

FAQs – The XL Center Plan

June 2023

What is the XL Center?

Opened in 1975 as the Hartford Civic Center, the building is home to UConn basketball and hockey, the AHL affiliate of the NY Rangers hockey club and numerous family events and concerts. The facility seats over 15,000 and is owned by the City of Hartford, administered by the state quasi agency, the Capital Region Development Authority (CRDA) and managed on a day-to-day basis by the Oak View Group (OVG). (www.xlcenter.com)

Who is CRDA?

The Capital Region Development Authority (CRDA) is a quasi-state agency authorized to manage large publicly owned entertainment venues in the State of Connecticut including the XL Center, the Connecticut Convention Center, and Pratt & Whitney Stadium at Rentschler Field. CRDA also invests in residential and commercial redevelopment projects, located primarily within the downtown area of the capital city, but also throughout the metropolitan region. (www.crdact.net)

Who is OVG?

The Oak View Group (OVG and OVG360) is a full-service venue management and event programming company tasked with providing entertainment and sporting events at XL. OVG is a national corporation operating collegiate, professional, and publicly owned arenas, stadiums, convention complexes and theatres across the U.S. (www.oakviewgroup.com)

Why OVG?

OVG and its predecessor companies have managed the XL Center since 2014 and are best positioned to expand the facility's events in the highly competitive Connecticut marketplace. As a longtime partner to CRDA, OVG knows the building, its strengths and weaknesses, and its tenants' needs. It is closely affiliated with event promoters and has recognized the need to improve the property as critical to maintaining its function. As such, OVG has accepted the challenge to invest cash equity in tandem with the public to improve the building's performance that will include an extension of its management of the building.

Have there been other attempts to redevelop the arena?

CRDA has been making a variety of mechanical and operational improvements to the facility since 2014. However, the incremental approach has failed to keep up with the physical obsolescence as well as changes at competitive venues and expected by fans and performers.

In May 2017 CRDA unsuccessfully solicited a public private partnership and later in April 2018, CRDA offered the arena for sale in accordance with legislative directive with no acceptable offers. This effort continued through to mid-2019, before formally ending.

What is the development plan for the XL Center and why now?

The XL Center is nearly 50 years old and needs substantial repairs to and replacement of its building systems. As critical, the building needs to be upgraded with new technology to handle today's internet related transactions for ticketing, the purchasing of food and goods, and communicating with fans and visitors; and the arena needs to improve its revenue structure offering new suite, club and seating options and concessions that are demanded by today's fans as well as required by artists and the promoters of events.

What specifically will be improved?

Known as the 'lower bowl strategy', the arena will undergo a series of renovations over a two-year period that will rebuild the lower level of the arena with new club, loge and floor suites, new concessions, new trucking/loading areas, a new stage configuration, and improvements to its IT systems, mechanical, electrical, and plumbing systems, as well as upgrades to its elevator and escalator equipment.

What other public benefits can be expected?

A new management agreement with OVG will reduce the public administrative costs currently being incurred. OVG will assume operational risks for the property including covering any operating losses. This will save, based on today's operating costs and covered by the State of Connecticut, over \$3 million annually. Should the building achieve profits, OVG and the State will share equally the margin above \$4 million annually.

What is this going to cost?

The preliminary budget is estimated at \$ 107 million including a large (25%) contingency and will be finalized once bids are received, negotiated and if need be, adjusted to stay within a budget target of \$100M.

How will this be funded?

The State of Connecticut will issue bonds to fund \$80 million of the work. OVG will invest a minimum of \$20 million.

What happens if the bids come in higher than the budget?

The program does not have to go forward should the bids exceed the budget. If the costs escalate, CRDA and OVG will explore various options including increasing the private investment, phasing some of the proposed improvements to later years, reducing some of the work envisioned, and/or changing through value engineering some of the designs. If these strategies fail, the parties will not be obligated to continue the effort.

What happens if the parties do not move forward?

The current operating agreements are in place until 2025. The building will likely continue to experience mechanical failures and be exposed to unpredictable costs. Some level of public investment as well as annual operating subsidies will continue to be necessary. Event activity may continue along the reduced schedule experienced over the last few years.

What impact will these improvements have on the XL Center?

Foremost is the need to maintain the building in good working order to be a positive player in the regional economy. New systems will improve operational efficiencies and the new revenue sources will improve event margins thereby attracting more activity to the facility. New premium seating options, improved technology and a more efficient building will make XL a more appealing destination for fans and performers alike.

What is the impact today of the XL Center?

The arena is a regional asset that drives business activity to restaurants, hotels, garages, and retail operations. Historically, the building has generated over \$2 million annually in new state taxes and employs more than 175 people on game day with nearly 40 full time employees. Its presence improves real estate values and the performance of nearby commercial properties and contributes to the regional art and entertainment industry, its quality of life and the marketing of the greater Hartford area.

What other options to this plan have been explored?

CRDA has undertaken numerous studies, pursued a variety of designs and conducted economic modeling of various options for the XL Center since 2013. Full replacement of the facility is estimated to exceed \$1 billion assuming a new location can be secured with supporting infrastructure, parking, utilities in an area with hotels, restaurants, and other commercial properties. Complete reconstruction of the arena would exceed \$250 million and cannot be justified economically. Full demolition has been estimated to exceed \$30 million resulting in a vacant parcel of land in the center of the city. The lower bowl strategy tackles the critical building systems upgrades while making investments that optimize the revenue potential of the building within the marketplace, maintaining the arena's economic benefits and extending its life.

What new events can be expected?

A modernized building will be more competitive and attract an increased amount of concert business as well as be adaptable to the new shows in the marketplace that require a higher level of facility systems (such as power and IT) than exists today at the XL Center.

What happens to UConn events?

It is expected that the University will continue its basketball games at the facility. Some hockey games will continue but at a reduced number as the University has recently opened a new ice rink on campus. As important, the new revenue streams made available by the new seating, suites, clubs, and concessions will improve the economics of the college games at XL and UConn should see an increase in its revenues.

What happens to the planned sports betting facility presently being constructed?

Targeted for opening late summer 2023, the sports betting facility will remain a part of the newly rebuilt XL Center. Revenues earned by this operation will be separate from the arena's overall operating budget and be dedicated to a long-term capital reserve for the building.

Will the Whalers return?

The new improvements are designed to meet the building's current marketplace opportunities and specific major upgrades required by a professional NHL franchise are not a part of this plan. However, neither will the planned improvements be a hindrance to any future changes to the building that a professional team may require and will complement such additional work nicely.

What about the old 'mall'?

The former mall area was converted into commercial space along Trumbull Street that is owned by a third party and includes the atrium area presently used for gathering, security and entry into the arena. No changes to this area are planned.

How long will this all take?

It is expected that work could begin by late 2023 and continue through 2025. Heavy work and reconstruction would occur in the summer months of 2024 and 2025 during the slow period for the building.

What happens to the employees at the arena today?

No changes are expected for full-time or part-time event employees. Existing union agreements will be maintained, and events will continue during the two years of construction.

What are the next steps?

The construction budget needs to be finalized, approved, and tested by a bid process this summer (2023). If within budget, a new management agreement will be initiated with OVG and the current City of Hartford/CRDA lease will need to be extended.

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