

Connecticut Convention Center CRDA Board Meeting Presentation

Hartford, CT

September 2019



Mission of the CTCC

1. Market Hartford as a national destination for national, regional and statewide conventions.
2. Work with other organizations involved in marketing and promoting Hartford and assist the CRDA in enabling Hartford in becoming a regional family oriented arts, cultural, education, sports and entertainment center that will create new jobs and broaden the tourism effect.
3. Service the needs of all visiting groups and individuals and provide visitors with a Hartford experience that exceeds expectations.

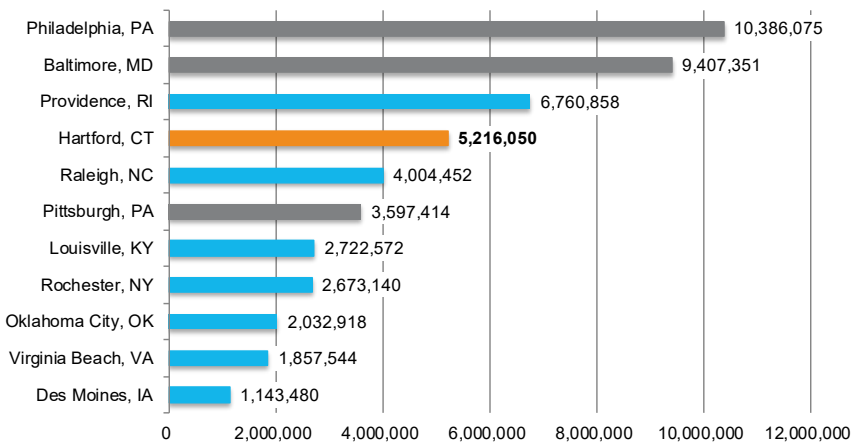
The CTCC has done well carrying out its mission with the resources it is given.

- The CTCC has been managed very well, and the facility itself is in good shape. A few minor aesthetic upgrades could enhance the physical quality of the facility and bring it more inline with leading industry standards.
- Some items to hopefully address:
 - The facility is at a disadvantage without a Hartford-centric CVB selling both the building and the overall destination.
 - Additional hotel supply to support larger room blocks at the convention center.
 - A more coordinated effort among organizations with an interest in the development of Hartford could be fruitful.

Economic, Demographic and Operations Benchmarking

Connecticut Convention Center Benchmarking Analysis

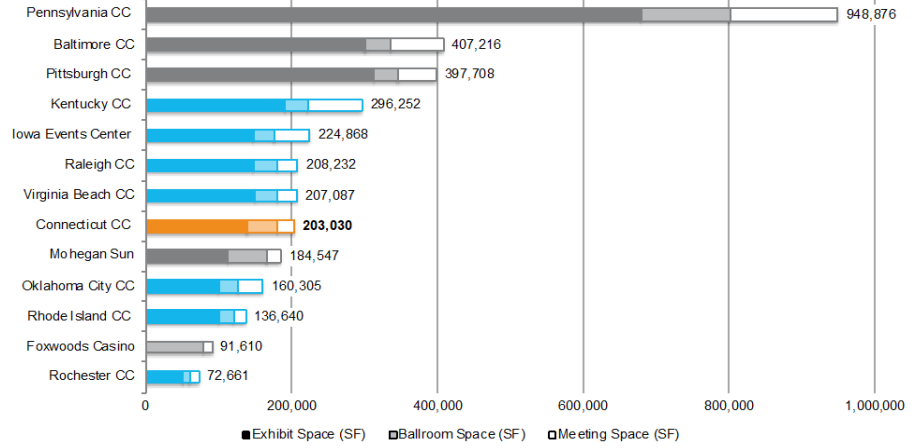
Population (90-minute Drive Time Radius)



Sources: Esri, Johnson Consulting

Connecticut Convention Center Benchmarking Analysis

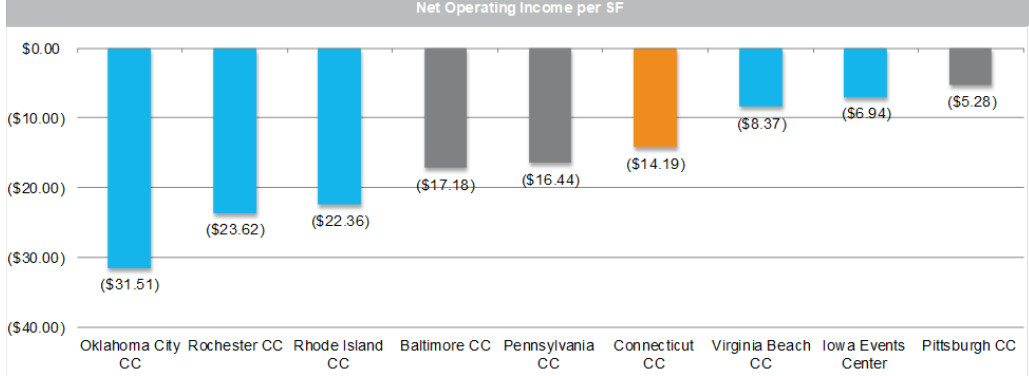
Total Function Space (SF)



Excludes pre-function, lobbies, and outdoor areas
Source: Respective Facilities, Johnson Consulting

Connecticut Convention Center Benchmarking Analysis

Net Operating Income per SF



Source: Respective Facilities, Johnson Consulting

Recommendations

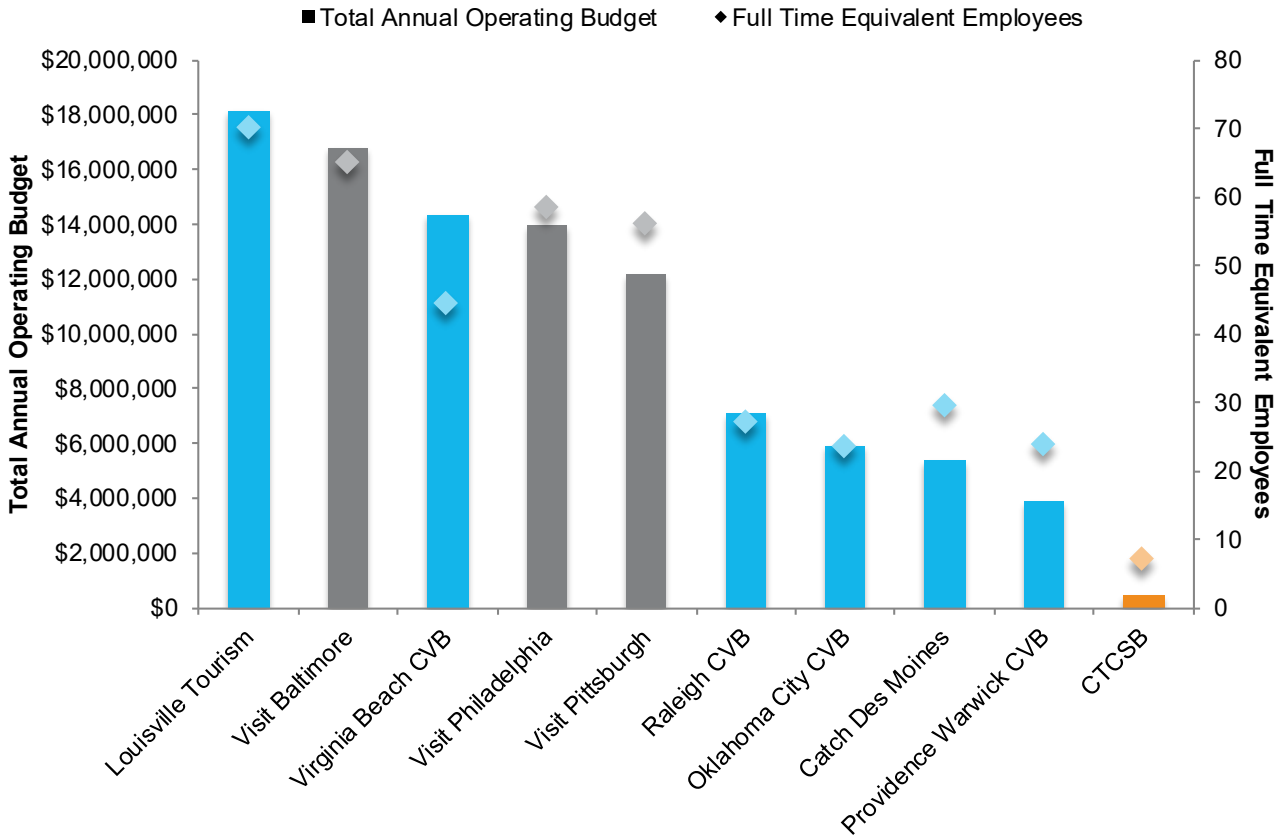
| Recommendations & Implementation Matrix | | | | | |
|---|---|--|---|--|--|
| Recommendation | Description | Estimated Cost | Year 1 | Year 2-4 | Year 5+ |
| #1: CVB / DMO | Formation of a CVB/DMO focused on marketing the CTCC and Hartford | \$3.3 million national median operating budget | <p>Launch of the CVB and major marketing initiatives</p> <p>Ensure that future dates for citywide events are available and prioritized</p> <p>Consumer shows and other lower room night generating events as infill</p> | <p>Increase in convention and tradeshow activity at the CTCC</p> <p>CVB continues to focus on selling the CTCC three years and out</p> <p>Annual review of lost business for city wide events is conducted</p> | CRDA, CVB and CTCC begin to address identified deficiencies |
| #2: Dedicated Funding to CTCC & DMO | <p>Establishment of a dedicated funding mechanism for the CTCC, CRDA and CVB/DMO organization</p> <p>Attainment of the subsidies requested by the CTCC, at the very least</p> | Fund a local CVB with a budget of \$3-\$5 million annually. This amount should be consistently provided. | <p>Assess room tax law, revisit the proportion of state taxes going toward CTCC</p> <p>Contract with the CRDA to serve as conduit for these funds</p> | Recruit a top industry professional to build and run the newly-formed CVB | Include CVB in oversight role of CRDA and fine-tune CVB performance |
| #3: Elevated Outdoor Promenade | <p>Construction of a robust outdoor space spanning from the CTCC to the Science Center over I-91 on ramps</p> <p>Provide more prominent signage linking this space to pedestrian walkways to Front Street, CBD, parks, and arena.</p> | TBD | Conduct design and cost estimating study | Source funding for the project and begin development of the project | <p>Outdoor events local and non-local users</p> <p>Better connectivity to the riverfront</p> |
| #4: CTCC Interior Modifications | <p>Modifications to the meeting room concourse and exhibit hall prefunction areas to provide networking and collaboration spaces</p> <p>Addition of more public art to the facility</p> | TBD | Conduct design and cost estimating study | Source funding for the project and begin development of the project | CTCC builds reputation as a provider of innovative gathering spaces |

Source: Johnson Consulting

CVB Staff and Budget Benchmarking

**Connecticut Convention Center
Benchmarking Analysis**

Convention & Visitors Bureau / Destination Marketing Organization



Sources: Esri, Johnson Consulting

Role of Proposed CVB

- Supplemental role – would not replace the role of the CTCC marketing staff.
- The CVB would be focused on marketing Hartford as a destination, while the CTCC's primary task would be to market Hartford and the facility for meetings and events.
- In certain scenarios, the organizations could work together for important meetings or events – The CTCC sells the facility while the CVB sells the destination.

Return on Investment of Proposed CVB

- 150,000 room nights from all sectors – Leisure, Sports, Conventions.
- Enhanced image and appeal of the region and City.

Impact of No Action

- Will continue to underperform as a destination and will not realize significant tourism development.
- Destination will not be showcased with one voice.

The convention and meeting industry is constantly evolving. Facilities are seeing more dedicated capital, and it is important to invest in them consistently so that they do not fall behind their local and regional competitors.

Exterior Modifications

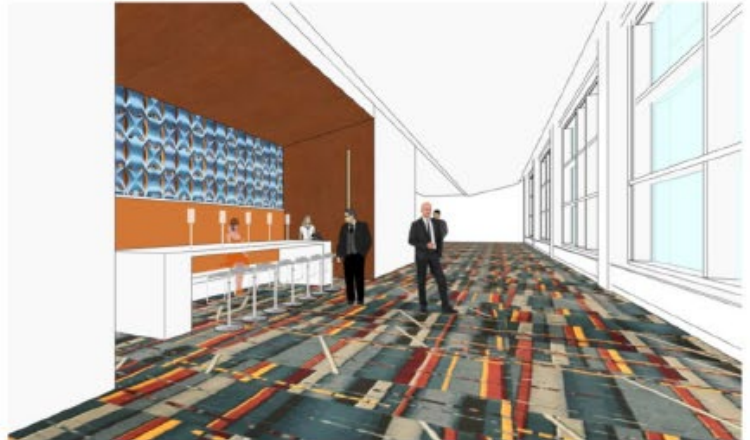
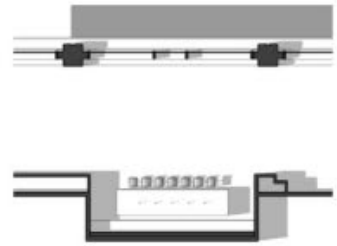


Interior Modifications – Meeting Room Concourse

EXISTING CONDITIONS



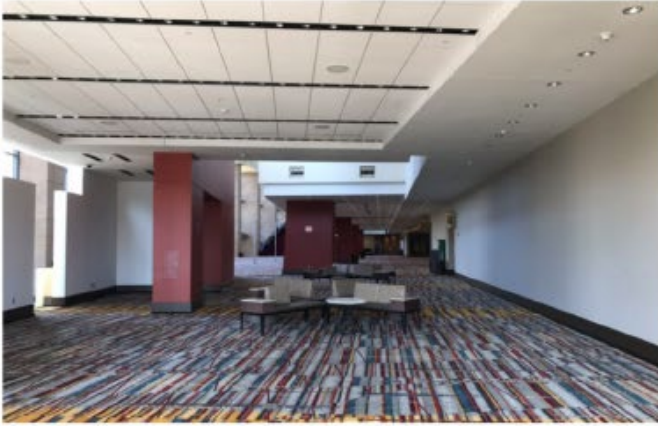
- 1. Remove existing dividing walls and seating
- 2. Provide high table and banquette seating
- 3. Seating facing windows for views out
- 4. Art/Sculpture wall as seating back-drop.



Interior Modifications – Exhibit Hall Prefunction Area

- 1. Collaborative working spaces
- 2. Adding stadium seating and display for presentation space

EXISTING CONDITIONS



Recommendations

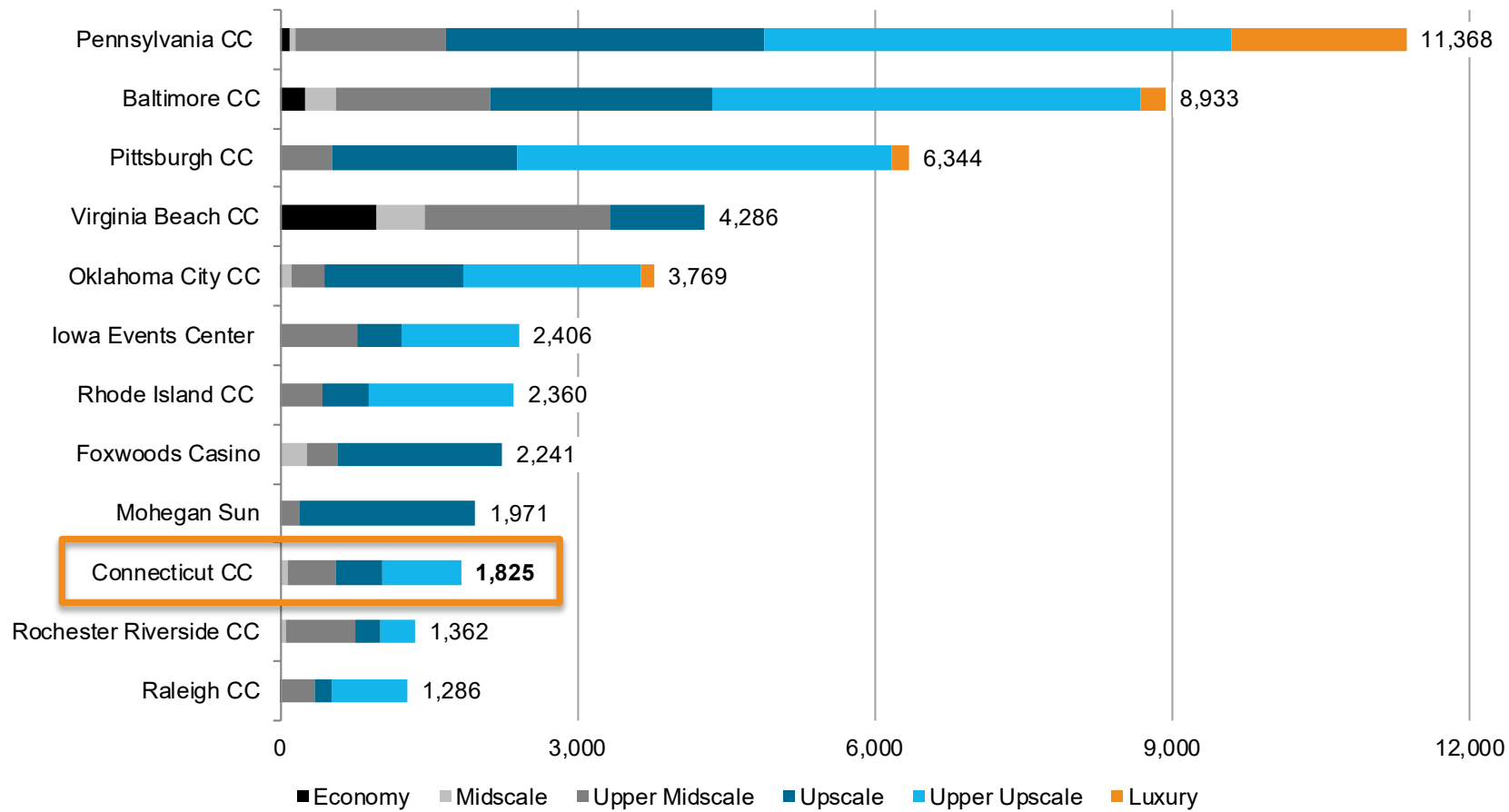
| Recommendations & Implementation Matrix | | | | | |
|---|---|--|---|---|---|
| Recommendation | Description | Estimated Cost | Year 1 | Year 2-4 | Year 5+ |
| #5: International Events & ICCA | <p>Attainment of membership with the International Congress and Convention Association (ICCA)</p> <p>Establishment of a formalized sales strategy and targeting mechanism for international events</p> <p>Designation as an Association International des Palais de Congress (AIPC) building for the CTCC</p> | <p>Part of CVB budget</p> <p>Nominal annual membership fees</p> | <p>Develop a sales strategy for international events</p> | <p>Formalize international events as events that are targeted for marketing and sales</p> | <p>These efforts, along with other factors, maximize Hartford's appeal to international events</p> |
| #6: Customer Advisory Board | <p>Establishment of a customer advisory board that provides regular feedback and input</p> | <p>\$20,000 year to cover travel expenses</p> | <p>Recruit a few national meeting planners and representatives from show management companies</p> | <p>Include a client advisory component in the CRDA annual report</p> <p>The CAB meets twice annually for the benefit of the CTCC, CRDA, City, and State</p> | <p>The CAB is well-established and continues providing input and feedback</p> |
| #7: Technology Investment | <p>Invest in industry standard technology including high speed internet access, internet services to conventions, and cyber security</p> | <p>TBD</p> | <p>Evaluate current technology infrastructure and latest trends to determine a technology improvement plan</p> | <p>Begin implementation of the technology improvement plan identified in Year 1</p> | <p>Continue to upgrade the quality of technology in the CTCC by reevaluating technology infrastructure and trends every three years</p> |
| #8: Hotel | <p>Addition of a 300 to 500 room hotel at the CTCC</p> <p>Long-term target: 1,500 new hotel rooms within 1 mile of CTCC over the next 15 years</p> | <p>\$120 million project for a 400 room hotel @ \$300,000/room</p> | <p>HQ Hotel market analysis</p> <p>Prepare RFP and Solicitation Process</p> <p>Identify funding sources and development sites</p> | <p>Negotiations with a hotel developer</p> <p>Target opening of hotel within 5 years from start of effort</p> | <p>New hotel supply additions at a pace of 100 rooms per year</p> |

Source: Johnson Consulting

Hotel Inventory Benchmarking

Connecticut Convention Center Benchmarking Analysis

Hotel Room Supply within 1 Mile by Chain Scale



Source: Smith Travel Research, Johnson Consulting

Economic Impact Comparison – As-Is and Improved Scenario

| Room Night Comparison | | | | | | | | | | | |
|---|--------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | Historical Average | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
| Improved Scenario | 31,428 | 41,928 | 43,369 | 45,447 | 47,065 | 48,662 | 49,544 | 51,228 | 52,169 | 53,936 | 54,923 |
| As-Is Scenario | 31,428 | 31,520 | 31,561 | 30,564 | 30,605 | 30,595 | 30,589 | 30,629 | 29,638 | 29,678 | 29,669 |
| Difference | 0 | 10,408 | 11,808 | 14,883 | 16,460 | 18,067 | 18,954 | 20,598 | 22,531 | 24,257 | 25,254 |
| NOI Comparison (\$000s) | | | | | | | | | | | |
| | Historical Average | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
| Improved Scenario | (\$4,098) | (\$4,143) | (\$4,142) | (\$4,122) | (\$4,164) | (\$4,206) | (\$4,261) | (\$4,298) | (\$4,352) | (\$4,385) | (\$4,438) |
| As-Is Scenario | (\$4,098) | (\$4,220) | (\$4,262) | (\$4,392) | (\$4,484) | (\$4,597) | (\$4,693) | (\$4,812) | (\$4,971) | (\$5,098) | (\$5,207) |
| Difference | \$0 | \$77 | \$119 | \$270 | \$320 | \$391 | \$432 | \$515 | \$619 | \$713 | \$769 |
| Economic Impact - Total Spending Comparison (\$000s) | | | | | | | | | | | |
| | Historical Average | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
| Improved Scenario | \$74,878 | \$91,198 | \$96,583 | \$103,906 | \$110,021 | \$116,337 | \$120,893 | \$127,849 | \$132,902 | \$140,541 | \$146,108 |
| As-Is Scenario | \$74,878 | \$80,915 | \$83,109 | \$82,406 | \$84,558 | \$86,614 | \$88,767 | \$91,044 | \$90,172 | \$92,489 | \$94,778 |
| Difference | \$0 | \$10,283 | \$13,474 | \$21,499 | \$25,462 | \$29,724 | \$32,127 | \$36,805 | \$42,730 | \$48,052 | \$51,330 |
| Fiscal Impact - Total Sales Tax, Income Tax, and Room Occupancy Tax Revenues (\$000s) | | | | | | | | | | | |
| | Historical Average | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
| Improved Scenario | \$4,417 | \$5,488 | \$5,813 | \$6,253 | \$6,623 | \$7,005 | \$7,284 | \$7,705 | \$8,014 | \$8,477 | \$8,817 |
| As-Is Scenario | \$4,417 | \$4,773 | \$4,902 | \$4,861 | \$4,988 | \$5,110 | \$5,237 | \$5,371 | \$5,321 | \$5,458 | \$5,593 |
| Difference | \$0 | \$716 | \$911 | \$1,392 | \$1,635 | \$1,896 | \$2,047 | \$2,334 | \$2,693 | \$3,019 | \$3,224 |