

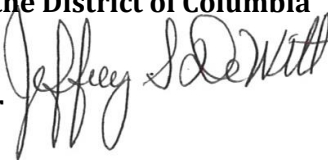
Government of the District of Columbia
Office of the Chief Financial Officer



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 

DATE: October 5, 2017

SUBJECT: Fiscal Impact Statement – East End Health Equity and Food Justice Act of 2017

REFERENCE: Bill 22-207, Draft Committee Print as shared with the Office of Revenue Analysis on September 28, 2017

Conclusion

Funds are sufficient in the fiscal year 2018 through fiscal year 2021 budget and financial plan to implement the bill.

Background

The bill requires the Mayor to report to the Council on two District health system related matters. First, the Mayor must update the Council on the progress toward selecting a private operator for the new East End Medical Center by December 1, 2017. Second, the Mayor must update the Council, by December 1, 2017, on systemic improvements to patient health at United Medical Center since August 7, 2017 and the likelihood of and timeline for the restoration of obstetrics and gynecological (OB-GYN) services at the Hospital.

The bill also designates the first \$300 million of future, unexpected surplus revenue that may be deposited into Pay-as-you-go capital funds¹ to support two projects: the new East End Medical Center and the construction of affordable grocery and retail anchor stores at specified sites in the District's Wards 7 and 8.² The bill creates the East End Grocery and Retail Construction Incentive

¹ 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.

² \$100 million will support the East End Medical Center (capital project UMV01) and \$200 million will support grocery and retail development.

Program to spend the Pay-as-you-go capital funds³ for site preparation, infrastructure, and construction costs of new anchor stores 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; and
- United Medical Center.

If a supported anchor store is built on District-owned land, the District should lease the store for \$1 annually and allocate the construction costs equally over a fifteen-year time period. The anchor store will 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 2018 through fiscal year 2021 budget and financial plan to implement the bill.

The new East End Medical Center does not exist but a working group is established to plan for its development. The working group is expected to deliver its final report in late fall of 2017, which will include an analysis of viable partnership arrangements for the new medical center. This analysis should help address the bill's requested update on the progress toward selecting a private hospital provider. Development of the hospital will have significant costs,⁴ but providing this update to Council by December 1, 2017 will not require any additional resources. The Mayor will also not require any additional resources to update Council on patient health improvements and OB-GYN services at the United Medical Center since August 7, 2017.

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 2018 through fiscal year 2021 financial plan period. A dedication of the first \$300 million of excess funds to both the East End Medical Center and the construction of affordable grocery and retail anchor stores will have no impact on the District's budget or financial plan.

³ The bill establishes the East End Grocery and Retail Construction Incentive capital project under the purview of the Deputy Mayor for Planning and Economic Development.

⁴ The District's six-year capital plan includes \$300 million in funds beginning in fiscal year 2021 to construct the East End Medical Center.