

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.