

**PUBLIC HEARING ON**

**Bill 20-805, the “District of Columbia Soccer Stadium  
Development Act of 2014”**

**Before the  
Committee of the Whole  
Chairman Phil Mendelson**

**And**

**Committee on Finance and Revenue  
Chairman Jack Evans**

**And**

**Committee on Government Operations  
Chairman Kenyan McDuffie**

**Thursday, June 26, 2014, 9:30 am  
Council Chambers, John A. Wilson Building**



**Testimony of  
John P. Ross  
Senior Advisor and Director of Economic Development Finance  
Office of the Chief Financial Officer**

Good morning, Chairman Mendelson, Chairman Evans, Chairman McDuffie and Committee Members. My name is John Ross, Senior Advisor and Director of Economic Development Finance for the Office of the Chief Financial Officer (OCFO). I am pleased to testify for the OCFO today on Bill 20-805, the “District of Columbia Soccer Stadium Development Act of 2014”.

The proposed legislation provides the basis for construction of a Major League Soccer stadium in Southwest. It explicitly authorizes the Mayor to assemble the site through purchase and exchange agreements, commits the District to pay site preparation and infrastructure costs, and provides sales and real property tax abatements and exemptions. There are also a number of actions the District must take as a result of the bill.

Certain costs are difficult to quantify until further details are known. The OCFO is contracting for consulting services to validate certain financial assumptions of the deal. As such, my testimony is based on the information we have at this time.

Today I will explain the deal as we currently understand it. I will also discuss issues that require additional clarification before a complete assessment of the deal is possible.

### **The Deal**

The following two infographics explain the two parts of the deal. The first shows the District’s contributions to the soccer stadium site. The second shows the off-site actions the District would be required to take as a consequence of its on-site contributions. Our consultants will estimate the cost of each of these actions.

GOVERNMENT OF THE DISTRICT OF COLUMBIA  
**SOCCER STADIUM ON-SITE CONTRIBUTIONS**



Items outlined in Teal fall under the proposed Development Cost Cap

GOVERNMENT OF THE DISTRICT OF COLUMBIA  
**SOCCER STADIUM OFF-SITE COSTS**



**Additional Issues**

Beyond these costs, we have identified six issues that pose risks to the successful completion and operation of the stadium.

*1. Does DC United have the financial wherewithal to build the stadium and the ancillary development?*

The OCFO has not received a financing plan demonstrating how the Team intends to meet its obligations. This information would typically be reviewed prior to

completing negotiations. Without validating the financial feasibility of the project, the District is at risk of expending funds before there is sufficient evidence demonstrating the Team can pay its portion of the project costs.

*2. What guarantees does the District have from the Team with respect to the quality of the stadium?*

While the agreements acknowledge a proposed project budget, there are no guarantees about how much the Team has to spend on the stadium. The District could face a situation where it contributes \$150 million in exchange for a stadium of uncertain quality.

*3. Under what conditions can the Team back out of the deal?*

The Team has until April 2015 to determine whether to proceed with construction. At that time, if it is determined costs will exceed 110% of the projected \$150 million budget, the Team can terminate the agreement even though the District may have already acquired the land and begun site preparation.

*4. How will the District handle traffic to and from the stadium?*

At this time, there is no transit plan describing how to accommodate people traveling to and from the stadium. Those utilizing Metro will need safe passage walking to and from the Waterfront or Navy Yard stations (both eight-tenths of a mile away). Those driving face limited parking options. Aside from on-street spaces, there is very limited parking within a half mile of the proposed site. The Development Agreement contemplates creating a traffic mitigation and parking

plan, but does not address costs associated with improving traffic flow or building sidewalks and street lighting outside of the immediate site perimeter.

*5. Who pays if the District's obligations exceed \$150 million for costs within the cap?*

The agreements commit the District to spend up to \$150 million as defined in the cost cap. It is not clear who is responsible for paying excess costs if the actual costs go above the cap.

*6. What costs could the District face if the proposed Anacostia facility is not completed on-time?*

The lease arrangement with Akridge does not allow the District to renew or extend its occupancy of the Reeves Center beyond three years. Any delays in construction completion of the proposed replacement building could require the District to incur additional lease expenses not contemplated by the legislation.

This concludes my testimony. Thank you for the opportunity to testify. I am happy to answer any questions you have at this time.