

[Portland Press Herald](#)

Thursday, July 20, 2017

NEW PORTLAND HOCKEY DEAL PROMISES FINANCIAL WIN FOR COUNTY-OWNED ARENA

Having the hockey team play its 36 home games – more if it makes the playoffs – at Cross Insurance Arena is expected to provide more than \$162,000 in revenue.

The new minor league hockey team that will start playing at Portland's Cross Insurance Arena next year will pay significantly higher rent for home games than its predecessor.

A Portland Press Herald analysis of the deal between the team and the arena indicates that the agreement will benefit not only the taxpayer-backed venue, but also the company that manages the arena and owns the hockey team.

Comcast Spectacor, the parent company of the Spectra arena management company, announced a month ago that it had purchased an ECHL franchise in Alaska and will move the team to Portland for the 2018-19 season. Portland lost its minor league hockey team after the 2016 season when the Portland Pirates of the American Hockey League were sold and moved to Springfield, Massachusetts.

Under Spectra's contract with the trustees of the Cumberland County-owned arena, the management firm earns bonuses based on exceeding benchmarks for event revenue and food and beverage sales. Having the hockey team play its 36 home games – more if it makes the playoffs – at the arena is expected to provide more than \$162,000 in revenue. That amount is roughly one-third of the overall revenue the arena needs to trigger bonuses for the management company.

Trustees of the Cumberland County-owned arena said they were sensitive to the idea that the same parent company would be essentially both landlord and prime tenant in the arrangement.

"We were aware that there may be a visual issue," Mitchell Berkowitz, chairman of the trustees who oversee the operation of the arena, said of the appearance of a possible conflict of interest.

But Berkowitz noted that it was important to have a hockey team as an anchor tenant for the arena, and that having a team with a major company as owner with other hockey interests – Comcast Spectacor also owns the National Hockey League's Philadelphia Flyers – adds a layer of security to the arena's finances and the likelihood the team will stay put.

"We felt that was a long-term stable approach," he said.

REVENUE AND BONUSES

The return of hockey to Portland will cheer the owners of downtown bars and restaurants, who could count on Pirates games to bring in thousands of fans on winter nights when the city might otherwise be largely deserted.

It's also good news for county taxpayers, who backed a \$33 million bond to renovate the four-decade-old arena. The loss of the Pirates put a big hole in the arena's revenue stream, which has been down since the renovation was completed in 2015. Although the venue has hosted concerts, ice shows and other events, it has not been able to make up the shortfall.

County Manager Jim Gailey said that at the time the bond was issued in 2013, the hope was a renovated arena would generate enough money to help repay the borrowed money, but that hasn't been the case. Gailey said that the entire cost of repaying the bond has fallen on county taxpayers and the bill this year is more than \$2 million.

Spectra, which manages dozens of arenas around the country, was hired to manage the Cross Arena in 2015. Previously, the venue was managed by county employees.

Spectra earns a flat fee of slightly more than \$100,000 a year. To that is added annual bonuses pegged to revenue goals for events, food and beverage sales, and a more subjective general performance assessment. The bonuses are capped at \$100,000.

Spectra has landed bonuses each of the two years it has run the arena. It received a bonus of \$92,625 in 2015-16, the last year the Portland Pirates played in the arena.

In this contract year, which ended June 30, Spectra landed a bonus of \$68,000 for event and food and beverage sales. The county trustees will meet in the fall to go over audited financial figures and decide whether and how much to award Spectra under a "performance" category, which looks at customer service and maintenance operations. That bonus is capped at \$20,000. Even if it earns the full bonus, Spectra's overall bonus earnings will drop from what it earned during the last year of professional hockey.

ATTRACTING FANS IS CRITICAL

The contract for the new team is different from the Pirates franchise, which paid \$1,000, plus some operational expenses, to the arena for each home game it played. The new team will pay \$4,500 per home game.

But under the new deal, the arena will be responsible for hiring security and concessions staff for the games. Arena trustees say they expect the deal to be profitable if attendance runs near what the Pirates drew the last few years they played in Portland.

County officials based their negotiations for the new hockey team on average attendance of 2,100 fans per game, said Joe Gray, who chaired the committee that selected Comcast Spectacor from the four parties that submitted hockey team proposals. The Pirates drew an average of about 3,000 fans a game in their last few years in Portland.

Although ticket prices haven't been announced, another group that wanted to bring an ECHL team to the arena estimated that it would charge \$8 for general admission. The Pirates charged \$18 for single-game tickets during their last season in 2015-16. The ECHL, formerly called the East Coast Hockey League, is a notch below the AHL in hockey's minor league system.

Gray said the arena's managers expect that they won't need to hire as many employees for game nights if attendance runs at or even slightly below the average turnout for the Pirates. He said during the final year of the Pirates' tenure in Portland, arena managers felt they were often overstaffed by having 45-50 employees on hand.

Gray said county officials think it will take time to rebuild interest in hockey in Portland and that might keep attendance down, at least initially. He noted that interest already had begun to decline by the time the team was sold, in part because the Pirates played for a year in Lewiston while the Portland arena was being renovated.

'THE FABRIC OF THE COMMUNITY'

Gray said preparations during the year before the team begins playing in Portland will be essential to help stoke interest. Representatives of the team and the arena trustees are holding a news conference Thursday to discuss some of their plans for the team.

"They hope, through a lot of promotion and sponsorship, to build up enthusiasm for the team," he said, declining to discuss details ahead of the news conference, although a name-the-team contest is expected to be announced.

Gray also said that the county trustees will keep an eye on how the management fee and bonuses for Spectra are affected by the return of a hockey anchor.

He said the management contract with Spectra runs through 2033, but there are frequent renewal periods during that time when the county could seek to renegotiate the fee and bonuses.

Beyond that, he said the trustees are thrilled to have hockey returning to the arena. The Maine Mariners, also an AHL team, played in the arena – then known as the Cumberland County Civic Center – when it first opened in 1977. They were replaced by a different team with the same name before the Pirates started playing in Maine in 1993.

"Hockey is part of the fabric of the community and has been since the 1970s," Gray said.