	2,601,255	543,903	886,000	(342,097)	934,212	
9	934,212	3,242,931	2,685,998	556,933	427,000	129,933	1,064,145	
10	1,064,145	3,336,139	2,778,330	557,808	427,000	130,808	1,194,954	

4,275,000 Total CapX
427,500 Ave. CapX/Yr.

MEMORANDUM



TO: FINANCE AND ADMINISTRATION COMMITTEE
VICTOR CARDENAS, CITY MANAGER
FROM: JEFF MUCK, PRCS DIRECTOR
SUBJECT: ICE ARENA REVENUE
DATE: FEBRUARY 19, 2026

As a follow up on your request for additional information related to the Ice Arena. Attached are several items:

Updated financial projections and user data

Revenues and expenses have been updated and broken into line items. A combined worksheet that includes both the 3-year actuals side by side with the 10-year forecast is provided. Data is provided on revenue from the highest user groups and demographics. Items of note:

- Based FY25/26 on current mid-year data to project year end.
- Raised projected revenue and expenses by 3% annually.
- Increased revenue projections in Olympic years based on past trends.
- Increased utilities expenses to match last 5 year averages
- Added note about potential 4 sheet facility opening in Farmington Hills (OCC). Unable to project potential impacts as right now it is not confirmed but is sure to impact ice arenas across the entire area if it occurs.
- Added CapX expense to years 9 & 10.
- For programs in which user demographics are tracked, Suburban estimates 31% are Novi residents.
- Suburban was asked about additional revenue sources above and beyond current operations and stands by the information provided to the Committee on January 16 (Ice Rates, NYHA growth, Bar/Restaurant, Advertising/Naming Rights, etc). They remain committed to continuing evaluation and identifying potential new programs and services and monitoring trends in the industry.

Enterprise Fund, Fund Balance, Debt Service Payments and Management Fee

The City's Finance Department has provided an analysis of these items in the attached letter including information from the June 30, 2025 audit. Items of note:

- The Ice Arena has \$411,022 in current available resources per the audit.
- In the 2025 audit, the cash was used to finance capital assets/improvements (an increase from \$135K to \$699K).
- Finance has reviewed the budget line item for the management fee and verified it has not exceeded the agreed upon contract amount.

Sale Options

PMR has provided a proposed two step scope of services:

1. Site, Building & Operational Due Diligence (NTE \$25,000)
2. Operational & Ownership Options Analysis (NTE \$45,000)

Total NTE: \$70,000

Core Emphasis:

- Analyze Ice Arena operations
- Competitive benchmarking against 3–4 arenas
- Operational and ownership model evaluation
- SWOT matrix of options
- Demand forecast for ice arena market only

Deliverables:

- Identification of existing conditions and current status
- Playbook focused on ownership/operating options:
 - Hold as-is
 - Modify operations (including for-profit status)
 - Public/private partnerships
 - Sell/leaseback
 - Sell
 - Redevelop
- SWOT matrix of each option

On-Site Insight (firm that completed the 2018 Ice Arena capital needs assessment) provided a quote of \$8950 to prepare a 20-year capital needs evaluation in executive summary and quantitative form (including replacement reserve analysis) plus photographic documentation and graphic presentation of key observations/findings.

Staff has also contacted three Michigan based consultants, a Minnesota company working on a similar project for Kalamazoo, and Thunder Bay in Ontario, Canada that is also conducting a comprehensive feasibility study for multiple municipal owned arenas. We are awaiting proposals and/or responses from these firms.

The Ice Arena fund could support the expense of a study of less than \$100,000. Please note it is not included in any of the projected financials or current budget.

Hazel Park and Mt. Clemens were contacted with a request for the names of their brokers and appraisers from when they sold their arenas. Mt Clemens had their City Attorney handle the sale (\$4 million) and did not get an appraisal. Hazel Park's Finance Director worked with Oakland County Assessing to do their analysis in-house. It was sold for \$2.9 million.

Please let me know if you have any questions. The staff of Suburban also stand by ready to address any questions or provide more detail as needed.