

A NEW PUBLICLY FUNDED BASEBALL STADIUM IS NOT NEEDED FOR ECONOMIC DEVELOPMENT IN WASHINGTON, DC

*Testimony before the District of Columbia Council Committee on Economic Development
by Dr. Marc A. Weiss, Chairman/CEO, Global Urban Development, December 13, 2005.*

INTRODUCTORY REMARKS

Madam Chairperson and Distinguished Members of the District of Columbia Council Committee on Economic Development, thank you for giving me the opportunity to discuss the critical issue of spending an estimated \$667 million dollars of public funds to build a new baseball stadium. The controversy surrounding the enormous public costs of constructing a new stadium has become so heated that I would like to take some time establishing my credentials as an expert witness as well as my strong commitment to the best interests of our city, before presenting my main arguments here today. You all have copies before you of my written testimony, with the attached photocopy of my op-ed column entitled “Southeast Is Doing Fine Without a Stadium” published on Sunday, December 11, 2005 in the *Close to Home* editorial section of the Washington Post.

MY ECONOMIC DEVELOPMENT EXPERTISE AND INVOLVEMENT IN WASHINGTON, DC

First, let me emphasize that I am a recognized international expert on urban and regional economic development, with three decades of professional experience in this field both across the United States and throughout the world. I am the author of urban economic development plans for cities such as Baltimore (Maryland) and Berkeley (California). I have served as a senior official responsible for urban and regional economic development at all levels of American government—at the US Department of Housing and Urban Development (HUD) during the Clinton Administration from 1993 to 1997, for the State of California under Governor Brown in 1980 and 1981, and for the District of Columbia under the Control Board in 1997 and 1998. During the past several years I have worked on economic development within the U.S. for places like the Hampton Roads Regional Partnership in Norfolk (Virginia), and for the Virgin Islands. I have also worked on a global basis, advising on economic development from South Africa to the Czech Republic. Just within the last few years, I have written reports on economic development that were published by the National Governors Association, the United Nations, the Organization for Economic Cooperation and Development (OECD), and the US Agency for International Development, among others.

Of course you all know me best from my work in the DC government from 1997 to 1999, when I served as the coordinator and principal author of the Congressional mandated strategic economic development plan for Washington, DC, and as the Senior Adviser to Richard Monteilh, who was Director of the Department of Housing and Community Development (DHCD). In early 1998 Richard Monteilh and I managed the citywide funding competition for more than \$70 million in primarily federal funds at

DHCD, and our commitment of these funds leveraged another \$230 million in other private and public funds, for a total \$300 million investment in Washington, DC's low- and moderate-income neighborhoods, the largest ever such investment in the city's history. Nearly every new project built in this city during the past seven years included significant funding from the citywide competition we led in 1998, as all of you are well aware. Similarly, after a strategic planning process that involved literally thousands of DC residents and every conceivable interest group in this city, in the fall of 1998 we released a document, *The Economic Resurgence of Washington, DC: Citizens Plan for Prosperity in the 21st Century*, that has been the blueprint for most of the major economic development initiatives in our city for the past seven years, with the baseball stadium being the most notable exception. Almost all of the 40 key actions recommended in 1998 economic strategy have been successfully implemented by the DC government, the federal government, the private sector, non-profit civic and faith-based groups, and community organizations, with dramatic results in the improvement of our city's economic and social vitality.

Aside from my work in DC government and in the Clinton Administration where I served as one of the liaisons to DC government on issues of economic and community development, I have also been active as a private citizen for the past 13 years. From 1995 through 1998 I served as both Vice President and President of the Southwest Neighborhood Assembly (SWNA), and it was during my term as President that our organization led the efforts to redevelop our community after the US Environmental Protection Agency (EPA) made the commitment to move 5,000 jobs from Waterside Mall to the Federal Triangle, and leave nearly one million square feet of office space entirely vacant. To proactively deal with this potential economic crisis in our neighborhood, we raised more than \$200,000 and contracted with real estate and economic development experts from the Urban Land Institute (ULI), who worked with us to produce a plan for the Southwest Waterfront. This plan, and all the political and media attention it received at the time, soon became the catalyst for what is now the city's Anacostia Waterfront Corporation.

Since completing my DC government service in early 1999, I have served as Chairman of the Action 29-New York Avenue Metro Station Corporation, leading the effort to come up with the unique three-way financing formula, including a voluntary commitment of more than \$25 million from the private sector, to build the New York Avenue Metro Station and a portion of the Metropolitan Branch (bicycling and hiking) Trail, which in turn has attracted thousands of jobs and hundreds of millions of dollars in new investment to the NoMa (North of Massachusetts Avenue) area, including XM Satellite Radio and the US Bureau of Alcohol, Tobacco, and Firearms (ATF). The Action 29-New York Avenue Metro Station Corporation was recognized by the United Nations in 2002 as one of 40 worldwide Best Practices to Improve the Living Environment. In addition, I helped create the NoMa Community Outreach and Marketing Center to assist low- and moderate-income people and businesses in the North Capitol Street area, and the McKinley Technology Campus Corporation, to work for the creation of the McKinley Technology High School to expand career opportunities for our city's youth. I served as Chairman of the Washington, DC Partners in Homeownership, a

public-private partnership promoting affordable homeownership for our city's low- and moderate-income residents that won a National Best Practices Award from HUD in the summer of 2000. Also, I helped lead the successful efforts to save Greater Southeast Community Hospital when it was threatened with being permanently closed, and I worked with the coalition that finally obtained the commitment for a new supermarket in Ward 8.

I HAVE SUPPORTED BUILDING A WATERFRONT BASEBALL STADIUM WITHOUT PUBLIC FUNDS SINCE 1999

Finally, and of most relevance for this hearing, in the fall of 1999 I was one of a handful of founders of the Washington, DC Committee for a Waterfront Baseball Stadium. Back when everyone else was talking about building a new stadium either near Mt. Vernon Square or behind Union Station, we actively lobbied for a new stadium to be built on the Anacostia River near South Capitol and M Streets, precisely where it is currently being located. We helped bring the potential advantages of this waterfront site to the attention of Andrew Altman, then Director of the DC Office of Planning, and he later responded by including this site among the possible alternatives to be studied, which led to its eventual selection.

I have lived in Washington, DC for a total of 16 years, all of it in Southwest Washington. During the Vietnam era in the mid-1970s I served in the US Army stationed at Fort McNair, and since returning to Washington to join the Clinton Administration in 1993, I have owned a townhouse one block away from Fort McNair, which is where I currently reside. In short, I deeply love my city and my neighborhood. I want the very best for both. I also love baseball, and have been an enthusiastic supporter of Washington obtaining a major league team. And, as you know, I have been advocating building a new stadium on the Anacostia River waterfront near the Navy Yard Metro Station for over six years, long before either the Mayor or any Member of this Council ever publicly supported such a location.

STADIUM ECONOMIC BENEFITS DON'T JUSTIFY THE PUBLIC COSTS

Therefore, it with a very heavy heart that I appear before you today to suggest to the DC Council that you do not approve the proposed baseball stadium lease agreement with Major League Baseball and the Washington National franchise in its current form. Coming at a time when the city urgently needs to be spending billions of dollars on improving schools, safety, health care, public transportation, infrastructure, services, affordable housing, parks, business and employment development for people in low- and moderate-income neighborhoods, and many other vital needs, it is not good public policy for the DC government to spend an estimated \$667 million in public funds, let alone more, to build a baseball stadium in our city. It is wonderful, of course to have the Nationals, and it would be great to have a new stadium if the wealthy Major League Baseball owners would pay for it, perhaps with some help from the DC government, together with financial support from the US government, the Commonwealth of Virginia,

and the State of Maryland. After all, we have two recent precedents of privately funded sports stadiums just from our region alone. Abe Pollin paid to build MCI Center for the Washington Wizards, Mystics, and Capitals, and Jack Kent Cooke paid to build FedEx Field for the Washington Redskins. Neither MCI Center nor FedEx Field was built with predominantly public funds. The bottom line is that it does not make sense for the DC government to use public funds to pay for a large share of the total costs of building a new stadium, regardless of where the stadium is located. Alternatively, Major League Baseball and the Washington Nationals can continue playing at RFK Stadium as they did this year, where the Nationals had an exciting winning season that drew 2.7 million ticket-buying and concession-purchasing fans. Some of the substantial revenues earned by the baseball owners can be plowed back into making needed improvements at RFK Stadium, which will make it a more attractive and user-friendly venue over the long term. The New York Yankees and New York City successfully renovated Yankee Stadium rather than build a new stadium, and the Chicago Bears and the City of Chicago did the same thing with Soldier Field. There is no reason why this cannot be done with RFK Stadium.

Whatever the solution, it should not involve the DC government paying millions of dollars for baseball. While I was a strong supporter of building the MCI Center and the new Washington Convention Center for the express purpose of promoting economic development for our city, I do not believe that building a new publicly funded baseball stadium is justified in terms of the potential economic development benefits. First of all, the city certainly does not need it for name recognition: Most people in the world already know about Washington, DC. It is every bit as well known as London, Paris, New York, or any other city on earth. In other words, we do not need the Nationals to market our city in terms of name recognition. Secondly, we do not need the Nationals to promote tourism. Washington, DC already receives 25 million tourists every year, which for a total population of less than 600,000, means that our city already has the highest per capita annual tourism of any city in the entire world. Thirdly, with the longstanding support for the Redskins, Wizards, Mystics, Capitals, DC United, along with the great success of the Nationals in drawing fans this season, we certainly don't need a baseball team to prove that Washington is a good city for major league sports. And if the point is simply to have a baseball team for people throughout the region to attend games with their family, friends, colleagues, and clients, then the DC government would have been better off if a new baseball stadium were built in northern Virginia with their public funds, although the Commonwealth of Virginia required Major League Baseball to pay one-third of the capital costs of building a new stadium, whereas our city only recently asked Major League Baseball to pay \$20 million for a underground parking facility. In addition, Governor Warner and the Virginia Legislature refused to agree to guarantee the revenue bond financing with the Commonwealth's full faith and credit, which our city is willing to do. Last year Governor Mark Warner and the Virginia Legislature raised taxes to increase urgently needed public funding for education, transportation, and other vital purposes, at the same time they were turning down Major League Baseball's demands for excessive public funding for a new baseball stadium. I regard their approach as both fiscally responsible and sound public policy-making.

ECONOMIC DEVELOPMENT AT THE SOUTHEAST/SOUTHWEST WATERFRONT DOESN'T NEED A NEW BASEBALL STADIUM

For more than a year now, Mayor Williams and certain Members of the DC Council have argued on many occasions that building a new publicly funded baseball stadium near South Capitol and M Streets is both urgently needed and highly desirable in order to promote economic development in the SE/SW waterfront area of our city. Tragically, this argument just might be the District of Columbia equivalent of “WMD”—a persuasive argument, but one that is essentially incorrect. While it might have been a valid argument back in 1995 (if the DC government had not been bankrupt), it is not a credible assertion in 2005. From the perspective of community economic development, which I passionately support, there is no longer any reason to build a new publicly funded baseball stadium near South Capitol and M Streets, though a privately funded stadium, combined with appropriate transportation and infrastructure improvements and if properly planned together with many other new developments to create and strengthen a waterfront entertainment and recreation district with a wide range of amenities and attractions, could be beneficial.

As I mentioned in my introductory remarks, during 1997 and 1998, Richard Monteilh and I served as the Congressionally mandated coordinators of economic development for Washington, DC, in addition to managing the DHCD. In the fall of 1997, the US Navy decided to move the Naval Sea Systems Command and its 5,000 employees from Crystal City to the Washington Navy Yard. As part of this dramatic shift, the Navy required all of its private contractors to relocate their offices from Crystal City to within walking distance of the Admiral’s new office at the Navy Yard. Due to these strict location guidelines for contractors, five large new private office buildings have been completed and fully occupied within a few blocks of the Navy Yard, including the Maritime Plaza complex, and another big office building is currently under construction. One vital task performed by Richard Monteilh and myself at that time was to actively collaborate with the federal government, the private sector, and neighborhood residents in planning for what obviously was going to be a huge amount of economic development near the Navy Yard. These opportunities were featured as “Action 31: Use Navy Yard Expansion to Generate Local Business and Jobs” in the city’s 1998 strategic plan, *The Economic Resurgence of Washington, DC: Citizens Plan for Prosperity in the 21st Century*.

The Navy Yard expansion that began eight years ago launched a virtuous cycle of investment, development, and dynamic economic growth in Southeast Washington, with projects including the massive new US Department of Transportation headquarters on M Street at the Southeast Federal Center, a new Courtyard by Marriott Hotel, new housing for the US Marine Corps, mixed-income redevelopment of Arthur Capper and Carrollsburg Homes, commercial revitalization of Eighth Street (also called Barracks Row), and Manna’s Syphax Village for affordable homeownership. In addition to the major increase in Class A office space within the neighborhood, new housing such as Capitol Hill Tower, restaurants, stores, and services already have opened or are being built. Property owners like Florida Rock are planning large mixed-use developments on

vacant land, and many ambitious real estate entrepreneurs have been eagerly searching for development opportunities around the SE/SW waterfront close to the Navy Yard since 1998, including the recent renovation of an older office building at Buzzard Point on the Anacostia River. All of this valuable new investment was stimulated by the Navy in 1998, not by the prospect of a baseball stadium that might be completed in 2008. Clearly, the community no longer needs a professional sports facility to promote development. In fact, extensive traffic congestion and on-street parking problems generated by the new stadium may actually do more harm than good to the surrounding neighborhood.

A baseball stadium could become part of a larger waterfront entertainment district, but such a district can also be created without a publicly funded stadium, thus saving hundreds of millions of public dollars. It could also be created with a privately funded stadium. The DC Council should postpone approving a baseball lease agreement until public and private developers and financing are firmly committed for the entire mix of waterfront amenities and attractions. The DC government must first commit public funds for key transportation and infrastructure improvements, including the Navy Yard and Waterfront Metro Stations, the South Capitol and M Street corridors, and the Frederick Douglass Bridge. Making these and other strategic investments is more important for economic development than spending lavishly on an “ultra-modern” stadium design, particularly because the continuing popularity of Fenway Park, Wrigley Field, Camden Yards, and similar urban ballparks demonstrates that simplicity, not glitz, draws the most fans.

LET’S KEEP THE NATIONALS PLAYING IN A RENOVATED RFK STADIUM

I encourage the DC Council, in the name of fiscal responsibility and good public policy, to turn down the currently proposed stadium lease agreement with Major League Baseball and the Washington Nationals when the item comes before you on December 20. The Washington Nationals already had a very successful season in terms of financial rewards, fan popularity, and even sports competitiveness. I believe that the prudent course of action for Major League Baseball is to sell the Washington Nationals team franchise to a local, Washington, DC-based ownership group that will commit to continue the team playing at a renovated RFK Stadium. However, even if Major League Baseball threatens to abandon our city for the third time since 1971, let us go ahead and call their bluff. Many cities, including Minneapolis, New York, San Jose, and several others, have refused to use substantial state and local public funds to pay for a new sports stadium, and yet such cities and their surrounding metropolitan areas are still prospering. In terms of economic development, these urban regions are doing just as well or even better after turning down private sports team owners than before. The same will be true for Washington, DC. I would dearly love to keep the Washington Nationals playing baseball in our city for the rest of my lifetime and beyond. But having Major League Baseball in our city is definitely not worth the price of spending more than a half-billion dollars in public funds on building a new stadium.

Let's explore other ways to keep the team, and in the meantime, invest the \$667 million on public expenditures that will be far more beneficial for the needs and interests of the citizens and taxpayers of Washington, DC. In particular, the two best ways for us to keep the team are:

- 1) Substantial renovation of the existing RFK Stadium for long-term use by Major League Baseball (as was done with Yankee Stadium in New York and Soldier Field in Chicago).**
- 2) Sale by Major League Baseball of the Washington Nationals to a local private ownership group that will commit to building a new privately funded baseball stadium at the South Capitol Street site, as was done here in Washington with MCI Center and FedEx Field.**

Today I am here to offer my help in resolving the difficult challenges faced by the DC Council and DC government in working to keep the Washington Nationals, find a solution to the stadium issue, and foster economic development on both sides of the Anacostia River. I am so committed to assisting the city in resolving this vitally urgent matter, that I am willing to provide my professional services and those of Global Urban Development colleagues *pro bono* -- without any payment required for the value of our time -- to help the DC Council and the DC government develop new strategies for keeping the Washington Nationals baseball team and promoting economic development on the Anacostia River waterfront. Global Urban Development, the international non-profit research and policy organization of which I am the Chairman, is a worldwide network of more than 300 experienced professional urban development experts, both analysts and practitioners, from many countries on every major continent (the list of our international network -- our Board of Directors, Advisory Board, and Staff -- can be found under "Who We Are" on our website, www.globalurban.org). For example, one of Global Urban Development's Vice Chairs is the eminent British urbanist Sir Peter Hall, who he will be here in Washington, DC this week on Thursday evening, December 15 at the National Building Museum to deliver the annual L'Enfant Lecture on City Planning and Design co-sponsored by the Museum and the American Planning Association. In addition, you all know of my effective track record of accomplishment promoting economic and community development in Washington, DC citywide during 1997-1998, as well as in Northeast Washington with the New York Avenue Metro Station and NoMa, and in the Southwest/Southeast neighborhood.

Thank you very much for hearing my testimony. I will be happy to answer any questions you want to ask.