

TESTIMONY OF THE COMMITTEE OF 100 ON THE FEDERAL CITY
AT THE
JOINT ROUNDTABLE OF THE COMMITTEES ON ECONOMIC DEVELOPMENT & FINANCE AND REVENUE
ON
MAJOR LEAGUE BASEBALL IN THE DISTRICT OF COLUMBIA
POTENTIAL STADIUM LOCATIONS AND STADIUM FINANCING OPTIONS

18 December 2002

Chairmen Brazil and Evans and members of the committees, my name is Jim Nathanson. With me is Joe Bender. We appear today to offer the testimony of the Committee of 100 on the Federal City on the topic of bringing baseball back to Washington. Thank you for the opportunity to share our ideas.

As you may know, the Committee has been a longstanding proponent of returning the national pastime to our home city – and the nation’s capital. We have followed efforts to do so over the past several years, have been a contributor to the public dialogue, and a participant in public meetings leading to the release of the most recent report, the “Washington, DC Major League Baseball Park Site Evaluation Project”.

The Report: Strengths and Weaknesses

The report has its strengths and weaknesses. It makes a compelling case for Washington as the most logical and productive market for a new or relocated team. It delineates a set of helpful considerations for use in evaluating stadium locations for purpose of optimizing its productivity. It presents conceptual, order-of-magnitude costs and revenue streams.

In other respects, the report has shortcomings – and fails to address several highly relevant and important issues of current moment. Given that Major League Baseball now appears to be ready to play ball, it is critical to directly and promptly address deficiencies so that we are in the best position to make informed and timely decisions – and decisions that we can reasonably accomplish. There is time, but none to waste.

Key among the weaknesses is planning approach. The approach employed gave priority to identifying elements needed for a successful stadium, finding locations that meet those criteria, and then advocating for subsequent detailed planning of the selected area to deal with impacts and to ensure development of synergistic uses.

Simply put, they got it backward. The first order should be to consider the existing planning context to determine where a stadium would better facilitate achievement of goals for land use, urban design, preservation, economic development and efficient infrastructure systems. Upon finding sites that meet those thresholds, then it is appropriate to:

- C compare which of those areas better addresses stadium needs
- C evaluate the relative capacity of the stadium to catalyze desirable land and economic development
- C contrast the costs of development of stadium and related auxiliary facilities and infrastructure systems
- C compare the relative direct and indirect benefits expected from stadium placement among the areas in relation to predicted costs

With that information, one would be in position to make final decisions on preferred stadium location – whereupon we would agree with the authors of the report that additional detailed planning for the surrounding area is necessary to ensure efficiency, manage impacts and optimize benefits to all partners: the city, ownership group and Major League Baseball. And, not coincidentally, that information would provide a basis for understanding, negotiating and allocating both costs and benefits among the partners.

Please note that the need for fuller analysis of planning context and the various comparisons described above was recognized by the City's representatives at the public forum on the stadium held at the Martin Luther King, Jr. Library this past Fall. The public was promised those analyses would be promptly completed and disseminated. The report, however, provides answers to only a few of these critical inputs:

- C There is no real comparative analysis of planning context among candidate sites.
- C The report estimates differences in development costs for the stadium among sites, but provides no identification of costs associated with auxiliary facilities and related infrastructure improvements. One has only to look to the example of the new Convention Center, where we continue to struggle with the issues of a headquarters hotel, transportation management plan, and marshaling yard location to understand that these issues and costs require close evaluation at the outset.
- C The report provides little in the way of analysis or discussion of the relative catalytic effects of the stadium on surrounding development. And the report presents only one range for estimated fiscal returns. No distinction is made between candidate sites, thus providing no basis for making decisions between competing alternatives on this factor.
- C Critically, there is no assessment or comparison presented of the redevelopment opportunities (and economic activity, employment and fiscal impacts) likely displaced, eliminated or constrained by accommodating a stadium. As such, the report does not allow for understanding relative net benefits (or deficits) to be delivered by the stadium among candidate sites.
- C As regards operating the park and franchise, the report provides estimated costs and revenues which suggests that the project might be undertaken without need for public subsidy (low cost - high revenue assumptions) as well as discusses financial gaps under other assumptions and potential means of closing them with anticipated or new public revenues. But, the report offers no insights from other jurisdictions or suggestions as to how these costs and revenues might be allocated among partners. It does not address the issue of other anticipated private costs (the cost of buying a team, predicted and customary returns on that investment when considering tax and appreciation expectations, etc.). Further, there is no discussion regarding non-baseball activities and income that might be generated from the park (use for concerts, meetings, and other events). So, it is unclear what the total package of operating costs and corresponding revenues is – and WE HAVE NO GUIDANCE ON WHAT COSTS AND REVENUES THE CITY COULD BE EXPECTED TO ASSUME as compared to the team's ownership. Essentially, we are largely in the blind as to understanding what the City is and could be reasonably expected to do in the way of participation, much less what we are able to do from analysis of relative revenue and expense streams.

Suggested Approach

Recognizing the status of the investigation, extent of the work to date, and the need to make decisions with alacrity, the Committee of 100 offers the following observations in hopes of moving us toward bringing baseball to our city:

1. Based on our review, we suggest immediately abandoning further consideration of the Mt. Vernon Triangle and Capitol North candidates. These locations clearly fail to meet planning context criteria as well as fall short on several other points as more fully described below. Their continuing presence on the candidate list is a mistake and harmful distraction to finding a location that can achieve support and exhibit viability.
1. Focus should immediately be given answering the unanswered questions (discussed above) for the remaining three candidates and presenting a comparison among them to allow for informed decision-making. As regards planning context, the Stadium-Armory campus candidate is clearly consistent with adopted policies – and the NY Avenue Metro and M Street Southwest candidates appear not inconsistent with those policies. Per the report, these sites present the strong opportunity for meeting baseball's needs. Fuller and comparative analysis will enable informed selection of where it is in all parties interest to make it happen. Rigorous analysis will also provide a more solid basis for determining the nature and amount of

public participation in stadium finances (costs and revenues) as compared with prospective ownership groups.

1. Upon selection of a location, a small area plan should be prepared to address the stadium's opportunities and needs -- and to ensure sensitive and productive integration within the area. Such an effort is also necessary to provide a refined understanding of the allocation of costs and revenues among partners -- and for concluding negotiations on the final structure and distribution of same among the partners.

Summary Reasons for Dropping Mt. Vernon Triangle and Capitol North

The following points summarize why the Mt. Vernon Triangle and Capitol North sites should be immediately abandoned from consideration for the stadium:

1. Longstanding planning policy for the Mt. Vernon Triangle and all recent studies (there have been several) have called for its redevelopment as a vibrant, mixed-use, heavily residential neighborhood. With the exception of a few individuals (mostly staff of the Sport's Commission), participants in the planning work and outreach sessions uniformly rejected the notion of a stadium in this location.
1. Desired and appropriate redevelopment is underway in the Triangle. A stadium would have no beneficial catalytic impact there. Indeed, we believe, and several landowning stakeholders have stated, that keeping the area as a candidate has retarded desired redevelopment. Developers are unwilling to proceed with pipeline projects given uncertainty that their land may be acquired or that the stadium will adversely impact their investments.
1. Studies have shown that the desired development pattern now underway will produce more jobs, about 4 times the net fiscal returns and do far more to support area retail and service establishments than would a stadium. Further, market rate housing and commercial projects are proceeding without subsidy. Assuming the report's projections, the stadium would involve significant lost employment and revenue opportunities when compared with those yielded from currently underway and reasonably anticipated development -- and is likely to require substantial public support. Further, in comparison with other sites, the costs of producing the stadium in this location is far more expensive. A triple whammy.
1. The Capitol North site shares many of the same planning considerations as Mt. Vernon Triangle. Here, a mixture of residential and commercial (more heavily commercial along the southern sector) is desired. Development investments and trends have now reached the area and its full redevelopment in the near term is a virtual certainty. The stadium would have no catalytic effect, and, while we have produced no studies of alternative opportunity costs, it can be reasonably assumed that planned redevelopment will yield significantly greater cost/benefit than would a stadium.
1. The Capitol North site would involve closing and rerouting New Jersey Avenue. The Avenue is a designated special street and a principal feature of the landmark L'Enfant plan. Beyond its high significance as a historic resource and urban design element, which should disqualify it from consideration in comparison with other candidate sites, the Avenue serves a critical transportation function. It is simply cavalier to suggest that traffic could be rerouted without investigation of its feasibility, neighborhood and system-wide impacts. Our observation is that there is no reasonable mitigation measure.

Closing

The report identifies three candidate sites that appear good locations for the stadium. We encourage the city and Sports Commission, working with prospective ownership groups, to immediately perform and present comparative analysis of which of these sites best addresses the goals of the city, prospective ownership groups and Major League Baseball. At this point, we really have very little basis for making comparisons and reaching informed decisions among the remaining sites.

None of us can accurately predict what Major League Baseball will do in the way of making a decision on team location. But, whether or not they are really going to make a current decision or not, the time is now for the City to determine where we want a stadium to be located, to undertake the detailed planning work to prepare that site and impacted area for stadium placement, and to outline the terms under which we will work with ownership groups to participate in a partnership to get one.

The report's failure to address critical questions is not a reason for making decisions without those inputs -- which were recognized as needed this Fall. The responsibility for producing them correctly rests with the city, Sports Commission and prospective ownership groups. We strongly encourage you to direct their attention to this task, to produce and disseminate the answers, and to schedule a reconvening of this session to consider them and make decisions.

Accompanying that information should be a fuller discussion of what the reasonable roles and expectations are among the members of the baseball partnership. What do the projections for the preferred stadium location imply for meeting those expectations? What does the city and ownership group need to collectively accomplish to position Washington for success?

It is clear from the report and discussions surrounding baseball that the city must be and is willing to make an investment to attract a team. Let's find a site, complete the evaluation, and then engage in a meaningful discussion of what we can do to land a team.