

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: July 8, 2003

SUBJECT: Fiscal Impact Statement: “District of Columbia Bus Shelter Act of 2003”, “District of Columbia Bus Shelter Emergency Act of 2003” and “District of Columbia Bus Shelter Temporary Act of 2003”

REFERENCE: Draft – No bill number

Conclusion

Funds are not sufficient in the FY 2003 budget and the proposed FY 2004 through FY 2007 budget and financial plan to implement the District of Columbia Bus Shelter Act of 2003. Revenue from the current franchise agreement is deposited into the General Fund. Revenue generated from franchise fees under a new franchise agreement will be deposited into the Highway Trust Fund, while revenues generated as a result of any extension of the existing franchise agreement will continue to be deposited into the General Fund.

Because the revenues from franchise fees are currently assumed to be part of the General Fund budget for FY 2004, depositing the fee revenue into the Highway Trust Fund instead will have a \$1.2 million negative impact on the General Fund in FY 2004 and a total negative impact of \$4.8 million for FY 2004 through FY 2007. The revenue generated for the Highway Trust Fund for FY 2004 through FY 2007 cannot be estimated until a franchisee is selected and a contract is signed.

Background

The District of Columbia Bus Shelter Act of 2003 authorizes the District of Columbia Department of Transportation (DDOT) to enter into a bus shelter franchise agreement for the design, construction, fabrication, installation and maintenance of all bus shelters at no cost to the District and authorizes the franchisee to place advertisements on some of the bus shelters. The proposed legislation sets out the items to be included in the franchise agreement, including the number of bus shelters, the specific location of the first 100 bus shelters and any limitations on the type of advertising permitted. All funds collected as a result of the franchise agreement are to be deposited into the District of Columbia Highway Trust Fund. The proposed legislation also states that bus shelters should contain the minimum amount of advertising necessary to provide the desired economic return to the District and the amenities specified in the franchise agreement.

The existing bus shelter franchise agreement expires on October 4, 2003. The bus shelter franchise agreement authorized by this act is not to become effective until after this date. The proposed legislation authorizes the extension of the existing franchise agreement until DDOT enters into a new franchise agreement but for not more than one year from the effective date of the act. Fees collected under the existing franchise agreement are deposited into the General Fund.

Financial Plan Impact

The proposed legislation will have a negative impact on the General Fund in FY 2004 through FY 2007 because \$1.2 million in bus shelter franchise fees are currently assumed to be part of General Fund revenue for those years. The magnitude of the positive impact to the Highway Trust Fund in FY 2004 through FY 2007 cannot be assessed at this time because the amount of franchise fees that will be collected and deposited into the Highway Trust Fund cannot be estimated until after a franchisee is selected and a contract signed. DDOT expects it will extend the existing franchise agreement prior to entering into a new agreement. Therefore, it is expected that the agency will collect approximately \$100,000 in franchise fees for each month of the extension. These revenues will be deposited into the General Fund.

Impact on the General Fund				
FY 2004	FY 2005	FY 2006	FY 2007	TOTAL
\$1.2 M	\$1.2 M	\$1.2 M	\$1.2 M	\$4.8 M