

ENGROSSED ORIGINAL

A BILL

20-805

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To authorize the Mayor to assemble the soccer stadium site including through the use of eminent domain; to require the Mayor to amend the ground lease of the soccer stadium site, to to require the Mayor to amend the development agreement for the construction of a new soccer stadium; to authorize the rental airspace and vault space; to amend the Robert F. Kennedy Memorial Stadium and District of Columbia National Guard Armory Public Safety Act to make it applicable to the soccer stadium; to amend Title 25 of the District of Columbia Official Code to provide for licenses to be issued to the soccer stadium; to amend Title 47 of the District of Columbia Official Code to provide tax abatements; and to exempt the transfer of the stadium site from recordation and transfer taxes.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this

act may be cited as the “District of Columbia Soccer Stadium Development Act of 2014”.

TITLE I. ASSEMBLAGE OF SITE; AUTHORITY OF MAYOR TO EXERCISE

EMINENT DOMAIN.

Sec. 101. Definitions.

For the purposes of this title:

(1) The term "Soccer Stadium Site" means the real property described as Squares 7, 661, and 661N, and the northwest portion of Lot 24 in Square 665 as described in the intent between the District and Potomac Electric Power Company (Pepco) dated 2013, and all public alleys and streets to be closed within these squares.

Sec. 102. The Council finds that:

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33 (1) RFK Stadium is no longer suitable as a home for D.C. United in that it was not
34 designed to host soccer, but was designed for football and baseball, has a capacity much larger
35 than current Major League Soccer Stadiums, is more than 50 years old, is in deteriorating
36 condition, and is near the end of its useful life;

37 (2) Without the development of a new soccer stadium, it is likely that DC United
38 would ultimately move to another jurisdiction where it could participate in the development of a
39 modern, state-of-the-art, outdoor soccer stadium, which would cause the District to lose the
40 economic and fiscal benefits associated with the team's location in the District;

41 (3) The development and operation of a new, state-of-the-art, LEED certified
42 outdoor soccer stadium at Buzzard Point and the planned development on the ancillary site will
43 increase economic activity:

44 (4) The stadium is proposed to be located in Buzzard Point an underutilized
45 industrial area that has long been targeted for redevelopment and in anticipation of that
46 development has been rezoned for higher density use, but that without a catalytic, public-
47 sponsored project is not likely to see significant development for a minimum of eight years and
48 likely longer:

49 (5) Developing a state-of-the-art, LEED certified outdoor soccer stadium at
50 Buzzard Point will serve to accelerate that redevelopment as well as promote economic
51 development in the Buzzard Point and Capitol Riverfront neighborhoods and enhance economic
52 vitality in the District of Columbia.

53 (6) Improvements in the physical environment of Buzzard Point catalyzed by the

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54 soccer stadium will connect Buzzard Point to the emerging Capitol Riverfront area to create a
55 vibrant, mixed-use neighborhood with improved pedestrian circulation, continuous public access
56 to the water, offer new development opportunities that could increase the inventory of mixed-use
57 development and affordable housing through inclusionary zoning, and provide ways to improve
58 the environmental health of Buzzard Point;

59 (7) Improvements and infrastructure investments represented by the development
60 of a new, state-of-the-art soccer stadium project at Buzzard Point will leverage other nearby
61 District investments such as the South Capitol Street Bridge project and the parking facilities for
62 Nationals Park and along with the successful and planned development at the Yards and the
63 Wharf combine to anchor a new, mixed use neighborhood that would reconnect residents to the
64 waterfront, enhance the natural environment, and establish an attractive gateway to the District
65 while improving conditions for nearby residents.

66 Sec. 103 Assemblage of soccer stadium site.

67 (a)(1) The exchange agreement between the District of Columbia and SW Land Holder,
68 LLC dated May 23, 2014 (the “exchange agreement”) and the amendment to the exchange
69 agreement dated October 7, 2014 are disapproved.

70 (2) The Mayor shall acquire Squares 605, 607, and 661 and the northwest portion
71 of Lot 24 in Square 665 as described in the letter of intent between the District and Potomac
72 Electric Power Company (Pepco) dated December 27, 2013 for market value, unless a court
73 determines another value in a proceeding involving eminent domain, at a cost, when aggregated
74 with the valuation ascribed to the exchange agreement approved in accordance with subsection

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75 (b), not to exceed \$90 million.

76 (b) Notwithstanding An Act Authorizing the sale of certain real estate in the District of
77 Columbia no longer required for public purposes, approved August 5, 1939 (53 Stat. 1211; D.C.
78 Official Code § 10-801et. seq.), or other provision of law, the Council authorizes the Mayor to
79 transfer Lot 82 in Square 559 to Potomac Electric Power Company (Pepco) in exchange for Lots
80 804 and 805 in Square 661, the northwestern portion of Lot 24 in Square 665, and \$15,800,000.

81 (c) The Mayor is not authorized to exchange or otherwise dispose of the Franklin D.
82 Reeves Center, located on Lot 844 in Square 204 in conjunction with the assemblage of the
83 soccer stadium site.

84 (d) The Mayor shall transmit any agreement to acquire any portion of Squares 605, 607,
85 and 661 and the northwest portion of Lot 24 in Square 665 as described in the letter of intent
86 between the District and Potomac Electric Power Company (Pepco) dated December 27, 2013 to
87 the Council no fewer than 30 days before the effective date of the agreement.

88 (e) The Mayor may exercise eminent domain in accordance with the procedures set forth
89 in subchapter II of Chapter 13 of Title 16 of the District of Columbia Official Code to acquire
90 any portion of Squares 605, 607, and 661, and the northwest portion of Lot 24 in Square 665 as
91 described in the letter of intent between the District and Potomac Electric Power Company
92 (Pepco) dated December 27, 2013.

93 Sec. 104. Amendments to ground lease and development agreement.

94 (a)(1) The Mayor shall transmit to the Council a ground lease (“revised ground lease”)
95 that amends the ground lease between the District of Columbia and DC Stadium LLC, dated May

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96 23, 2014 (“original ground lease”), for lease of the Soccer Stadium Site to DC Stadium LLC no
97 fewer than 30 days before the effective date of the revised ground lease.

98 (2) The revised ground lease shall:

99 (A) Not contain any provision to abate District sales tax; and
100 (B) Contain modifications to conform the terms of the original ground
101 lease to provisions of this Act.

102 (b)(1) The Mayor shall transmit to the Council a development agreement (“revised
103 development agreement”) that amends the development agreement between the District of
104 Columbia and DC Stadium LLC, dated as of May 23, 2014 (“original development agreement”),
105 for the development of the soccer stadium site, not fewer than 30 days before the effective date
106 of the revised development agreement.

107 (2) The revised development agreement shall:

108 (A) Extend the date by which the District shall acquire control of the
109 soccer stadium site to September 31, 2015;
110 (B) Extend the dates by which the District shall close streets and alleys,
111 acquire fee title, demolish existing structures, perform infrastructure work (including all District
112 obligations under article V of the original development agreement), and perform environmental
113 remediation work (including all District obligations under article VI of the original development
114 agreement), as such actions are described in articles III, IV, V, and VI of the original
115 development agreement and may be described or referenced in other provisions of the original
116 development agreement, each by 6 months;

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117 (C) Set a date by which DC Stadium LLC shall complete the construction
118 of a soccer stadium at the soccer stadium site;

119 (D) Extend other dates as negotiated between the District and DC
120 Stadium, LLC; and

121 (E) Include an amendment to section 5.9 of the original development

122 agreement to read as follows: "Within 30 days of the District's acquisition of either Lot 7 or Lot
123 802 in Square 605, the Stadium Developer shall pay to the District, or its designee, Two Million
124 Five Hundred Thousand Dollars (\$2,500,000.00) to offset Land acquisition costs.".

125 (c) DC Stadium, LLC and the District shall agree to terms within the revised ground lease
126 and revised development agreement providing that, notwithstanding any other provision of the
127 revised ground lease or revised development agreement, DC Stadium LLC covenants and agrees:

128 (1) To enter into a labor peace agreement that conforms in content to the
129 requirements set forth in Section 4 of the District Hotel Development Projects Labor Peace
130 Agreement Act of 2002 (D.C. Law 14-266, D.C. Official Code Sec. 32-851) with each labor
131 organization that requests a labor peace agreement and which represents, or reasonably might
132 represent, food service or concession workers at the soccer stadium to be constructed at the
133 soccer stadium site, workers in any hotel development located on the Adjacent Land (as defined
134 in Exhibit A-2 to the original ground lease), or any group or subgroup of such workers; and

135 (2) To require, as a condition of any assignment, sublease, or transaction of any
136 kind transferring, in whole or in part, any rights under the revised development agreement and/or
137 the revised ground lease to any other entity, that such assignee, sublessee, transferee, or other

138 entity:

139 (A) Adopt and execute any labor peace agreement(s) entered into by DC
140 Stadium LLC pursuant to paragraph (1) and/or, to the extent that DC Stadium LLC has not
141 entered into such a labor peace agreement with any labor organization(s) that represent, or
142 reasonably might represent, workers described in paragraph (1) , to enter into such agreement(s);
143 and

144 (B) Require adoption and execution of such labor peace agreement(s) (or,
145 to the extent that such agreement(s) have not previously been reached with any labor
146 organization(s) that represents, or reasonably might represent, workers described in paragraph
147 (1), to require entry into such agreement(s)) by any future assignee, sublessee, transferee, or
148 other entity as a condition of any future assignment, sublease, transfer, agreement, or transaction
149 of any kind transferring, in whole or in part, any rights under the revised development agreement
150 or the revised ground lease; and

151 (3) To entitle any labor organization that has entered into, or has requested to
152 enter into, a labor peace agreement under this subsection (c) to enforce the obligations described
153 in paragraph (1) and paragraph (2) as a third-party beneficiary of the contractual provisions
154 described therein, by filing a civil action in the Superior Court of the District of Columbia
155 seeking declaratory and other equitable relief.

156 Sec. 105. Authority of Mayor to rent vault space, airspace.

157 Notwithstanding any other provision of law, the Mayor may issue a vault permit or
158 airspace lease to DC Stadium LLC, or its designee, for vault space or the use of airspace adjacent

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159 to the Soccer Stadium Site in accordance with the District of Columbia Public Space Rental Act,
160 approved October 17, 1968 (82 Stat. 1156; D.C. Official Code § 10-1101.01 *et seq.*), or the
161 District of Columbia Public Space Utilization Act, approved October 17, 1968 (82 Stat. 1166;
162 D.C. Official Code § 10-1121.01 *et seq.*), whichever one is applicable, for a term as determined
163 by the Mayor and at no additional fee or rent, except as may be otherwise determined by the
164 Mayor .

165 Sec. 106. Cap on horizontal development costs.

166 Notwithstanding any other provision of law, the District shall not obligate in excess of
167 \$150,000,000 in aggregate costs to acquire, assemble, and develop the soccer stadium site.

168 Sec. 107. Community benefits.

169 (a) The Mayor shall utilize additional funds provided for the under the “Fiscal Year 2015
170 Revised Budget Request Emergency Adjustment Act of 2014” to implement the Convention
171 Center – Southwest Waterfront corridor as described in the “DC Circulator 2014 Transit
172 Development Plan Update” dated September 2014, in addition to previously appropriated funds
173 identified for the extension of the Union Station-Navy Yard route to the Southwest Waterfront.

174 (b) The Mayor shall implement a workforce intermediary program to connect residents of
175 ANC6D with employment during construction of the stadium and the initial 2 soccer seasons of
176 operations.

177 (c) The Mayor shall utilize additional capital funds provided for “General Improvements
178 – DPR” contained in the “Fiscal Year 2015 Revised Budget Request Emergency Adjustment Act
179 of 2014” for capital improvements to the Randall Recreation Center in Ward 6.

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180 (d) The Mayor shall provide ongoing operations and programming funding for the
181 Randall Recreation Center in Ward 6.

TITLE II. AMENDMENTS

183 Sec. 201. The Robert F. Kennedy Memorial Stadium and District of Columbia National
184 Guard Armory Public Safety Act, effective November 3, 1977 (D.C. Law 2-37; D.C. Official
185 Code § 3-341 *et seq.*), is amended as follows:

186 (a) Section 3a (D.C. Official Code § 3-342.01) is amended to read as follows:

187 "Sec. 3a. Definitions.

188 "For the purposes of this act, the term:

189 “(1) “Baseball Stadium” shall have the same meaning as that provided for the term
190 “Ballpark” in D.C. Official Code § 47-2002.05(a)(1)(A).

191 “(2) “Soccer Stadium” means a soccer stadium constructed after October 1, 2014 on a
192 site bounded by 2nd Street, S.W., T Street, S.W., Half Street, S.W., Potomac Avenue, S.W., and
193 R Street, S.W.”.

194 (b) Section 4 (D.C. Official Code § 3-343) is amended by striking the phrase “Baseball
195 Stadium,” and inserting the phrase “Baseball Stadium, the Soccer Stadium,” in its place.

196 (c) Section 4a (D.C. Official Code § 3-343.01) is amended as follows:

197 (1) Subsection (a) is amended by striking the phrase "or the Baseball Stadium"
198 and inserting the phrase ", the Baseball Stadium, or the Soccer Stadium" in its place.

199 (2) Subsection (b) is amended as follows:

200 (A) Paragraph (1A) is amended by striking the word "or" at the end.

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201 (B) A new paragraph (1B) is added to read as follows:

202 “(1B) A person duly authorized or licensed by the operator of the Soccer Stadium
203 to possess, sell, give away, transport, or store alcoholic beverages or containers within any
204 portion of the Soccer Stadium or an employee or agent acting for any such duly authorized or
205 licensed person; or”.

206 (d) Section 4b (D.C. Official Code § 3-343.02) is amended as follows:

207 (1) A new subsection (b-1) is added to read as follows:

208 “(b-1) No person shall at any time enter onto any portion of the playing field within the
209 Soccer Stadium, unless expressly authorized by the operator of the Soccer Stadium, or its duly
210 authorized agents.”.

211 (2) Subsection (c) is amended by striking the phrase "or the Baseball Stadium"
212 and inserting the phrase ", the Baseball Stadium, or the Soccer Stadium" in its place.

213 Sec. 202. Title 25 of the District of Columbia Official Code is amended as follows:

214 (a) Section 25-101 is amended as follows:

215 (1) The existing paragraph (48A) is redesignated as paragraph (48B).

216 (2) A new paragraph (48A) to read as follows:

217 “(48A) “Soccer Stadium” means a soccer stadium constructed after October 1, 2014 on a
218 site bounded by 2nd Street, S.W., T Street, S.W., Half Street, S.W., Potomac Avenue, S.W., and
219 R Street, S.W.”.

220 (b) Section 25-114 is amended as follows:

221 (1) Subsection (a) is amended by striking the phrase "DC Arena" both times it

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222 appears and inserting the phrase “DC Arena and the Soccer Stadium” in its place.

223 (2) A new subsection (c) is added to read as follows:

224 “(c)(1) Upon application by an applicant as set forth in Chapter 4 of this title, the Board

225 shall issue one or more retailer's licenses, class Arena C/X, to the operator of the Soccer

226 Stadium.

227 “(2) At the option of the operator of the Soccer Stadium, the licenses may be

228 issued to concessionaires and tenants of the Soccer Stadium, as may be

229 requested from time to time by the operator of the Soccer Stadium.

230 “(3) Licenses may be canceled by the Board if the initial operator ceases to

231 operate the Soccer Stadium.

232 “(4) If the operator of the Soccer Stadium assigns its interest in the Soccer

233 Stadium, the Board may transfer the licenses to the operator's assignee, upon application under

234 Chapter 4 and approval by the Board.”.

235 (3) Subsection (d) is amended by striking the phrase “DC Arena” and inserting

236 the phrase “DC Arena, the Soccer Stadium” in its place.

237 (4) Subsection (e) is amended by striking the phrase “DC Arena” and inserting the

238 phrase “DC Arena and the Soccer Stadium” in its place.

239 (c) Section 25-505 is amended by striking the phrase “DC Arena” and inserting the

240 phrase “DC Arena and the Soccer Stadium” in its place.

241 (d) Section 25-1003 is amended as follows:

242 (1) The heading is amended to read as follows:

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243 “§ 25-1003. Prohibition on beverage storage containers in the DC Arena and Soccer
244 Stadium.”.

245 (2) Subsection (a) is amended by striking the phrase “DC Arena” and inserting
246 the phrase “DC Arena or the Soccer Stadium” in its place.

247 (3) Subsection (b) is amended as follows:

248 (A) Strike the phrase “DC Arena; to” and insert the phrase “DC Arena or
249 Soccer Stadium; to” in its place.

250 (B) Strike the phrase “DC Arena by the lessee or its” and insert the phrase
251 “DC Arena or Soccer Stadium, lessee, the operator of the Soccer Stadium or its” in its place.

252 Sec. 203. Title 47 of the District of Columbia Official Code is amended as follows:

253 (a) Chapter 46 is amended as follows:

254 (1) The table of contents is amended by adding a new section designation to read
255 as follows:

256 “47-4663. Soccer Stadium tax abatements”

257 (2) A new section 47-4663 is added to read as follows:

258 “§ 47-4663. Soccer Stadium tax abatements.

259 “(a) For the purposes of this section, the term:

260 “(1) “Soccer stadium” means a soccer stadium constructed after October 1, 2014
261 on a site bounded by Second Street, S.W., T Street, S.W., Half Street, S.W., Potomac Avenue,
262 S.W., and R Street, S.W.

263 “(2) “Soccer stadium site” means the real property described as Squares 603S,

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264 605, 607, 661, and 661N, and the northwest portion of Lot 24 in Square 665 as described in the
265 letter of intent between the District and Potomac Electric Power Company (Pepco) dated
266 December 27, 2013, and all public alleys and streets to be closed within these squares.

267 (b) The real property taxes imposed under chapter 8 of this title and the possessory
268 interest tax imposed under section 47-1005.01 on that portion of the soccer stadium site on which
269 the soccer stadium is constructed, shall be abated as follows:

270 (1) Beginning on the date that the District acquires title to each portion of the
271 site on which the Soccer Stadium is constructed through the fifth lease year —100%;

272 (2) For lease years 6 through 10—75%;

273 (3) For lease years 11 through 15—50%;

274 (4) For lease years 16 through 20—25%;

275 (5) Beginning with the 21st lease year and for each lease year thereafter zero.

276 (c)(1) The abatements provided by subsection (b) of this section for any real property
277 tax year may be allocated between half tax years at the discretion of the Office of Tax and
278 Revenue.

279 (2) The abatements provided by subsection (a) of this section shall terminate at
280 the end of the half tax year during which the Soccer Stadium ceases to be used as a stadium by a
281 major league soccer team.”.

282 (b) The abatements provided by this section shall be in addition to, and not in lieu of, any
283 other tax relief or assistance from any other source applicable to the Soccer Stadium.

284 (c) All transfers of real property in the Soccer Stadium Site while the revised ground

285 lease approved pursuant to section 104(d) is in effect shall be exempt from the taxes imposed by
286 section 303 of the District of Columbia Deed Recordation Tax Act of 1962, approved March 2,
287 1962 (76 Stat. 11; D.C. Official Code § 42-1103) and § 47-903 .

288 (d) The exemptions provided under subsection (a) shall expire on the termination of the
289 revised ground lease approved by section 104(d).

TITLE III. GENERAL PROVISIONS

291 Sec. 301. Applicability.

292 This Act shall apply upon the inclusion of its fiscal effect in an approved budget
293 and financial plan, as certified by the Chief Financial Officer to the Budget Director of the
294 Council in a certification published by the Council in the District of Columbia Register.

295 Sec. 302. Fiscal impact statement.

296 The Council adopts the fiscal impact statement in the committee report as the fiscal
297 impact statement required by section 602(c)(3) of the District of Columbia Home Rule Act,
298 approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206(c)(3)).

299 Sec. 303. Effective date.

300 This act shall take effect following approval by the Mayor (or in the event of veto by the
301 Mayor, action by the Council to override the veto), a 30-day period of Congressional review as
302 provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December
303 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)), and publication in the District of
304 Columbia Register.