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December 1, 2017

The Honorable Luke Bronin
Mayor, City of Hartford
550 Main Street, Room 200
Hartford, CT 06103

Dear Mayor Bronin,

Pursuant to our communication in August regarding Dillon Stadium, enclosed is a memo outlining the CRDA Board's recommendations for redevelopment of that facility.

As you know, CRDA issued an RFP in September, seeking proposals that would increase the number and type of events at Dillon, preferably through the introduction of a professional sports team, while at the same time, preserve community and scholastic use of the facility. Three groups responded and CRDA staff has spent the last six weeks evaluating their proposals.

While there remain issues that need to be resolved - particularly the scope of capital improvements and level of public funding required - we believe the proposal offered by Hartford Sports Group represents the strongest plan moving forward. Last evening, therefore, the CRDA Board voted to formally recommend that the City pursue an agreement with Hartford Sports Group for the redevelopment of Dillon Stadium.

As the attached memo indicates, CRDA stands willing to remain involved with the project and to enter into discussions with Hartford Sports Group on behalf of the City. We await your decision.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Freimuth", written in a cursive style.

Michael Freimuth
Executive Director

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CRDA Dillon Stadium Redevelopment Assessment

Background

In recent years, CRDA has been approached by several parties interested in pursuing soccer within the Greater Hartford Region. Initially, these inquiries were from entities interested in using Pratt & Whitney Stadium at Rentschler Field, which CRDA currently operates on behalf of the State Office of Policy and Management. Once the costs and operational issues associated with Rentschler were understood, the resulting question often became “What about Dillon Stadium?”. Other groups were specifically interested in utilizing Dillon.

Recognizing the value of this asset and the potential opportunities presented for its redevelopment, CRDA offered its services to the City to formally solicit proposals and gauge interest in a revitalized Dillon Stadium as an equitable way to call the question. The Mayor accepted this strategy with the understanding that CRDA would offer recommendations based on its development and venue management experience and that the City would make the final decision on the future of Dillon. Letters formalizing this arrangement were exchanged in August 2017.

RFP

In September, a Request for Proposals (“RFP”) was drafted, seeking proposals that would increase the number and type of events at Dillon, preferably through the introduction of a professional sports team, while at the same time, preserve community and scholastic use of the facility. Additionally, the RFP sought proposals for repairing and upgrading the facility. Respondents were asked to present strong operational plans and ideas for complimenting and assisting Colt Park renewal efforts and for spurring other community redevelopment.

Selection criteria included a review of (1) proposed uses, (2) the expertise and experience of the respondents’ principal management, (3) their capacity to perform the tasks presented and (4) their financial model, particularly the projected economic benefits to the City of Hartford.

Timeline

CRDA issued its RFP on September 15, 2017 and three proposals were received by the October 13th deadline. After an initial review by CRDA and City Development Office staff, follow-up questions were asked of each respondent team. Responses to these questions were received on or before October 27th. On the evening of November 1st, a public forum was held by CRDA’s Venue Committee during which the three respondent teams presented their proposals and responded to questions. Some 70 members of the public were also in attendance and eight opted to make formal comments.

Summary of Proposals

1.) Hartford City FC (Contact: Aaron Sarwar, President and Owner)

This proposal centers on the relocation of the National Premier Soccer League (“NPSL”) franchise that currently plays in New Britain to Dillon. Management of the Stadium would remain with the City, while the team would commit \$653,000 in private funds for initial capital improvements. Hartford City FC would utilize Dillon some 30 days per year over a 15-year term, with a rental fee of \$1 per day (\$30 per year). The potential of a North American Soccer League (“NASL”) team is also included in the proposal.

2.) Civic Mind (Contact: Thomas “TJ” Clynch)

This proposal essentially outlines a planning exercise for Dillon Stadium, with an emphasis on scholastic sports programs and the potential for university and/or professional team use at a later date. Civic Mind would offer a private investment of at least \$1.5 million for an initial phase of capital improvements, but they did not identify a source of funds for additional improvements required to bring the facility up to collegiate and/or professional team standards.

3.) Hartford Sports Group (Contact: Bruce Mandell, President)

This proposal comes from an investment group seeking to place a United Soccer League (“USL”) franchise at Dillon by acquiring and underwriting the franchise operation. The proposal offers an annual rental fee of \$125,000, but would require City and/or State funds in excess of \$6 million (initial proposal was \$10+ million) for upgrades to the facility, matched by an additional private contribution. Projections for State admission tax revenues and an overall operating business plan were also included in the proposal. .

Dillon Conditions

To even the most casual observer, Dillon Stadium has deteriorated to a point where it no longer meets modern building codes and is of increasingly limited use to the community. In light of this, CRDA construction services and venue staff conducted a facility survey and met with City officials to assess the overall condition of Dillon, its field, buildings and fan areas.

CRDA staff evaluated items that needed to be addressed immediately, those that could be deferred and those that were discretionary. Critical to the exercise was the question of whether or not a phased approach could be employed to redevelop the Stadium.

The preliminary conclusion, prepared by CRDA Construction staff, is that the facility could be upgraded as follows:

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| Phase 1 - \$3.25 million | Re-establish the facility as a scholastic field, repair buildings (including rest rooms and locker rooms), repair eastern seating stands, remove western seating stands and repair scoreboard and lighting. |
| Phase 2 - \$4.3 million | Upgrade to allow for collegiate and professional soccer teams, replace playing field, install new LED lights and new sound system, construct new service buildings and add premium seating in eastern seating stands. |
| Phase 3 - \$5.5 million | Expand capacity and fan experience with construction of new western seating stands, install additional premium seating, as well as new restrooms, concessions facilities and scoreboard. |

The Sport of Soccer

As a professional sport, soccer has enjoyed a remarkable increase in fan interest and support in the United States in recent years. The state of affairs at the Division II level, however, is confusing. The USL is enjoying expansion (from 14 teams in 2014 to its current 30) and at least 20 of these teams have signed affiliation agreements with Major League Soccer (“MLS”). The NASL, on the other hand, is now down to seven teams and was recently denied a license by the U.S. Soccer Federation for 2018. A court battle is underway.

The NPSL is a semi-professional league with nearly 100 teams, but with limited schedules of 12-15 games per season, only half of which are home games. There has been discussion to graduate some of these teams up to the NASL league.

Women’s soccer is yet another element of the diverse league arrangement and could offer additional events, but no such team was included in any of the three proposals.

It should be noted that no Division II team can sustain Dillon Stadium on its own. Additional events will be necessary (and desired) to properly carry and support the facility.

Evaluation of Dillon Stadium Proposals

1) Hartford City FC

This proposal’s greatest strength is its “home grown nature” and its inclusion of a team – albeit semi-professional - already playing in the region. Mr. Sarwar has also indicated that he is negotiating with the NASL to transition this team to a professional level. The NASL has confirmed that they support the move and that they are prepared to waive the required admission fees and provide extensive financial

support to assist Hartford City FC with this transition. According to industry sources, however, the NASL's future is uncertain and this raises concerns about entering into a relationship with that League.

Furthermore, this proposal is modest in its capital forecast and it is CRDA's opinion that its proposed \$650,000 investment is insufficient to address the real capital needs at Dillon. Mr. Sarwar has indicated that additional capital funding could potentially be provided by the NASL, however, the League informed us that transition assistance funds could only be used for operating expenses. Requests for capital funding would be considered by the League "on a case by case basis".

Finally, in the absence of a true operating pro forma, it also questionable whether team revenues for 14 NASL home games (6 if the team remains in the NPSL) can cover the operational costs of Dillon Stadium. Hartford City FC has pledged to cover game day expenses at the facility, but the team anticipates paying only a token rent (\$1/event x 30 events/year). This proposed rent falls well short of that dictated for Dillon by Hartford City Ordinance (Section 26-9) and we believe it would be insufficient to contribute to ongoing annualized building expenses.

2) Civic Mind

This proposal is, in essence, a planning proposal that would utilize the expertise of a nationally known sports facility planner, but it is otherwise non-responsive to the RFP as outlined above. Complicating Civic Mind's proposal is the fact that the organization is considering an appeal of its lawsuit against the City of Hartford relating to the City's 2012 RFP for redevelopment of Dillon.

Civic Mind suggests scholastic usages that have been historically successful at Dillon, but references submitted in support of Civic Mind are dated and of a very superficial nature. Furthermore, suggested UConn participation in a revitalized Dillon Stadium is, at best, "hoped for" by the respondent.

Local real estate developer Mark Greenberg has pledged \$1.5 million to Civic Mind for capital improvements at Dillon. Mr. Greenberg's letter indicates that additional financing might be available "based on attendance, signed tenants, established events and other terms to be determined upon advanced discussions" with the City and CRDA.

3) Hartford Sports Group (HSG)

This proposal is the most thorough presentation of finances, business plan and management capability, as well as revenue generation to the City and State. It provides a State admission tax analysis that can justify public investment in Dillon and produces rental revenue that can be utilized for improvements and operation of Dillon, as well as nearby Colt Park.

HSG's proposal pledged \$7 million of private investment for acquisition of a USL team, but originally would have required some \$10 million from the City and/or the State for capital improvements at Dillon, including a new artificial turf field. Affiliation with the USL would be the strongest possible tenancy, while maintaining the facility for both community and scholastic events. Linkage to the MLS via the New England Revolution is possible, but not certain. Renovation of the facility would also attract new events from outside of Hartford that might otherwise not materialize.

The amount of public investment required to make HSG's model work, notwithstanding its revenue projections, has raised serious concerns. Prompted by such concerns, the Committee reached out to HSG and asked if the \$10 million public investment could be scaled back and/or offset by additional private investment. HSG responded by reducing the scope of capital improvements, eliminating the artificial turf field and pledging to pre-pay \$625,000 of facility rental fees, thereby reducing the required public investment to \$6.7 million.

While the committee applauded the group's efforts to reduce capital costs, the elimination of the turf field raised new concerns about the cost of maintaining a natural grass field and whether such a field could withstand regular use by scholastic and community sports teams, as well as professional soccer. As noted in CRDA's RFP, maintaining access to Dillon for local scholastic and community teams is a firm priority for both the City and CRDA and it was our opinion that the only way to preserve such access, while still maintaining a professional playing field, was through the use of artificial turf.

Finally, the pre-payment of some five years of rental fees, while reducing the initial public capital investment, does stress Dillon's operating budget moving forward.

Recommendation

Despite the concerns raised above, the CRDA Venue Committee has concluded that the Hartford Sports Group's proposal represents the strongest plan moving forward for redevelopment of Dillon Stadium. We therefore recommend that the City pursue an agreement with HSG.

The issue of public financing – finding the appropriate level and ensuring that it's well spent -remains the biggest hurdle. Given Hartford's current financial situation, it is unlikely that the City can provide a source of funding. However, the \$240,000 in State admissions tax revenue contemplated in HSG's pro forma can offset debt service on up to \$6 million in State bonds and justify that level of State investment in Dillon Stadium.

Additional work is needed to fine tune a capital plan for Dillon – one that first ensures the facility meets building code, ADA and league requirements and then phases in, based on the level of available funding, those amenities that contribute to a first-class facility for both professional soccer, as well as for scholastic and community teams.

Given CRDA's experience in construction and venue management, we are prepared to continue discussions with Hartford Sports Group on behalf of the City and to engage in the due diligence required to ensure that the necessary financial resources are sufficient and legally committed, that they correspond to true league fees and operational profiles, that the capital program is developed and priced with the \$6 million range and that a thorough community and scholastic utilization strategy is incorporated into the Stadium development effort.

In addition, CRDA stands ready to work with the City should it wish to tap those funds authorized by the General Assembly for so-called "neighborhood projects" outside of CRDA's downtown district. Such funds could be made available for Dillon Stadium, as well as the larger Colt Park area.