



# The District's Dime

Going Beyond the Budget Book

The DC Fiscal Policy Institute blog  
[www.dcfpi.org](http://www.dcfpi.org)

September 4, 2013

## A Cap on Soccer Stadium Costs Is a Winning Goal for DC

By Wes Rivers

As part of the offer to help DC United get a new soccer stadium, set out in the [initial terms](#), Mayor Gray proposes to cover the costs of new infrastructure and land improvements at the stadium site in Buzzard Point. These costs include new streets, sidewalks, traffic controls, demolition of existing structures, environmental clean-up, and the relocation of a utilities system.

Helping build the infrastructure around a new stadium seems like a reasonable thing for the District to do, and Gray administration officials compare the DC United stadium to the city's support for the Verizon Center. But that infrastructure contribution did not include relocating an operational electrical substation or a scrap metal yard. So far, there has been little discussion about what such an undertaking might involve and how much it would cost. It is estimated to cost \$40 million, but that is a very rough guess.

DC should make sure any final deal legally caps the city's contribution so that taxpayers aren't surprised by the final bill, when it comes to either land or infrastructure costs. Without a firm limit on infrastructure investment, the District could be at substantial financial risk. The costs that DC will face at the stadium site are particularly hard to estimate for several reasons:

- **Part of the stadium site is occupied by a Pepco substation, an electricity distribution center that will need to be moved elsewhere in the District.** In the initial terms, the District will be responsible to assist Pepco in relocating portions of a power station currently operating on the proposed stadium site. The terms do not define what relocation entails, and the District has not indicated whether this would include reassembling or reconstructing the substation for Pepco. Media reports have also mentioned that part of the land owned by Mark Ein includes a scrapyards that might need to be relocated as well.
- **The industrial nature of the stadium site could mean significant environmental clean-up is needed.** Both the electrical substation and a scrap yard on the site may have introduced environmental contaminants at the stadium site. PEPCO no longer generates electricity at the site, but at one time it did. The District will not know the true costs of environmental clean-up until the land is acquired and assessments are conducted.

These questions and others need to be answered. With these unknown costs in mind, the District should limit its financial exposure as it continues to negotiate with DC United. A smart way to do that is to proceed with a finite, capped contribution toward land and infrastructure costs associated with the stadium site.