

Thursday, Nov. 22, 2018



Jeffrey Portnoy
UH basketball
commentator

Jodi Wilmott
World Surf League

Glenn Wakai
State senator

Ray Stosik
141 Premiere Sports
and Entertainment

Sean Dee
Outrigger

Justin George
GS Events Hawaii

HOW HAWAII CAN WIN AT SPORTS TOURISM

Hawaii is blessed with natural beauty and cultural richness, something that helped the state attract more than 9 million visitors last year. The same things have turned the Islands into a sought-after destination for professional and amateur sporting events.

The world's best male surfers are currently battling on Oahu's North Shore in the prestigious Vans Triple Crown; the NFL's Los Angeles Rams will play a preseason game at Aloha Stadium next year; and the Maui Invitational college basketball tournament earlier this week featured some of the nation's top-ranked teams.

Despite the indisputable appeal of Hawaii, local industry experts agree that the public and private sector could do much more to boost the state's position as a world-class sports destination.

Last month, Pacific Business News hosted its first ever sports business roundtable at its Downtown Honolulu newsroom. The roundtable featured Jodi Wilmott, regional general manager Hawaii/Tahiti Nui, World Surf League; Justin George, co-founder, GS Events Hawaii; Ray Stosik, president, 141 Premiere Sports and Entertainment; State Sen. Glenn Wakai, chair of the Senate's Committee on Economic Development, Tourism, and Technology; Jeffrey Portnoy, partner at Honolulu law firm Cades – Schutte and color analyst for University of Hawaii basketball on ESPN 1420; and Sean Dee, chief marketing officer and executive vice president, Outrigger.

While the roundtable covered a wide range of topics, the benefits of an independent sports commission, the perceived lack of support for University of Hawaii athletics and the condition of the state's aging sports facilities emerged as hot-button issues.

TAKING ANOTHER SWING

Calls for an independent sports commission have been heard around the Islands for years, but any attempt to create such

an organization have failed in the past. Former Lt. Gov. Shan Tsutsui, who was tasked with creating the framework for such an authority, warned last year that Hawaii could miss out on high-profile events if it fails to create a dedicated agency or commission. Tsutsui, who resigned as lieutenant governor in January, told PBN in a previous interview that the primary opposition to the creation of a sports commission came from the Hawaii Tourism Authority.

HTA, which hired New York-based Ascendent Sports Group in 2016 to develop a sports marketing strategy, has been making strides on the sports front in recent years after previously losing the NFL Pro Bowl and failing to land several other international sporting events. In addition to the recently announced deal with the L.A. Rams, the tourism authority partnered with the NBA's Los Angeles Clippers in 2017, extended their deal with the Women's Tennis Association and brought professional beach volleyball back to Waikiki for the first time since 2005.

While HTA declined to officially participate in the roundtable, Outrigger's Dee, who is an HTA board member, responded to the idea of a sports commission by saying that all proposals have been insufficient in terms of funding and responsibility.

"The plans that I have seen would render the commission without any real power. It would simply be a volunteer organization," he said.

Stosik, a proponent of a dedicated commission, pointed to the success of Houston's sports authority. The Harris County - Houston Sports Authority was created in 1997 and receives its funding through certain taxes, including a hotel occupancy tax and short-term motor vehicle rental tax. The commission's annual budget has totaled more than \$55 million annually over the past four years. The funding question has been a major sticking point in Hawaii's pursuit of a commission.

HTA believes that visitors are already being taxed enough and is therefore against using any revenue generated by the

10.25 percent transient accommodation tax to finance a sports commission. In addition, the state's tourism authority has questioned the validity of a sports authority, considering that HTA would likely lose some of its funding to such a new entity.

State Sen. Wakai, along with a number of other lawmakers, believes that the burden of attracting sporting events should not be put on HTA, which should focus exclusively on promoting the state's No. 1 industry.

"I believe HTA is not the best place to take on this responsibility," Wakai said.

Leslie Dance, who stepped down in May as chief marketing officer, spearheaded HTA's sports marketing efforts. Since then, the state agency has been looking for a replacement.

Wilmott, who, in the past, has been very critical of HTA's sports marketing approach, said the authority has taken steps in the right direction. However, Wilmott continues to assert that there is no other sport with a more entrenched connection to Hawaiian history and culture than surfing.

"I've shared independent studies about surfing's economic impact in Hawaii with HTA and never heard back," Wilmott recalled. The World Surf League hosts a number of professional, amateur and youth competitions across the Islands each year. The California-based organization opened its first regional office in Hawaii at Haleiwa's North Shore Marketplace in 2016.

RAINBOW WHAT?

The WSL is not the only organization that questions its support from the state and HTA.

The athletics department of the University of Hawaii at Manoa, which runs the state's de facto professional sports teams, is tasked with fielding competitive teams while also keeping its expenditures in check.

Last year, UH athletics reported a \$1.7 million loss. During the two prior years, its annual losses exceeded \$3 million and \$4 million, respectively. Over the past 10 years, the athletics department generated only two profits. While the vast majority of athletic departments at Division 1 schools do not make a profit, the university's geography makes it even more difficult to run a balanced budget.

UH athletics, which includes 21 male and female sports teams, has expenditures of more than \$40 million annually. Recent reports put the deficit for fiscal year 2018 at more than \$2.1 million.

According to those reports, the athletics department is generating approximately 66 percent of its revenue on its own through ticket sales, sponsorships and rights deals. The rest is a combination of institution, state and student sources.

"The Rainbow Warrior and Rainbow Wahine teams are the best sports marketing tools Hawaii has to offer," Portnoy said. "While

surfing events, the Clippers and other events come to Hawaii for a couple days, a week or a month and then leave again, UH teams are here year-round."

Portnoy, who was not speaking on behalf of the university, bemoaned a perceived lack of support for UH athletics from the state, HTA and also the community.

"It's sad when you watch a college football game at Aloha Stadium and the stands are half empty," he said. "But I understand it. Aloha Stadium is, please excuse my language, a dump. People have told me that the only reason they are not going to UH football games is because of the stadium."

Plans to replace Aloha Stadium have been around for some time. The most recent plan calls for a private-public partnership to replace the 50,000-seat stadium with a smaller, state-of-the-art venue.

Sen. Wakai is in favor of this plan, and so is Gov. David Ige. The current timeline has the state issuing request for proposals from prospective developers by late 2019. The new stadium, with an estimated capacity of 30,000-35,000, will cost upward of \$300 million.

Dee said that HTA is currently evaluating ways to increase its support of the university and its sports program in the future.

FALLING APART AND LACKING SUPPORT

Aloha Stadium is not the only aging facility in the state. Even though organizers of the Hawaii Open decided to move the tennis tournament from Central Oahu to Blaisdell Arena this year, the entertainment complex on the corner of Ward Avenue and Kapiolani Boulevard has seen better days.

"The facilities are always going to be a challenge for us to attract premier events," said George.

However, George's GS Events Hawaii, promoter of the Hawaii Open, has been able to attract some of the world's top male and female tennis players including Kei Nishikori, Eugenie Bouchard and Garbine Muguruza.

HTA has signed on as the tennis competition's presenting sponsor, but the lack of large corporations on the Islands presents another challenge for the growth of Hawaii's sports business sector.

"We just don't have a lot of huge corporate companies," George said. "To find title sponsors, presenting sponsors and those large sponsors that you need for globally televised events is always going to be a struggle and a challenge."

The goal is therefore to attract international cooperations, such as Sony, Mercedes-Benz or Lotte, all of which have made significant investments in various golf tournaments across Hawaii.