

*Statement of Erik A. Moses, CEO, DC Sports and Entertainment Commission
Economic Development Committee Performance Oversight Hearing
FY 2008 & FY 2009 to Date
February 24, 2009*

Good morning Chairman Brown (Councilmembers and staff), I appreciate the opportunity to appear before the committee. For the record, my name is Erik A. Moses and I serve as Chief Executive Officer of the District of Columbia Sports and Entertainment Commission (Commission).

As you know, the DCSEC is an independent agency of the District of Columbia Government that seeks to enrich the local community by attracting and hosting sports, entertainment and special events in Washington, D.C. while promoting the Nation's Capital as a premier event destination. In addition, the mission of the organization is to support citywide community events and programs involving youth, amateur and professional sports. Since 1998, the DCSEC has operated the 110-acre RFK Stadium-Armory campus which includes RFK Stadium, the DC Armory and the surrounding Festival Grounds. We now are also the landlord of Nationals Park. Historically our initiatives were self-supported through the DCSEC's revenues until fiscal year 2008, meaning that up until that time we received no appropriation from the District for our operations. However, for reasons I will detail in my discussion of the fiscal year 2008 and 2009

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budgets, the DCSEC has received subsidies from the District for the FY08 and FY09 budget years.

Fiscal Year 2008 Performance

Much of the Commission's efforts and focus in 2008 were directed at completing the construction of the new ballpark in preparation for opening day of the Nationals' 2008 season, which was done successfully on-time and within the costs caps established by the City. In addition to that large scale project management accomplishment, the Commission also spent significant time and energy overseeing the renovation of the youth athletic fields, including installation of new athletic fields at Ballou, McKinley, Dunbar, Roosevelt, Wilson and Coolidge high schools. The DCSEC facilities also served as the backdrop for a number of sports and entertainment events in FY '08. We far surpassed our target for hosting events at Commission facilities in FY '08, having booked 68 events instead of our target of 45. At the Amory we booked a wide variety of events, including the Taste of the South, La Feria de la Familia Tradeshow, the Greater Washington Urban League Parent Expo, the Annual Senior Luncheon hosted by the DC Office of Aging, the Great Merchandise Sale, the annual Howard University Homecoming Stepshow and a number of Rollergirls' bouts just to name a

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few. At RFK, we hosted 38 events, including 21 DC United matches, the Ethiopian Sports Federation of North American Soccer Tournament and Festival and several other internationally sanctioned soccer matches. Additionally, the Commission supported various DC non-profit organizations focused on sports, cultural, and philanthropic efforts as well as the community outreach efforts of District agencies. Events like the “Convoy of Hope” (supported by Councilmember Wells office), Urban Change “Back to School Book Bag Give-Away” (which was co-sponsored by your office Mr. Chairman), Big Tigger’s Street Corner Foundation’s “HIV/AIDS Ride For Life,” the Capitol Hill Boy Scouts Troop 380 “Punkin’ Chunkin’” event, DPW “Truck Touch Rodeo” and the weekly Farmer’s Market.

The Commission stayed within its approved budget authority in fiscal year 2008, by incurring actual operating expenses of approximately of \$8.3 MM against an approved operating budget of approximately \$8.5 MM. In November 2007, we requested a \$2.5 million subsidy from the Council to offset the projected revenue deficit for FY 2008. The Council approved a \$2.0 million subsidy to the Commission and we received a \$500,000 reprogramming from the Executive to address the shortfall. The \$2.5 MM

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subsidy from the city helped to cover spending pressures created in large part by the loss of revenues earned in previous years as a result of the presence of Washington Nationals at RFK. Specifically, the Commission received a \$2 MM project management fee in fiscal years 2005 – 2007 for its role in overseeing the design and construction of Nationals Park.

Additionally, once the Nationals left RFK, our sponsorship and commissions revenue decreased by \$800,000. Conservatively speaking the relocation of the Nationals from RFK to Nats Park created a \$2.8 MM loss in revenues for the Commission and this does NOT include the \$5.3 MM in annual rent payments made by the Nationals during the 3 years they called RFK “home.”

Nevertheless, the Commission, under the leadership of Chairman Cutts, our very committed board of directors, and my predecessor Greg O’Dell, began the task of refocusing the Commission’s daily efforts on delivering on our core mission of enriching the quality of life in our city and region by attracting and hosting sports, entertainment and special events and supporting the efforts of community and youth sports advocates in Washington, D.C. I was hired to expedite that renewed focus on our core mission and to identify and assemble the people, resources and relationships necessary to deliver on that mission.

Fiscal Year 2009 to Date Performance

To that end, fiscal year 2009 marks a new chapter in the DCSEC's efforts to move in a new and exciting direction. We continue to book numerous interesting and affordable events at our campus but we have also begun the expansion of a services-based business model that will hasten the Commission's transformation from primarily an operator of venues to value-added provider of sports, entertainment, event and government-related expertise discussed in greater detail later in my testimony. Our venues have been the host sights to brand new events to the District, including: the inaugural EagleBank Bowl featuring the US Naval Academy vs Wake Forest University, which was played at RFK on December 20th in front of 29,000 fans and a national television audience on ESPN **and accounted for 2,174 hotel room nights**; the Ethiopian Sports Federation in North America Soccer Tournament and Cultural Festival consisting of 7 days of soccer games (played both in RFK and on our practice fields) and cultural festivities on the festival grounds and the Armory, which drew more than 45,000 patrons to the RFK campus, many of whom traveled from across the

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country and international locales to attend the event and caused businesses serving the Ethiopian Community in the U Street corridor to increase staffing and hours of operation; and the 1st Annual Spirit of Praise Gospel Concert at the Armory. The Commission also played a very active part in the District's hosting of the 56th Presidential Inauguration. In previous inaugural years, the DC Armory has been utilized for one official inaugural ball, but this year we actively marketed the RFK Stadium-Armory campus to the Presidential Inaugural Committee and others. This aggressive marketing combined with the near universal excitement related to the inauguration of President Obama enabled the Stadium-Armory campus to be an essential site for a number of historic and key inaugural activities, including the Southern States Ball, the Obama for America Volunteer Staff Ball, as well as an integral transportation depot for inauguration week events. RFK was the flagship site for the National Day of Service honoring Dr. Martin Luther King Jr.'s birthday, in cooperation with Serve DC, Operation Gratitude and Target, which attracted over 12,000 volunteers who prepared roughly 85,000 care packages for delivery to members of our armed forces serving overseas. We also served as the staging ground for more than 1,000 motorcoaches that visited the District for the historic inaugural occasion. Fiscal year 2009 will also see the District welcome its newest professional sports franchise - the

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American Indoor Football Association's expansion **DC Armor** franchise which will call the DC Armory home and kick off their home schedule on April 4th.

Additionally, RFK Stadium is still the proud home of the DC United, MLS' most celebrated franchise and our primary tenant. This year we will host DC United's 21 regularly scheduled home games, a World Cup qualifier between US Men's National Team and Costa Rica, the 2009 EagleBank Bowl, and (we hope) a Black College Football game. The DC Rollergirls' will continue to have home bouts at the Armory and we anticipate several large RFK parking lots events such as the 9th Annual Shamrock Festival, the annual Stone Soul Picnic and our newest addition – the DC 101 Chili Cook Off, which is relocating this year from various sites downtown to the Stadium-Armory campus.

Moving forward the DCSEC has developed some key goals and objectives that we feel will allow us to move towards financial solvency and self sustainability as well as creating the ability to continue to build upon our service to the District's residents.

- Goals 1. Stimulate economic impact for the District tax base and business community.

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- Goal 2. Improve quality of life in the District by serving the entertainment and special event needs of residents, visitors and businesses of the District.
- Goal 3. Make DCSEC financially self-sustaining.

In order to accomplish these goals that DCSEC is in the process of finalizing a services-based revenue model which will enable us to showcase DC as a premier destination for entertainment and special events, work collaboratively with DCPS and other youth sports advocates while redefining our role in the local sports and entertainment landscape. Strategically we believe that the Commission will be uniquely positioned to deliver value-added services to event promoters, rights holders and organizers by leveraging our in-house expertise in event management and promotion and our government facilitation services which will rely on collaborative partnerships with other District government agencies (e.g., DCRA; DDOT; DOH, DCPS, and DPR). The successful implementation of this customer focused business model will allow us to become a one-stop shop for event organizers seeking to produce events in the District.

We will continue to pursue activities that produce economic impact for the District by attracting and hosting athletic and entertainment events that excite and activate local residents and bring visitors to town to fill hotel

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rooms, restaurants and retail businesses. Events like the EagleBank Bowl, Ethiopian Soccer Festival, the ING Capital Criterium, and the Washington Kastles World Team Tennis, and World Cup qualifiers, combined with the launch of the DC Armor indoor football team, the continued growth of DC Rollergirls fan base and various Mixed Martial Arts bouts help to position Washington, DC as a premier sports destination both regionally and nationally.

In addition to large scale events, the Commission will actively support youth sports as evidenced by our role as presenting sponsors of the All-City Bowl DC high school football all star game, Army Strong DC Wrestling Classic, and the Congressional Bank High School Baseball Classic. I am proud of the partnership we continue to build with the DCPS Athletic Department and its Director Troy Mathieu to support his efforts to spotlight our city's student-athletes through events like the annual Turkey Bowl and City Title Basketball games. These amateur sporting events allow our young people to perform on big stages, and contribute to our civic pride as a city.

The exposure that will come from the activities described in our testimony today will allow the Commission to introduce sports and entertainment professionals nationwide to the District as an inviting destination for their events. In fact, we have already begun more aggressive

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marketing to: NCAA, AAU, other governing bodies of amateur athletics as well as concert, festival, and entertainment promoters and professional sports leagues outside of NFL, NBA, NHL, and MLB. We plan to continue to create opportunities for young people to experience the sports and entertainment industries through internships; DCPS career day participation and DCSEC locally supported programs.

Conclusion

The Council provided the Commission with a \$2.5 million subsidy for fiscal year 2009, which is being put to use in support of all of the activities Chairman Cutts and I have outlined in our testimony today. The Commission will need an operating subsidy for fiscal year 2010 in the same amount to continue to execute on our mission as described herein. The DC Sports and Entertainment Commission delivers value to the residents, businesses and visitors of the District far in excess of the government subsidy we receive and we will continue to provide a great “return on investment” for this city.

Mr. Chairman, this concludes my testimony. Again, thank you for the opportunity to testify before you today and I am happy to answer any questions that you may have.

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