

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 9, 2003

SUBJECT: Fiscal Impact Statement: “Telecommunications Asset and Location Leverage Fund Act of 2003”

REFERENCE: Draft Legislation as Introduced - No Bill Number Available

Conclusion

Funds are sufficient in the FY 2003 budget and the proposed FY 2004 through FY 2007 budget and financial plan as agreed to by the Mayor and the Council of the District of Columbia. If fully implemented, the proposed legislation will yield for the District an estimated \$265,000 in FY 2004 and \$2 million in FY 2004 through FY 2007. However, since funds have not yet been appropriated, all lease proceeds would be accounted for as General Fund revenue, but would not be available for expenditure by a District agency.

Background

The proposed legislation would authorize the Office of the Chief Technology Officer (OCTO) to implement and operate the Telecommunications Asset and Location Leverage program (TALL). Under this program, OCTO would identify District-owned building rooftops and other locations suitable for the placement of antennas and would arrange for the Office of Property Management (OPM) to lease such space to public and private entities for telecommunications purposes.

The proposed legislation would also establish a dedicated non-tax account as part of the General Fund into which all revenue collected would be deposited. Currently, at the end of each fiscal year unspent proceeds lose their identity as “dedicated” non-tax revenue and become part of the undesignated General Fund.

The proposed legislation would authorize OCTO, through the TALL program to:

- ◆ Fund the personnel and non-personnel OCTO costs for operating the TALL program;
- ◆ Remit to District agencies 50 percent of the net revenue attributable to building rooftops and other locations; and
- ◆ Fund the personnel and non-personnel costs for OCTO to develop and maintain a dedicated telephone and data network for the District (DC-NET).

Financial Plan Impact

Funds are sufficient in the FY 2003 budget and the proposed FY 2004 through FY 2007 budget and financial plan to complete the set-up of TALL. The FY 2003 pilot program has appropriations sufficient to absorb the initial start-up costs for personnel and administration. However, beginning October 1, 2003 all positions necessary to administer the proposed plan will have to be funded in the agency's budget. The TALL operations will invoice the client vendors monthly.

Part of the base requirements of the initiative is that the installation of equipment creating the electronic lease space is unobtrusive. OCTO and OPM have an understanding that any post-installation building refurbishment requirements will be funded directly from lease payments before administrative costs and agency net proceeds. Costs for post-installation refurbishment cannot be projected at this time, but are thought to be minimal. It is OPM's and OCTO's intent to pass all installation costs to the leasing entities.

The table in Figure 1 presents an estimated net annual impact based on full implementation of the TALL Act provisions. Impacts to the financial plan will not begin until FY 2004.

Figure 1.

Estimated Impact to the Financial Plan					
(\$ in 000s)					
Item	FY 2004	FY 2005	FY 2006	FY 2007	4-Year Total
Expenditure	(\$125)	(\$129)	(\$134)	(\$138)	(\$ 526)
Revenue	390	580	710	803	2,483
Net Annual Impact	\$265	\$451	\$576	\$665	\$1,957

District agencies that participate in the program will receive approximately 50 percent of the net of revenue attributable to their participation. Funds have not been appropriated or allocated to District agencies for expenditure purposes. If funds are appropriated and subsequently allocated to offset District agency operations, the unspent net of proceeds will become part of the undesignated/undedicated General Fund at the end of every fiscal year. Agency DC-NET costs

that are not covered by the TALL participation will require additional resources. District agencies participating in DC-NET will be required to remain within all of their existing resources.

The Chief Financial Officer's legislative fiscal analysis is prepared by the Special Projects and Fiscal Analysis Administration in the Office of Research and Analysis. Contact us at 441 4th Street, NW, Suite 400S, Washington D.C., 20001 or view our work on-line at <http://cfo.dc.gov>.