

Ask iAIMEDGE - Mar/Apr 2005

Music licensing fees

Q

We play the radio during our public skating sessions and currently pay ASCAP, BMI and SESAC each for this service. Am I required to pay all three of these companies? Many businesses I have talked with say they only pay one music licensing company. I recently received a renewal notice from one of the above, with a 400 percent increase over last year!

Reid McDonald
McDonald Center
Eagle River, Alaska

A

Like paying taxes, paying music licensing fees is something that we all have to do if we want to publicly play music - whether for profit or not. This means that facility owners who play music for public skating, provide ice for figure skating sessions where music is played or host hockey games where music is played during warm-up or between periods must obtain a license to play music "at any place open to the public or where any substantial number of persons is gathered" or be in violation of federal copyright laws. It does not matter whether the music is played from a radio, tape recorder, digital music service or by a live performer - it is all protected by the Copyright Act of 1976. Anyone found guilty of violating the copyright law can be subject to penalties ranging from \$250 to \$50,000 per infringement (song), plus court costs and attorney's fees.

There are three primary music licensing organizations: ASCAP, BMI and SESAC. Most facility owners have worked with ASCAP and, to a lesser extent, BMI and SESAC. Some pay only one organization's license fees while others pay multiple fees. The only way to limit the amount of licensing fees paid is to ensure that you are only playing music copyrighted by the organization(s) you have a license from. Lists of copyrighted authors, composers and their works are available from each organization.

Recently, some arena operators have received substantial rate increases from BMI, which bring their rates exactly into line with those charged by ASCAP. According to BMI, these increases are justified, as they are the first increases in more than 20 years, during which time they have increased their catalog of music threefold. Whether or not paying the increased rates is worthwhile is a decision that each facility owner will have to make.

Those who operate municipal, county or state-owned facilities should note that ASCAP (and, perhaps, the others) offers special rates to governments, which cover all of the community's operations.

Payroll to revenue ratio

Q

What is the average percentage, in a one-rink facility, of operating labor to revenue? In other words, if you took the yearly payroll and divided it by the revenue, what should be the number obtained?

Oakie Brumm
Kenosha Ice Rink
Kenosha, Wis.

A

Staffing and utilities are the two highest costs of operating an ice arena, other than debt service. The percentage of payroll to revenue varies depending on whether the arena:

- o Operates the concessions and pro shop
- o Pays hockey coaches and/or referees for arena-run programs
- o Pays skating instructors as employees rather than independent contractors

Seasonal revenue fluctuations will significantly affect payroll percentages, but the average annual payroll expenditure - without any of the above-mentioned responsibilities - should be 30-33 percent of revenue. With some or all of the above-referenced payroll obligations, the average may increase to 35-38 percent. Efficiently designed facilities in which one person can operate the skate rental, pro shop and concession during low-volume times can cut 2-5 percent off their staffing percentage. Managers should focus on cross-training their staff to reduce operating costs and improve labor percentages.

Fundraising policies

Q

Over the years our youth hockey association, bless their hearts, have taken a few small tournament/fundraisers and built them into monster tournaments with concessions, pictures, T-shirts/souvenirs, silent auctions and basket raffles. It takes more staff to manage and clean up after them. Is there a standard or is it acceptable to ask them to pay for their extra usage and in what form? Should I raise the cost of ice, charge a special "event fee" or ask for a percentage of their gross or net profits from all their fundraising stations?

Change is hard and they, along with adult hockey, are the largest users at the arena. They feel the rink should support their efforts and when I bring up the fact that it costs us more, they are not very understanding.

Help. I need some feedback from you and other rinks so I have some ground to stand on.

Stacey Foster

Howelsen Ice Arena

Steamboat Springs, Colo.

A

Most arenas have an event clean-up fee for high school, junior hockey and figure skating groups to cover the cost of hiring a custodial person during and after the event. Furthermore, most arenas have a contract that requires a percentage from all vendors coming into the arena for these kinds of activities. Few arenas allow others to have concessions, bake sales, candy sales, etc. since they distract from income so essential to the arena. Some facilities may permit regular user groups to conduct fundraisers once a year, but only if they pay a percentage of the proceeds back to the arena. If policies are not in place, they should be developed and announced, to take effect at some future date in order to give the user groups plenty of time to plan for the change. In addition, the arena might offer to host skate-a-thons and other fundraising activities to help the hockey club financially while driving new business through the building.

Kick plate life expectancy

Q

What is the life expectancy of kick plates around the arena? Are they reversible? How do you maintain them?

Paige Scott

Yerba Buena Ice Skating Center

San Francisco

A

The life expectancy of kick plate is determined by a number of factors, which vary by facility. Among them are:

- o The number of recreational skaters served by public skating sessions at an arena. Because many unskilled skaters do not know how to stop properly, they simply run into the barriers, hitting the kick plate with their rental skate toe picks in the process. One plausible solution is to reduce the size of the top front toe picks on rental skate blades.

- o Another common factor affecting the life of a kick plate is an improperly adjusted edger. If the clearance is not properly set, the blades can nick the kick plate as they turn. If small chips of kick plate are mixed in with the "snow" after edging, the clearance needs to be increased.

- o It is also important to ensure that the kick plate is mounted flush to the dasher panels and not "buckled." One common mistake is to install kick plate panels during warm summer months when the arena is closed for maintenance and not allow enough clearance between sections for the expansion that will take place when the floor temperature is brought down to make ice.

- o Last but not least, many sections of kick plate have been destroyed by careless resurfacers who have gotten too close to the boards, and removed a section of kick plate in the process. Needless to say, an ounce of prevention is worth a pound of repair in these cases.

All dasher boards and kick plate should be inspected regularly for loose screws, supports, spectator shielding, door hinges, etc. Timely repair will not only increase life expectancy, but also reduce any potential for injury. Depending on its condition, a kick plate can sometimes be reversed and reinstalled to extend its life. However, when doing so you should recut the bevel at the top of each piece and counter-sink all screws to ensure smooth, flush mounting to the dasher.