



November 13, 2014

The Honorable Phil Mendelson  
Chairman - Council of the District of Columbia  
John A. Wilson Building  
1350 Pennsylvania Avenue, N.W.  
Suite 504  
Washington, DC 20004

Dear Chairman Mendelson:

We appreciate the opportunity to serve the District Council of the District of Columbia ("District Council") in assessing the potential cost-benefits of the District of Columbia Soccer Stadium Act of 2014 ("Stadium Act").

As the Council continues to consider the merits of the Stadium Act, we would like to clarify the information conveyed in our report to ensure the Council has the appropriate information to make fully informed decisions.

Our report states that the net benefits of the Stadium Act to the District are estimated to be between \$17.6 million and \$38.0 million in 2015 net present value dollars and that those net benefits, along with the \$71.4 million proceeds from the land exchanges, would total between \$89 million and \$109.4 million. We want to be clear that the \$71.4 million in land exchange proceeds is not intended to convey net new benefits to the District as this represents a monetization of assets the District already owns. Therefore, the net benefits to the District are estimated to be between \$17.6 million and \$38.0 million.

While not a net benefit, the proceeds from the land exchanges do serve to benefit the District by reducing the negative impact the Stadium Act would have on the District's debt capacity if these funds were not available to pay part of the District's funding stadium obligations.

Should it be deemed necessary, we would be pleased to revise our report to better convey this information and to ensure the District Council has a clear understanding of the estimated net benefits of the Stadium Act. For your review, we have attached a revised version of the cost-benefit chart that excludes reference to the land exchange proceeds to avoid any confusion regarding the estimated net benefits of the Stadium Act.

Sincerely,

CSL International

## FISCAL COST-BENEFIT SUMMARY

Soccer Stadium Act of 2014  
District of Columbia  
2015 Net Present Value Dollars  
(\$ in millions)

| District Costs                               |                                     |   |   |
|--|-------------------------------------|---|---|
|  | City<br>Administrator's<br>Analysis | District at<br>\$131.1 MM<br>Contribution | District at<br>\$150 MM Cap<br>Contribution |
| <b>Soccer Stadium:</b>                       |                                     |   |   |
| Site Acquisition                             | \$84.9                              | \$83.9                                    | \$83.9                                      |
| Site Preparation - Capped                    | \$34.6                              | \$45.6                                    | \$66.1                                      |
| Capped Subtotal - Soccer Stadium             | \$119.5                             | \$129.4                                   | \$150.0                                     |
| Site Preparation - Uncapped                  | n/a                                 | \$1.6 <sup>(1)</sup>                      | \$1.6 <sup>(1)</sup>                        |
| <b>Reeves Relocation: <sup>(2)</sup></b>     |                                     |   |   |
| Short Term Lease Payment                     | \$15.1                              | \$20.6                                    | \$20.6                                      |
| DC Net Relocation                            | \$10.7                              | \$8.1                                     | \$8.1                                       |
| DDoT Traffic Center Relocation               | \$3.6                               | \$6.6                                     | \$6.6                                       |
| Other <sup>(3)</sup>                         | n/a                                 | \$5.3                                     | \$5.3                                       |
| Subtotal - Reeves Relocation                 | \$29.4                              | \$40.6                                    | \$40.6                                      |
| <b>New Municipal Center:</b>                 |                                     |   |   |
| Lease  | \$64.2 <sup>(4)</sup>               | \$84.2 <sup>(5)</sup>                     | \$84.2 <sup>(5)</sup>                       |
| <b>TOTAL COSTS</b>                           | <b>\$213.0</b>                      | <b>\$255.9</b>                            | <b>\$276.4</b>                              |
| Net New District Benefits <sup>(6) (7)</sup> |                                     |   |   |
| Buzzard Point Stadium                        | \$204.0                             | \$109.5                                   | \$109.7                                     |
| Buzzard Point Hotel                          | \$85.0                              | \$70.5                                    | \$70.5                                      |
| Reeves Center Redevelopment                  | \$85.0                              | \$105.6                                   | \$105.6                                     |
| New Municipal Center                         | \$11.0                              | \$8.2                                     | \$8.2                                       |
| <b>TOTAL BENEFITS</b>                        | <b>\$385.0</b>                      | <b>\$293.8</b>                            | <b>\$294.0</b>                              |
| <b>NET BENEFIT TO DISTRICT</b>               | <b>\$172.0</b>                      | <b>\$38.0</b>                             | <b>\$17.6</b>                               |

<sup>(1)</sup> Estimated workforce incentive program included in the Development Agreement

<sup>(2)</sup> Excludes potential lease termination costs

<sup>(3)</sup> Includes parking garage revenue loss, employee relocation and other lease space

<sup>(4)</sup> Assumes \$70 million development and includes a \$2 million Transfer Tax that is to be paid by the private sector and deducted from the other two scenarios

<sup>(5)</sup> Annual lease rate at 6.5 percent of \$106.2 million development cost net of cost savings from current Reeves to New Municipal Center

<sup>(6)</sup> Net present value of incremental fiscal impacts (tax revenues) from 2015 to 2046

<sup>(7)</sup> Stadium and hotel fiscal impacts are net of sales tax abatements but include 14.5% hotel room sales tax; deduct current property taxes paid on the respective parcels; and, the Stadium includes potential PEPCO (1st & K) property taxes based on the land value of \$15.8 million