

# Testimony Presented to Appropriations Committee

## April 13, 2021

**Joseph Geremia, Chief Financial Officer  
Capital Region Development Authority (CRDA)**

Senator Osten, Representative Walker, Senator Hartley, Representative Dathan, and Representative Nolan, thank you for the opportunity to discuss the status of appropriations, both allocated to and being spent by the Capital Region Development Authority (CRDA). My name is Joseph Geremia, the authority's chief financial officer. With me today is Anthony Lazzaro, the authority's deputy director.

CRDA was created in 2012 as the successor agency to the former Capital City Economic Development Authority. CRDA has been tasked with a variety of responsibilities including: managing the State's large entertainment and sports venues including the Connecticut Convention Center (CTCC), Pratt & Whitney Stadium at Rentschler Field (PWS), and the XL Center (XL), drawing over one million visitors and fans to the area; we are responsible for nearly 16,000 parking spaces spread across six garages including four in Adriaen's Landing, two others in downtown plus surface lots in East Hartford.

The Authority receives annual appropriations to drive downtown economic activity and support the operations for its two largest venues, the CTCC and XL. In an average year, the CTCC generates approximately \$11 million in revenues and expends \$13.5 million for a \$2.5 million deficit. This deficit is offset through its annual appropriation while the venue produces \$4 million in state tax generation. XL generates approximately \$20 million in revenues and expends \$22 million for a \$2 million deficit. This deficit is offset through parking revenues from one of CRDA's parking garages and its annual appropriation while the venue produces \$2 million in state tax generation. PWS generates approximately \$6.5 million in revenues and financially breaks even depending on UConn football attendance and whether an annual national soccer event is hosted. Any potential deficits from PWS are funded directly through appropriations if necessary.

Unfunded operating losses at the CTCC, PWS, and XL for FY20 amounted to \$829,000, \$776,000, and \$944,000, respectively. This was due in large part to the COVID-19 health emergency that cancelled events, halted bookings and left these venues unable to generate any revenue during the last four months of the fiscal year. For PWS, below projected attendance at UConn football games also contributed to the losses. In any case, these deficiencies have been carried forward and contribute to the ongoing cash crisis.

As COVID shut down these facilities and all revenues from events ceased, numerous actions were taken to alleviate some of the cash flow burden. These included (1) reducing staff to a minimal operating level to maintain and secure the buildings (over 125 employees have been laid off); (2) eliminating or suspending all available maintenance agreements; (3) negotiating fee concessions with the management companies operating these facilities and (4) the transfer of funds from garage operation accounts to underwrite XL expenses. Even with these measures in place, the physical structures themselves need continual maintenance, upkeep, and management as well as sales and marketing communication to maintain the business by securing future events generally booking three to five years out. The venues' payable accounts are now pushed out to an average of 90 to 120 days. With no revenue being generated and planning commencing to open these venues this fall, the cumulative unfunded losses for the previous and current fiscal years are projected to be \$3.5 million, \$522,000, and \$6.4 million at the CTCC, PWS, and XL, respectively.

Without the requested deficiency funds, it is unclear whether these venues will be able to reopen once COVID is behind us. We are concerned about fulfilling our contractual obligations to vendors

and sponsors, nearly all of whom are Connecticut entities dealing with their own COVID challenges. In addition, these venues have major events booked for the coming months – conventions and conferences at the CTCC, a gymnastics tour show at XL, and NCAA lacrosse championship at PWS that are still scheduled to go forward. These events represent significant sources of revenue for these venues, revenue that could help put them back on their feet, but that could be forfeited if these venues are unable to reopen.

At the moment, there are a number of COVID-related activities being performed in CRDA facilities. The Connecticut Convention Center in partnership with Harford Healthcare is operating a vaccination site in the atrium seeing nearly 1,000 residents per day, operating a drive-through COVID testing site in the stand-alone garage, and has set up the Exhibit Hall as an overflow hospital site with 600 beds similar to the recovery hospital that was erected during the spring of 2020. P&W Stadium in partnership with Community Health Center (CHC) is operating a drive-through testing site in the grass lots, operating a drive-through food distribution site in the paved lots in partnership with Foodshare, and hosting a mass vaccination site at the former airfield located behind the Stadium in partnership with CHC. CRDA met with both testing and vaccine site organizers about utilizing XL, however, all parties have agreed the site is unsuitable.

We are happy to answer your questions about any of the items mentioned here or of interest to the members.