

**Government of the District of Columbia
Office of the Chief Financial Officer**



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Linda W. Cropp
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi 
Chief Financial Officer

DATE: DEC 13 2005

SUBJECT: Fiscal Impact Statement: "Baseball Lease Agreement"

Funds are sufficient within the FY2005-2009 general fund financial plan and budget to support the Proposed Lease Agreement between Major League Baseball and the D.C. Sports and Entertainment Commission (SEC). Any expenditures and revenues pertinent to the Lease would be within the Ballpark Revenue Fund. Activities related to the balance in this fund are projected to be sufficient to cover these transactions.

Revenue streams to the Ballpark Revenue Fund include annual average collections of the Ballpark Fee (\$14 million); collections of sales tax revenue at the stadium from sales of food and concessions, tickets, and parking (\$24 million); rent to be paid by Major League Baseball, the Team (\$6 million); and a 1 percent gross receipts tax paid by non-residential users of public utilities and toll telecommunications (\$14 million). These sources are projected to generate an average of \$58 million annually. These revenues finance the average \$38 million annual debt service payments on \$535 million in bond financing and the additional annual revenue coverage that will be required by lenders. In addition, the projected Ballpark Revenue Fund balances support the expected expenditures generated by the Lease.

Projected cash flows related to the Lease include a \$20 million payment from Major League Baseball to be used for fixtures and equipment and to be paid in 2008. Also, the SEC becomes liable for certain expenditures including a \$1.5 million annual contribution to a Capital Reserve Fund beginning in March 2008 and will carry property damage insurance for the stadium costing an expected \$1.5 million annually beginning in 2008.

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Because of the design of the Ballpark Revenue Fund, the terms of the Lease will be met now and through 2037 with no expected impact on the general fund, barring some catastrophic event.