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Of The Post-Dispatch

By some estimates, a break-even season for the St. Louis Blues could have been just a slap shot away.

Had the Blues won Game 7 against the Detroit Red Wings, they would have earned two or three more home playoff games in the Western Conference finals. That would have put up to $3 million in extra revenue into Kiel Center's coffers.

If playoff games are important to Blues fans, they're even more vital to the Kiel Partners.

The team's strong finish - forcing highly favored Detroit into double overtime before losing 1-0 Thursday night - wasn't quite enough to rescue the team's finances from the clutches of mounting debt and rising red ink.

Even with an edge-of-the-seat finish to the season, pay-per-view profits and the presence of superstar Wayne Gretzky, the Blues and their owners, Kiel Center Partners L.P., couldn't avoid the losses plaguing the hockey team since it moved from The Arena into Kiel Center.

The board of Kiel Partners is made up of 19 of the top executives of some of St. Louis' largest companies. Those companies, all members of Civic Progress, invested millions ofdollars to buy the team and finance Kiel Center.

Earlier this year, Blues officials predicted that they would finish the 1995-96 season in a $7 million hole, despite $17 million in cash that the partners injected into the operation last February. Thanks to the Blues' stubborn stand against the Red Wings, the loss is likely to be much smaller now, said Jack Quinn, Blues president.

"By getting into the second round (of the playoffs), we might have reduced our losses, but a loss is still a loss," Quinn said Friday. "No one likes to lose, on the ice or at the cash register, but we're heading in the right direction."

This year the Kiel Center Partners will face off against $10 million in debt service costs, a possible three-year, $21 million paycheck for Gretzky and hundreds of expensive club seats up for grabs when their leases expire in 1997.

Add to that the uncounted millions needed to finish renovating Kiel Opera House next door and several million dollars tied up in contractors' liens filed against Kiel Center.

But everyone knows that pro sports is a risky business, Quinn said.

"It's a roller coaster; and lots of things impact the ride of that roller coaster," he said.

This year's playoffs turned it into even more of a thrill ride.

Usually, postseason games represent found money for hockey teams. Their annual operating budgets often don't include potential playoff revenues, and players generally are paid the same whether they play in the postseason or not.

So, for each home playoff game, the Blues probably reeled in at least $1 million in ticket sales and got to keep $750,000 to $900,000, hockey experts estimated.

An added bonus was the pay-per-view venture, which generated an estimated $1.28 million, split between the Blues, cable distributor Prime Sports Inc. and eight area cable operators. Quinn said the Blues received between 50 percent and 60 percent of that money.

But six home games and 72,000 pay-per-view orders weren't enough to get Kiel out of the red.

City tax records show that for all of 1995 Kiel Center generated $6.9 million in revenue and the team brought in another $21.4 million, slightly above the annual revenue projected in a 1992 prospectus circulated among Kiel Center bondholders. Profit figures are unavailable.

For the first quarter of this year, revenue from the Blues and Kiel totaled $10.3 million.

Throughout the year, much of Kiel's revenue comes from non-Blues even ts. In the 1996 fiscal year, which ends June 30, Kiel will have hosted 202 events, half of them sports-related. Those include Blues games as well as events involving the St. Louis Stampede, an arena football team; the St. Louis University Billikens basketball team; and the Ambush soccer team, said William Haviluk, president of Kiel Center.

The Blues, though, with 41 home dates this year, are really Kiel's bread and butter. The `Great One' Arrives

As soon as Gretzky joined the team, with nine home games left in the regular season, Kiel Center sold out and stayed that way. The Blues finished the season seventh in average attendance, Quinn said.

In addition, Gretzky boosted TV viewership, advertising revenue and team prospects.

"That old saying holds true: The best marketing strategy is a winning team," said Craig Kuhl, spokesman for Prime Sports.

Gretzky garb flew out the doors of the six Blue Note shops, with professional jerseys selling for about $130. Usually the six stores generate more than $1 million in sales annually, but Gretzky's presence boosted sales substantially.

Quinn won't reveal by how much. After all, the Blues are still negotiating a three-year deal with the "Great One." The contract talks reportedly consider a number of off-ice factors, such as the worth of Gretzky's name and image in marketing.

Quinn said talks with Gretzky's agent continued throughout the playoffs and may be within two weeks of concluding. Gretzky asked to be kept out of the negotiations during the playoffs and must be updated on the latest offer, Quinn said, declining to revealspecifics.

Hockey sources have valued the offer at $21 million over three years, but a source close to the team said Gretzky is expected to defer $10 million of that income.

The Blues' payroll was $24 million before the team acquired Gretzky. His salary for the season was $6,545,363, and the Blues paid a fraction of that.

"The Blues had one of the highest payrolls of the NHL," Quinn said, "but we will not be at that level next year. We have some pruning to do."

Annual debt service on Kiel Center rose from $9.5 million last year to $10 million this year. The Kiel Partners continue to juggle steep interest payments on their 30-year bonds with hefty interest and principal payments on a $40 million, 10-year bank loan.

Quinn said the Kiel Partners had not renegotiated or restructured the debt. And they have managed to meet lenders' requirements for income and capital.

The fans could have been more reliable as a revenue source, though. Money In The Seats

The 1995-96 season began with the Blues selling about 85 percent of the available seats. After coach and general manager Mike Keenan made some unpopular trades, ticket sales plunged by 1,000 or 2,000 per game, and no-shows jumped to 2,000 or 3,000 empty seats per game, some hockey observers estimate.

Quinn attributes that decline to the Rams' entry into the St. Louis market, rather than fan disenchantment with the Blues or with Keenan.

Nevertheless, empty seats affect more than box office receipts.

Kiel Partners owns all the food and drink concessions in the center, except the exclusive Kiel Club restaurant. Team officials estimate that the average ticket holder shells out an extra $9.50 a game for food and drink.

So, a 3,000-person shortfall in attendance translates into a $28,500 decline in concession revenue. On average, regular-season concessions run $122,000 a game, according to internal Kiel Partners documents. Subtract food and labor costs, and only $86,000remains to help offset other Kiel expenses.

The previous hockey season also was far from a smooth skate for Blues accountants.

For the first 3 1/2 months of the 1994-95 season, the brand-new Kiel Center sat glistening but empty because the National Hockey League had locked out its players. Cost to Kiel Partners: $5 million to $5.7 million in losses that year.

City tax records show that the center managed to take in $1.46 million in annual revenue and the Blues added $7.8 million in ticket sales for 1994. But that $9.26 million was far below the projected revenue.

"When you have a surprise like a lockout, it's going to take a couple of years to overcome the losses incurred by that shortfall," Quinn said. "That's going to spill over into 1995, 1996 and 1997."