

## Making The Most of Your Ride and Attraction Budget

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Inevitably, once all the hard work has been done with respect to feasibility review, debt financing, land and building acquisition, and marketing plan development, new facility developers must concentrate their efforts on purchasing the necessary attractions and concessions for their new facility. More often than not, the purchase process can be more stressful than the phases that have come before it, largely because of the need to meet opening deadlines, fixed budgets, and space limitations.

Perhaps the biggest challenge facing most new developers is the process of "coming in on budget". Few projects typically provide for, or have the luxury of, a contingency allowance, which would permit additional expenditures to occur as needed. Unfortunately, unexpected costs do occur, particularly when attractions need to be transported and installed within new facilities. Need an ADA (Americans With Disabilities Act) compatible entry ramp and door for each of your attractions? Add about \$5,000 to each attraction's budget. Need that 43-foot Tilt-A-Whirl shipped by truck to your location? Add another \$8,000. Need that motion simulator installed? Factor in another \$3,000. Before you know it, the original budget starts to resemble the appetizer instead of the main course. What's the solution to all of these "extra" costs? Consider the option of purchasing some of your attractions in used or reconditioned form. While this will require additional effort, the results can be well worth the time investment. This past year, our firm has sourced almost 70 used attractions for clients, some of which were reconditioned, installed, and warranted by the original manufacturer. The cost savings might surprise you.

### Finding The Best Buys

There's no easy method to create an industry network of "equipment scouts", but ultimately it can be done with some legwork. Many of the equipment and attraction transactions that I've been a part of in the past weren't triggered by a For Sale sign in the window, but rather occurred as a result of general inquiries. Existing facility owners tend to become interested in selling a ride or attraction once they realize that a potential buyer is available. Others are equally interested in "swapping" attractions with other facility owners who maintain attractions within their facilities that have exhausted their useful life at that location. Additionally, there are many worthy attraction and ride resellers that service the amusement marketplace, all of whom have the ability to source needed equipment, many times within the geographic location in which the seller is located. Not to be overlooked is the manufacturers themselves, most of whom offer reconditioned units at substantial savings over new units.

Seasonality plays a big factor in locating quality equipment. Don't expect to find an abundance of highly desirable rides and attractions at the start of the summer season. Shopping for these items should occur in the early Fall, when many amusement parks and carnivals are divesting themselves of equipment that has not made the cut for the upcoming season. It may prove cheaper to purchase these attractions off-season, store them for the winter months, and then perform the installations at the appropriate time period. Many such units can be stored in enclosed trailers right on the upcoming facility's jobsite for as little as \$50 per month.

### Know What You're Buying

If you've decided to purchase some or all of your rides and attractions in used or reconditioned form, it's important to know exactly what is being purchased. Enlist the help of a knowledgeable industry expert so that the risk of purchasing a "lemon" can be minimized. What could go wrong? Here's a few real-life examples:

- **Missing Parts:** Just like when you were a kid opening presents during the holidays, there's always the risk that parts may be missing. This becomes a bigger issue when purchasing attractions that are not currently operating, such as units that have been placed in storage. Whenever possible, set up an escrow account with the seller, equal to perhaps 10% of the sale price, to support the purchase of replacement parts if needed.
- **Incorrect Disassembly:** Sometimes, the seller of a ride or attraction takes the easy way out when dismantling a unit that has been sold. Whenever possible, a factory or factory-trained technician should be involved in disassembly procedures, particularly with high-end simulators. Serious damage can occur if sensitive units are not dismantled under a factory-approved sequence. Unfortunately, damage resulting from disassembly probably won't become apparent until after the unit is installed at the purchaser's location.

- **Lack of Maintenance:** The paint may be new, but are the mechanical systems in good order? Often, a well-maintained older attraction may be a better buy than a newer, neglected, unit. Ask for a service history from the seller, and if possible, contact the manufacturer for any historical data they may have on the specific unit.
- **Incorrect Specifications:** Two rides may have been built by the same manufacturer, contain the same features, and carry the same asking price, but their electronic and mechanical systems may be completely different. Many manufacturers have made continuous improvements to their attraction offerings, most resulting from actual in-the-field usage results. Structural members have been reinforced, electronic controls have been upgraded, safety equipment has been enhanced, and drive units have been modified for longer life. Many unknowledgeable purchasers may believe they are buying the same model unit as they observed at another facility, when in fact the mechanical and control systems are completely different. To guard against such disappointments, purchasers should carefully study the evolution of the attraction being purchased, noting the upgrades and design changes that have occurred over the months or years in which the unit has been in operation.
- **Lack of Upgrades:** At times, manufacturers upgrade their existing units to better comply with state, federal, or general safety regulations. Notices are typically sent to prior purchasers advising of the availability of such upgrades, most of which are available for a fee (if the unit is out of warranty). The burden of performing such upgrades ultimately lands on the current owner of the attraction. Some will perform the upgrades - some won't. It's important to confirm what's been done and what remains to be done. The manufacturer itself can be an excellent source for such information, as all such upgrades should be documented via paid invoices. Imagine purchasing a used ride only to find out that the local ride inspector within your municipality will not approve its use without first incorporating required safety upgrades. In the past, some of these upgrades have included replacement of structural supports and crossmembers that have become much more costly than the purchaser bargained for. In the end, it might have been more worthwhile to simply purchase the attraction new or have selected one that had already been upgraded.
- **Overpaying:** It's easy to get excited about a used attraction or ride, particularly when it's priced at 30-50% less than an equivalent new unit. But sometimes the hidden costs make these purchases less attractive. Equipment dismantling, experienced labor, trucking, storage, reconditioning, and installation costs can quickly close the gap between a new and used unit, as some new equipment manufacturers include many of these services at discounted rates. Be sure to factor each of these variables into the purchase decision and bid the attraction or ride at a price that fits its general market value and your budget. Remember too, that it may prove easier to finance a new ride or attraction than a used one.

Most importantly, when in doubt, take a pass. It's better to have lost a gem than secured a lemon. This is one area of the business where doing your homework always produces positive results. Can't find the time to do it all? Bring in the pros - in the end, they'll pay for themselves three times over.

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