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

FROM: Tom Anastos
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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.