

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



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Vincent C. Gray
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer

DATE: OCT 18 2007

SUBJECT: Fiscal Impact Statement: "National Capital Revitalization Corporation and Anacostia Waterfront Corporation Reorganization Clarification Act of 2007"

REFERENCE: Bill 17-340 As Introduced

Conclusion

Funds are sufficient in the FY 2008 budget to implement the proposed legislation. However, funds will not be sufficient after FY 2008 to manage the new responsibilities given to the Deputy Mayor for Planning and Economic Development. Based on current estimates for FY 2008 and assuming 4% growth in available revenues and operating expenses in FY 2009, approximately \$6.3 million will need to be appropriated annually for FY 2009, FY 2010 and FY 2011.

Background

The proposed legislation repeals the National Capital Revitalization Corporation (NCRC) and Anacostia Waterfront Corporation (AWC) Acts as of October 1, 2007, and transfers to the Mayor the real property from those agencies as well as all other property, records, and unexpended balances of appropriations, allocations, and other available funds.

The legislation dissolves the Boards of Directors of the NCRC, the RLA Revitalization Corporation (RLARC), the AWC, and its subsidiaries, the Southwest Waterfront Development Corporation (SWDC) and the Southwest Waterfront Holdings Corporation (SWHC). The legislation stipulates that the Mayor shall succeed to the powers, duties and responsibilities of the Boards of those agencies. The legislation requires the Mayor to submit to Council by July 12, 2007, a transition plan for the transfer of all functions, duties, powers, records, property,

obligations and assets from the dissolved agencies to the management and control of the Mayor on October 1, 2007.

The legislation establishes Economic Development Special Account Funds to which all funds will be transferred, including ongoing fees, revenues, and other income from real property of assets formerly under the authority of the NCRC and the AWC. These funds may be used to pay the costs of operating and administering properties and programs under the authority of the Deputy Mayor for Planning and Economic Development, including properties and programs formerly operated and administered by the NCRC and AWC. These funds may pay for an increase of 40 additional FTEs approved as part of the transfer.

The legislation gives substantial new responsibilities to the Mayor, which will result in significant operating expenses. It also transfers various revenues and fund balances that can be used to support the new expenses. Although operating expenses are likely to exceed annual revenues in FY2008, the available one-time transfers to the funds will be sufficient to cover those expenses only in FY 2008.

Fiscal Impact

Funds are sufficient in the FY 2008 budget to implement the proposed legislation. However, funds will not be sufficient after FY 2008 to manage the new responsibilities given to the Deputy Mayor for Planning and Economic Development. Based on current estimates, approximately \$6.3 million will need to be appropriated annually for FY 2009, FY 2010 and FY 2011. These out-year estimates are subject to change depending on future staffing level decisions, the availability of additional revenue sources and/or project funding streams, and the level of contractual obligations that may be required to carry out the Administration's new responsibilities.