

Potomac Yard Entertainment District Frequently Asked Questions

On December 13, 2023 Monumental Sports & Entertainment, the Commonwealth of Virginia, the City of Alexandria, and JBG SMITH announced the framework of an agreement for a public-private partnership to create a world-class Entertainment District in Alexandria at Potomac Yard, pending General Assembly and City Council approval and completion of definitive documents.

This world-class Entertainment District will serve as a catalyst to create exceptional experiences, unite our communities, and foster economic growth.

Please see below for answers to common questions about this new proposed development project.

What is the next step in this process?

The agreement framework announced on December 13, 2023, is the first step in a process to bring to life this world-class Entertainment District.

This proposed Entertainment District will now be considered in various legislative processes by the Virginia General Assembly and the Alexandria City Council.

How will the General Assembly process work?

The governor shared his proposed budget on December 20, 2023, which proposed the creation of the Virginia Sports and Entertainment Authority.

The General Assembly session will begin January 10, when legislators convene for the first time. During the session, the legislation - prepared by Commonwealth staff and advisors- will work its way through committees and both houses before being voted on and submitted to the governor for signature in March.

How will Alexandria participate in the General Assembly process?

City Council, through its Legislative Subcommittee and other venues, will carefully review the legislation and provide feedback as it is considered by the General Assembly.

It is possible that details in the legislation will change as it makes its way through the various committees in the process. Tracking and providing input on these changes will be a top priority for City Council, the City Manager, and the Assistant City Manager.

How will the process work in Alexandria?

In 2024 Alexandria City Council will have the opportunity to consider the project, deal structure, and community benefits as well as to vote on land use proposals. A timeline for these decisions and community engagement opportunities will be provided in the beginning of 2024.

The following land use proposals will be considered by the Planning Commission and City Council:

- Master Plan Amendments (to the North Potomac Yard Small Area Plan)
- CDD Amendments
- Development special use permits (DSUPs)

How can I learn more about the community engagement process, including how to get involved?

In Alexandria, there will be an extensive community engagement process, including a series of community meetings and workshops, to ensure that input from the community and stakeholders is incorporated into the planning process, which will kick off in early 2024. Opportunities will be added to monumentalx.com as they are scheduled.

You can request a presentation for your community association by emailing AlexEngage@alexandriava.gov.

The first events are currently being scheduled and will be shared on monumentalx.com and via email. City Council will hold a town hall to hear from residents in early 2024.

Sign up for our alerts at monumentalx.com for project updates and community engagement opportunities.

How does this project impact traffic?

The approved plans for the redevelopment of Potomac Yard require and entitle dense, transit-oriented mixed used development, and include provisions for and required infrastructure investment to encourage the efficient movement of more people in and through the area. The Commonwealth and JBG SMITH are conducting traffic analyses to better understand how the specific uses contemplated in the entertainment district change infrastructure needs. The results of these studies will be provided to the City of Alexandria professional staff for review as part of the land use approval process. These studies are also informing conversations within the Commonwealth process about state funding for transportation and transit.

Because transportation is an integral part of the planned development, and because the City small area plan identifies certain required investments, the project budget provides funding of \$110 million in infrastructure investment in roadway, intersection, and signal improvements; fiber upgrades; electrical; storm line; sewer; and more.

Additional traffic and transportation priorities under study include but are not limited to:

- **Transit:** Enhancements to Potomac Yard - VT Metro, VRE, Metroway (BRT), and City DASH bus; event and transit ticket promotions to encourage ridership; and rideshare-dedicated areas and facilities
- **Roadway Improvements:** Improvement projects around the site and regionally, including intersections along Route 1 in Arlington and Alexandria, in particular Slater's Lane, Potomac Avenue, and Glebe Road
- **Smart Mobility:** Acceleration of technology investments into adaptive signals, vehicle-to-infrastructure coordination for parking/curbside management, ride-sharing and early arrival parking incentives
- **Neighborhood Protection:** Investments in "safe and slow streets" in Del Ray, Rosemont, and other adjacent neighborhoods, including traffic calming, resident-only parking districts, and day-of-event staffing

How will this Entertainment District be paid for?

This world-class Entertainment District and regional destination will be possible through a public-private partnership between leaders deeply committed to the success of this community and the region: Monumental Sports & Entertainment, the Commonwealth of Virginia, the City of Alexandria, and JBG SMITH.

The tax revenues being contributed by the Commonwealth and the City are newly created revenues generated by the project that would not otherwise exist.

The \$2 billion transformational investment will be supported through:

- \$1.05 billion Project Revenue Bonds issued by a new Sports & Entertainment Authority
- \$416 million Lease Revenue Bonds issued by a new Sports & Entertainment Authority
- \$403 million contribution from Monumental Sports & Entertainment
- \$106 million contribution from the City of Alexandria, to build a performing arts venue in partnership with MSE and related underground parking

The bonds will be paid back through:

- Lease payments made by Monumental Sports & Entertainment
- Business and sales & use tax revenues generated on-site
- Parking tax revenues generated on-site
- District naming rights

The City's investment will be paid back by business revenues generated by the performing arts venue, shared with the operator, MSE.

How much is Alexandria contributing to this project up front?

Alexandria will contribute \$106 million to this project--\$56 million for the performing arts venue, which it will own and operate in partnership with MSE, and \$50 million to the construction of the associate underground parking garage.

The contribution will be funded through Alexandria's capital reserves, and profits from the performing arts venue will be split between MSE and Alexandria's general fund. Those profits will be Alexandria's to spend. They are not included in the bond repayment structure.

What is the Economic Impact of this project for Alexandria and surrounding communities?

As part of all economic development catalyst projects, the City and AEDP utilize third-party economic advisors to evaluate the economic return of any City investments. HR&A Advisors estimates that the project will create:

- Roughly 2.5 times the economic output of what would otherwise be built based on current development plans*
- 30,000 direct and indirect jobs
- 9+ million square foot entertainment district, including new hotels, retail, residential, restaurants, conference, and community gathering spaces
- 300+ events a year

*To learn more about the project and the methodology used to measure its economic impact, please read a summary of the "Potomac Yard Entertainment District Impact Analysis" performed by HR&A Advisors available on MonumentALX.com. Additional information related to the

project's fiscal impact will be released as project terms are finalized in early 2024. The full proposal and its details must be considered and approved by Alexandria's City Council in order to proceed.

This job creation and economic activity will directly benefit Alexandria and surrounding communities. The tax revenues generated will support significant investment in expanded affordable and workforce housing, innovative K-12 and higher education opportunities, and transportation improvements.

What is included in this development?

The new Monumental campus, which will catalyze the development of the larger 9 million sq ft Entertainment District, will include:

- **Global corporate headquarters** for Monumental Sports & Entertainment
- **Industry-leading arena for both the Washington Capitals and Washington Wizards**
- A state-of-the-art **Monumental Sports Network media studio**
- **Wizards practice facility**
- An expanded **esports facility**
- A **performing arts venue**
- 2,500 space underground parking garage

The City is working with the Commonwealth and JBG SMITH on an agreement to bring forward the following uses in Phase I:

- Residential buildings, to include dedicated affordable housing units
- A class A/trophy office building
- Street-level retail, to include destination and neighborhood-serving tenants as well as the possible relocation of existing retailers
- Multiple hotels with conference facilities
- Dedication of a school site to the City of Alexandria
- Placemaking and open space opportunities consistent with activating the neighborhood

What will happen to Target?

The City of Alexandria, JBG SMITH, and Target are all supportive of the negotiation of a new lease and location within the Entertainment District for Target, but that decision will ultimately be up to the developer and the retailer.

When will it open?

Pending legislative approvals, the plan is to break ground in 2025 and open in late 2028.

Where exactly is this located and what is currently occupying that space?

The 9 million sq ft Entertainment District will be located in Potomac Yard in Alexandria. The MSE Campus will be located on an unoccupied riverside lot behind Target and adjacent to the new Potomac Yard-VT metro station.



How will people get to this new arena and Entertainment District?

The Entertainment District is easily accessible by all modes of transportation:

- Adjacent to newly opened Potomac Yard-VT Metro Station
- Onsite/nearby Bus Rapid Transit stop
- 7 minute drive from Ronald Reagan National Airport
- 2,500 underground parking spots will be available for drivers
- Rideshare and Taxi drop off points
- Community bike paths and foot trails

Additionally, there are conversations about the viability of adding access to water taxis, VRE and Amtrak.

Why would you negotiate something like this without asking for community input sooner?

The nature of competitive economic development negotiations requires that the partners not divulge information that could compromise their bargaining positions. The City has a long history of using the following criteria to evaluate projects before bringing them to the community, and followed this process while putting together the current opportunity, now being publicly discussed:

- Evaluate the base case and the current market reality
 - Seek commercial uses that are viable in a post-pandemic world
 - Ensure alignment with Small Area Plans and the community vision for development
- Compare the opportunity to the base case fiscal and economic impacts
- Seek and secure commitments from partners to protect the City
- Incentivize use WHILE investing in the community
- Based on these guiding principles:
 - Use the City's favorable cost of capital while **protecting the City's bond rating**
 - **Enhance future debt capacity** by creating new economic activity (that is, new projects make it easier to borrow to fund additional projects)

- Follow our historic and successful **“invest in a neighborhood catalyst”** approach
- Invest only when **inducement makes the project possible**
- **Generate new revenue** throughout the incentivized project
- Leverage **new revenue from the project** as the incentive
- Follow **economic sustainability** principles
- **Diversify the City tax base**

How will this project benefit Alexandria?

We will be sharing more specific numbers as the proposal is finalized, but the project will bring *two* professional sports teams to Alexandria and turn Potomac Yard into the amenitized community gathering place and regional destination envisioned in the small area plan. It will bring hotels and conference space to Alexandria, fulfilling currently unmet business and events demand in the City. It will expedite the dedication of a parcel of land to the City to be used to build a public school. It will also bring a global office headquarters and 600 high-paying jobs directly to Alexandria.

The City will own the performing arts venue, which means that Alexandria City High School graduation ceremonies can now take place in Alexandria. The City will also keep and be able to spend a portion of the profits generated by that venue.

In addition to these direct benefits, which will deliver in 2028 and 2029, the district and future development will generate property and additional business taxes to fund future investment in Alexandria.

The portion of Alexandria’s meals tax dedicated to affordable housing will see an annual boost of at least \$1 million—on top of what is already being generated and deployed—thanks to the additional restaurants and vendors in this district.

When can we expect more information?

We look forward to sharing more complete information as negotiations finish. We expect to be able to share additional details in January in advance of more community engagement opportunities and so City Council can consider and hear feedback on a complete proposal.