

TESTIMONY OF JOHN H. RILEY
FEDERAL RAILROAD ADMINISTRATOR
BEFORE THE SENATE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS
CONCERNING DEVELOPMENT OF SQUARES 721 AND 722
TOGETHER WITH REDEVELOPMENT OF UNION STATION
JULY 17, 1985

MR. CHAIRMAN, I AM PLEASED TO BE HERE THIS MORNING TO
UPDATE THE COMMITTEE ON OUR PROGRESS IN REVITALIZING
WASHINGTON'S UNION STATION.

I WILL ALSO ADDRESS THE ADMINISTRATION'S VIEWS ON THE
MERITS OF INCLUDING THE ARCHITECT OF THE CAPITOL'S SITE AS PART
OF THAT PROJECT. WITH ME THIS MORNING IS KEITH KELLY,
PRESIDENT OF THE UNION STATION REDEVELOPMENT CORPORATION. MR.
KELLY WILL DISCUSS USRC'S ACTIVITIES IN GREATER DETAIL AND GIVE
YOU A PROFESSIONAL REAL ESTATE DEVELOPER'S VIEW OF THE
PROSPECTS FOR DEVELOPING THE ARCHITECT OF THE CAPITOL'S SITE.

I AM PLEASED TO BE ABLE TO REPORT THAT REDEVELOPMENT OF
UNION STATION IS ON SCHEDULE AND WITHIN BUDGET. WE ARE
CONFIDENT THAT THE PROJECT CAN BE COMPLETED AS PLANNED WITHIN
THE FUNDING AMTRAK HAS COMMITTED, AND PROJECT COMPLETION OF
CONSTRUCTION IN 1987. THE GRAND OPENING OF THE RETAIL CENTER
MIGHT BE SOMEWHAT LATER THAN COMPLETION OF CONSTRUCTION BECAUSE
THE DEVELOPER WILL WANT TO OPEN DURING A PEAK SHOPPING SEASON.

SINCE FUNDING WAS ANNOUNCED IN MARCH OF 1983, THE STRUCTURE NECESSARY TO COMPLETE THE PROJECT WAS GRADUALLY BEING PUT IN PLACE. IN APRIL OF 1983, THE UNION STATION REDEVELOPMENT CORPORATION WAS FORMED TO MANAGE THE PROJECT. USRC SERVES AS THE VEHICLE TO BRING TOGETHER THE DIVERSE PARTICIPANTS IN THE PROJECT--AMTRAK, THE DISTRICT OF COLUMBIA, THE FEDERAL CITY COUNCIL, THE FEDERAL RAILROAD ADMINISTRATION, AND THE SECRETARY OF TRANSPORTATION. EACH PARTICIPANT IS REPRESENTED ON USRC'S BOARD OF DIRECTORS. COOPERATION AMONG THE BOARD MEMBERS HAS BEEN EXTRAORDINARY, AND THAT SPIRIT OF COOPERATION IS LARGELY RESPONSIBLE FOR THE PROGRESS MADE TO DATE.

IN OCTOBER OF 1983, AFTER A NATION-WIDE SEARCH THAT GENERATED 125 CANDIDATES, THE BOARD HIRED KEITH KELLY AS PRESIDENT OF USRC. KEITH IS BOTH A LAWYER AND A DEVELOPER. HE WAS RESPONSIBLE FOR THE CROWN CENTER REDEVELOPMENT IN KANSAS CITY BEFORE COMING TO USRC. AT CROWN CENTER, HE DEMONSTRATED THE ABILITY TO DEVELOP A NATIONALLY KNOWN AND HIGHLY SUCCESSFUL MIXED-USE COMPLEX WHILE WORKING VERY EFFECTIVELY WITH AN INNER CITY COMMUNITY. EARLIER IN HIS CAREER, KEITH WAS A PARTNER OF LARRY SMITH & COMPANY AND AN ASSOCIATE AT AWALT, CLARK & SPARKS HERE IN WASHINGTON.

AFTER RETAINING KEITH KELLY, USRC CONDUCTED NATIONAL COMPETITIONS FOR THE PROJECT'S DEVELOPER, ARCHITECTS, AND CONSTRUCTION MANAGER. THE PREFERRED DEVELOPER IS UNION STATION VENTURE, A JOINT VENTURE AMONG EQUITY ASSOCIATES/LASALLE PARTNERS, WILLIAMS JACKSON CAVANAUGH, AND BEN THOMPSON & ASSOCIATES. I ANTICIPATE THAT USRC WILL COMPLETE NEGOTIATIONS AND SIGN A FIRM AGREEMENT WITH UNION STATION VENTURE IN THE VERY NEAR FUTURE. FIRM AGREEMENTS HAVE BEEN REACHED WITH THE ARCHITECT, HARRY WEESE & ASSOCIATES, FOR DESIGNING THE REHABILITATION OF UNION STATION AND WITH THE CONSTRUCTION MANAGER, A JOINT VENTURE OF THE GILBANE BUILDING CO. AND THE SHERMAN R. SMOOT CO.

USRC'S ARCHITECTS AND THE DEVELOPER'S ARCHITECTS ARE NOW COMPLETING THEIR SCHEMATIC DESIGNS. THEIR CONCEPT DESIGNS HAVE BEEN THE FOUNDATION FOR OUR ENVIRONMENTAL ASSESSMENT.

THAT ENVIRONMENTAL ASSESSMENT IS COMPLETED, AND IT RESULTED IN A FINDING OF NO SIGNIFICANT IMPACT. IN THE COURSE OF THE ENVIRONMENTAL REVIEW PROCESS, USRC PRESENTED ITS PLANS TO THE NATIONAL CAPITAL PLANNING COMMISSION, THE DISTRICT OF COLUMBIA HISTORIC PRESERVATION OFFICER AND THE HISTORIC PRESERVATION REVIEW BOARD THAT ADVISES HER, THE FINE ARTS COMMISSION, THE ADVISORY COUNCIL ON HISTORIC PRESERVATION, AND THE DEPARTMENT OF THE INTERIOR. WITH THEIR COOPERATION AND ASSISTANCE, WE ARE CONFIDENT THAT THE COMMERCIAL DEVELOPMENT USV WILL PROVIDE IN UNION STATION WILL BE ENTIRELY COMPATIBLE WITH THE HISTORIC CHARACTER OF THE BUILDING.

THE ENGINEERING SURVEY SUBMITTED TO CONGRESS IN DECEMBER 1982 SHOWED THAT INTERIM STRUCTURAL AND ELECTRICAL REPAIRS WOULD BE NEEDED TO PRESERVE THE BUILDING WHILE PLANNING FOR THE COMPLETE RESTORATION WAS IN PROGRESS. THE INTERIM REPAIRS ARE NOW COMPLETED AND THE BUILDING IS IN NO DANGER OF FURTHER DETERIORATION, AT LEAST FOR THE PRESENT.

THE DISTRICT OF COLUMBIA IS COMPLETING THE PARKING GARAGE BEHIND THE STATION, TOGETHER WITH A STRUCTURE LINKING THE GARAGE TO THE STATION CONCOURSE. CONSTRUCTION IS WELL ALONG.

THE NATIONAL PARK SERVICE WILL SOON COMPLETE THE ROOF REPAIRS IT UNDERTOOK AND WILL SOON PROVIDE PLANS FOR RECONSTRUCTION OF THE STORM WATER DRAINAGE SYSTEM IN UNION STATION. USRC WILL AWARD AND MANAGE THE CONSTRUCTION CONTRACT FOR THAT SYSTEM WITH PARK SERVICE FUNDS.

IN SHORT, THE INTERIM REPAIRS HAVE BEEN COMPLETED AND, WITH THE EXCEPTION OF THE CONSTRUCTION CONTRACTOR WHO WILL BE SELECTED COMPETETIVELY WHEN THE DESIGN IS FINISHED, THE KEY PARTICIPANTS IN THE REDEVELOPMENT PROJECT ARE ON THE JOB. KEITH KELLY WILL ELABORATE ON OUR PLANS FOR THE STATION, AND THE SCHEDULE ON WHICH WE INTEND TO IMPLEMENT THEM.

ONE ELEMENT OF THE UNION STATION COMPLEX NOT YET IN PLACE IS THE AOC SITE. UNTIL THE UNION STATION REDEVELOPMENT PLANS WERE FAR ENOUGH ALONG TO ENABLE US TO SPELL OUT THE PRECISE ROLE THE AOC SITE WOULD PLAY IN THE PROJECT, IT WOULD HAVE BEEN INAPPROPRIATE TO REQUEST ASSIGNMENT OF THE SITE FROM THE ARCHITECT OF THE CAPITOL. ESTHETICALLY AN APPROPRIATE BUILDING ERECTED ON THE AOC SITE WOULD COMPLEMENT UNION STATION AND THE POST OFFICE, WHICH WAS ALSO DESIGNED BY DANIEL BURNHAM, THE ARCHITECT OF UNION STATION. SUCH A BUILDING WOULD COMPLETE COLUMBUS PLAZA AND PROVIDE A SUITABLE TRANSITION TO THE CAPITOL GROUNDS. IN BUSINESS TERMS, DEVELOPMENT OF THE SITE WOULD ENHANCE THE MARKET FOR THE STATION'S RETAIL TENANTS, SECURING PROJECT CASH FLOWS. FROM A BUDGETARY PERSPECTIVE, THE REVENUE RECEIVED FROM DEVELOPMENT OF THE AOC SITE WOULD ENABLE THE DEPARTMENT TO BUY OUT THE LEASE ON UNION STATION, FACILITATING THE REDEVELOPMENT AND SAVING A SUBSTANTIAL SUM OVER THE REMAINING LIFE OF THE LEASE.

USRC PROPOSES TO LEASE THE AOC SITE TO A PRIVATE DEVELOPER, WHO WOULD ERECT A BUILDING CONSISTENT WITH USRC SPECIFICATIONS. THE ADMINISTRATIVE OFFICE OF THE COURTS WOULD BE THE PRIME TENANT OF THE NEW BUILDING. THEY ARE NOW SCATTERED AMONG OFFICES AROUND THE METROPOLITAN AREA, AND WE UNDERSTAND THAT CHIEF JUSTICE BURGER HOPES TO CONSOLIDATE THEIR OFFICES AT A SINGLE SITE. KEITH WILL GIVE YOU THE DETAILS OF HOW THAT MIGHT BE DONE.

NOTE THAT THE USRC DEVELOPMENT PLAN FOR THE AOC SITE HAS NOT BEEN ENDORSED OR APPROVED BY THE ADMINISTRATION, WHICH IS IN THE PROCESS OF ANALYZING VARIOUS DEVELOPMENT OPTIONS THAT MIGHT BE PUT FORWARD.

IF THE AOC SITE IS INCLUDED AS PART OF THE UNION STATION COMPLEX, USRC WILL BE ABLE TO MAXIMIZE ACCOMPLISHMENT OF THE GOALS SET FOR THE PROJECT IN THE UNION STATION REDEVELOPMENT ACT OF 1981. THE EXTERIOR FACADE AND OTHER HISTORICALLY AND ARCHITECTURALLY SIGNIFICANT FEATURES OF THE UNION STATION BUILDING WILL BE PRESERVED. THE TRAIN STATION WILL RETURN TO THE INTERIOR OF THE HISTORIC BUILDING, BRINGING THE TRACKS BACK CLOSE TO THEIR FORMER LOCATION. HOLDING FACILITIES FOR BUSES WILL BE PROVIDED AND THE COMMERCIAL DEVELOPMENT IN THE UNION STATION COMPLEX WILL FINANCIALLY SUPPORT THE CONTINUED OPERATION AND MAINTENANCE OF THE COMPLEX. EXCEPT FOR AN ANNUAL APPROPRIATION FOR RENT (UNLESS THE LEASE IS BOUGHT OUT), WE DO NOT EXPECT TO COME BACK TO CONGRESS FOR FURTHER APPROPRIATIONS. WE EXPECT THAT THE FEDERAL GOVERNMENT WILL BE ABLE TO WITHDRAW FROM ANY ACTIVE ROLE IN THE OPERATION AND MANAGEMENT OF UNION STATION.

WE ARE PLEASED TO BE ABLE TO PROVIDE THIS PROGRESS REPORT. UNION STATION IS A COMPLEX PROJECT, BUT IT IS PROGRESSING EXTRAORDINARILY WELL. THE STATUTORY FRAMEWORK PROVIDED BY THE

CONGRESS HAS GIVEN THE DEPARTMENT THE POWER AND FLEXIBILITY TO APPROACH THIS JOB EFFICIENTLY, AND AS MUCH LIKE A PRIVATE-SECTOR DEVELOPED AS GOVERNMENT PLAYED IN CREATING THAT STATUTE AND SUPPORTING THIS PROJECT AT EVERY STEP, I AM SURE YOU FEEL THE SAME SATISFACTION IN PRESERVING THIS GRAND BUILDING, AND GIVING WASHINGTON BOTH A TRAIN STATION APPROPRIATE TO OUR NATION'S CAPITOL AND A UNIQUE COMMERCIAL CENTER.

THANK YOU. WHEN KEITH IS FINISHED, I WILL BE GLAD TO ANSWER ANY QUESTIONS YOU HAVE.