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

Jeffrey S. DeWitt
Chief Financial Officer

MEMORANDUM

TO: **The Honorable Phil Mendelson**
Chairman, Council of the District of Columbia

FROM: **Jeffrey S. DeWitt**
Chief Financial Officer

Jeffrey S DeWitt

DATE: **November 20, 2018**

SUBJECT: **Fiscal Impact Statement – East End Food Justice Act of 2018**

REFERENCE: **Bill 22-207, Draft Committee Print as shared with the Office of Revenue Analysis on November 19, 2018**

Conclusion

Funds are sufficient in the fiscal year 2019 through fiscal year 2022 budget and financial plan to implement the bill.

Background

The bill creates the East End Grocery and Retail Construction Incentive Program (Program) to attract and construct affordable, full-service grocery,[1] retail, and sit-down restaurant options in underserved areas as anchor stores. The Program, which will be managed by the Deputy Mayor for Planning and Economic Development, should help pay for construction costs for eligible businesses at the following sites:

- Skyland Town Center;
- Capitol Gateway;
- East River Park;
- The Shops at Penn Hill;
- Parkside Planned Unit Development;
- St. Elizabeths East Campus;
- United Medical Center;
- Columbian Quarter; and
- Deanwood Town Center.

[1] Any grocery stores must accept Supplemental Nutrition Assistance Program and Women, Infants, and Children Program benefits and offer fresh produce, meat, and dairy.

The bill designates the first $200 million of future, unexpected surplus revenue that may be deposited into Pay-as-you-go capital funds[2] to support a new capital project that funds the Program. The District should allocate any construction costs it funds for a store equally over a fifteen-year time period and require the anchor store to pay back the unforgiven portion of the construction costs if it ceases operations in less than fifteen years.

Financial Plan Impact

Funds are sufficient in the fiscal year 2019 through fiscal year 2022 budget and financial plan to implement the bill.

The District currently requires that 50 percent of any excess funds at the end of a fiscal year – after four required reserve funds have been funded – be dedicated for Pay-as-you-go capital projects. The District has not had excess funds to dedicate to Pay-as-you-go capital projects in any fiscal year since this requirement became effective in fiscal year 2015, and there are not expected to be any available over the fiscal year 2019 through fiscal year 2022 financial plan period. A dedication of the first $200 million of excess funds to the construction of affordable grocery and retail anchor stores will have no impact on the District's budget or financial plan.

[2] The Fiscal Year 2015 Budget Support Act of 2014, effective (D.C. Law 20-155; D.C. Official Code § 47-392.02(j-2)), designated that any surplus funds at the end of a fiscal year, after the District has fully funded the Emergency, Contingency, Fiscal Stabilization, and Cash Flow Reserves, shall be split 50 percent to the Housing Production Trust Fund and 50 percent to Pay-as-you-go capital projects.