Ice Rinks as Money Makers

by Tom Reges

The "boom" in ice rink construction is real, but are ice rinks, old and new, financially profitable? Having owned and operated an ice rink for 29 years, I have a unique view of the growth in ice rinks.

The only thing you really need to run an ice rink successfully (though not necessarily profitably) is lots of money. That money can come from wealthy investors, non-profit organizations or taxpayers. Only rarely does it come from actual profits generated by operation of the rink. There are profitable rinks, but they are few and far between.

There is one common thread among profitable rinks. They have either low or no debt service.

If you question whether debt service is a key element in a successful ice rink, look at the financial problems facing many new rinks. It doesn't matter whether they are privately owned or government owned. Debt service is a constant, unbending payment that cannot be avoided. It can be adjusted sometimes, but the lenders want their pound of flesh.

I am reluctant to name names, but I know of three double-sheet ice rinks built within the past five years that lose gobs of money. Thank goodness the owners are multi-millionaires. But I wonder when they will grow tired of pouring in the money.

Multi-millionaires who become enamoured with hockey, for one reason or another, don't necessarily understand the ice arena business, and it is a business. They jump in with open wallets and a huge mortgage and suddenly find they are losing money with no end in sight.

I can think of two new rinks that are supposed to be profitable within three years. It is obvious that the projected income for these rinks will take years, if ever, to reach the level necessary to pay the bonded indebtedness. But the majority of municipal facilities seem to keep operating. I wonder if the decision-makers and elected officials ever expected – even in the beginning – that the rinks would be profitable. They just wanted an ice rink complex within the city borders and the hockey enthusiasts yelled loud enough to make it happen.

Public rinks will have to determine how much general fund monies will be used to subsidize ice. Bakersfield, California closed its only ice rink after it had reportedly been losing $300,000 a year. The rink opened in 1996.

In the 1970s, there was a "boom" in new ice rinks throughout the country, just like now. The "boom" was followed by a "bust." The result was empty ice rinks turned into indoor soccer facilities or warehouses or municipal centers. Now is the honeymoon period for new rinks.

We learned that there are three phases in the life of a rink. The first period, which lasts about three years, is what I call the new construction phase. Everything is new and the major effort is in keeping the building clean and in seeing that the equipment is well oiled and maintained. The second period is the repair phase. The equipment and building need repairs, but it is still all original construction. The third period, starting sometime after the 10th year and accelerating by the 15th year is the replacement phase. Facilities need new headers, compressors, boards, roof, etc.

How does an ice rink become profitable? Time is on the side of owners, whether private or government. Ice rates will have to increase in order to meet debt service and increasing operating costs. However, inflation is also helping ice rinks because debt service is a constant and does not increase over time.

Some ice rinks will probably close, as happened in the '70s. But the demand for ice will still be there. As a result, some skaters will have to use non-primetime ice (horrors!). Thus, greater utilization of existing rinks will help those surviving rinks pay expenses and produce a profit or in government terms a surplus.

The road ahead is bumpy; hold on to your hats. We made it through the bumpy ride of the '70s and we will make it through again.

• Tom Reges and his wife Midge manage the Jolly Roger Ice Club in Grand Rapids, MI.