


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:** September 25, 2018

**SUBJECT:** Fiscal Impact Statement – Ensuring Community Access to Recreational Spaces Act of 2018

**REFERENCE:** Bill 22-613, Draft Committee Print as shared with the Office of Revenue Analysis on September 25, 2018

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**Conclusion**

Funds are not sufficient in the fiscal year 2019 through fiscal year 2022 budget and financial plan to implement the bill. The bill's implementation will reduce District revenues by approximately \$783,000 in fiscal year 2019 and \$3.2 million over the four-year financial plan period. The bill also requires additional budget resources of approximately \$581,000 in fiscal year 2019 and \$2.8 million over the four-year financial plan period.

**Background**

The Department of General Services (DGS) is charged with permitting the use of District of Columbia Public School (DCPS) facilities. School facilities, as defined in the bill, include fields, playgrounds, gymnasiums, multipurpose rooms, and other recreational areas under DCPS control. Schools and school-related groups typically do not request permits for their activities, but outside community groups apply for and obtain permits for use of DCPS facilities.

The bill establishes a priority order for school facility usage and parameters around requesting a permit to use DCPS facilities. DGS should give priority first to the public school where the facility is located, second to DCPS generally, third to community use at designated community use times,<sup>1</sup> and lastly to permit holders. As it relates to permit holders, DGS should give priority to DCPS school

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<sup>1</sup> Community use times are times designated by the Mayor where a DCPS facility is open to members of the community for recreational use without the need for a permit.

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program providers, public athletic programs,<sup>2</sup> non-profits,<sup>3</sup> District residents or entities, and then all other applicants.

The bill establishes the DCPS School Facility Fund (Fund) as a nonlapsing special purpose revenue fund to collect the permit fees associated with the rental of DCPS facilities. The Mayor should transfer 75 percent of the money in the Fund to the schools where facilities were utilized to generate the revenue<sup>4</sup> and 25 percent can be maintained to administer the permit program. The Funds transferred to the schools can be used for cleaning, maintenance, and repairs. The Mayor should transmit an annual report to Council accounting for the receipt and disbursement of the funds received by the Fund.

The bill also requires DGS to create an application for a waiver or reduction of any fees charged for DCPS facility usage. To be eligible for a fee waiver or reduction, the entity must be a non-profit whose membership is at least 75 percent District residents and can show financial hardship due to the fees.

The bill also establishes a ten-member<sup>5</sup> Community Use of School Facilities Task Force (Task Force) to evaluate open community use and provide recommendations to increase such usage. The Task Force should consult with experts in obesity, community health, liability insurance, and tort liability. The Task Force should submit its findings by April 1, 2019.

### **Financial Plan Impact**

Funds are not sufficient in the fiscal year 2019 through fiscal year 2022 budget and financial plan to implement the bill.

The bill requires the District to offer an organization or group the ability to apply for a fee waiver if the organization meets the prescribed requirements. The fee waiver will reduce revenues for the District's local fund and DCPS dedicated accounts. Due to limited data available from DGS regarding the current permit applicants at DCPS facilities, our analysis assumes that all organizations who currently use DCPS facilities would apply for and qualify for the fee waiver. DGS currently collects approximately \$783,000 in revenues for the rental of recreational spaces at DCPS facilities. Approximately 63 percent, or \$492,000, is deposited into the District's local fund and will now be forgone. The remaining 37 percent, or \$291,000 is sent to DCPS and deposited into special purpose funds dedicated to the reimbursement of security and custodial services provided by DCPS for these rentals. These special purpose revenues will also be forgone.

While the bill directs any usage fees that are not waived to the new Fund, ORA does not anticipate any such usages. If such revenues are realized, the bill requires 75 percent of the fees to be directed to the DCPS facility where the permit was issued, and the remaining 25 percent are directed to help administer the permit program.

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<sup>2</sup> Athletic programs must be sponsored by the Department of Parks and Recreation, District of Columbia public charter schools, or the District of Columbia State Athletic Association.

<sup>3</sup> Priority should be given first to non-profits that service District youth and then those who serve all other District residents.

<sup>4</sup> The funds should be transferred each October 1 and February 1.

<sup>5</sup> Membership includes a representative from DGS, DCPS, the Department of Parks and Recreation, the Office on Aging, the Chief Financial Officer, and five community representatives.

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The fees that are currently directed to the DCPS special purpose funds allow DCPS to offset security and custodial costs associated with these recreational uses. Because this revenue will be lost, DCPS requires additional local fund budgeted resources of approximately \$291,000 in fiscal year 2019 and \$1.2 million over the four-year financial plan period to continue to provide these services. The fee waiver will also result in increased demand for permits, so both DGS and DCPS will require additional resources to account for increased maintenance, security and custodial costs. These needs require approximately \$133,000 in fiscal year 2019 and \$973,000 over the four-year financial plan period. The combined resource need for maintenance, security and custodial services resulting from both maintaining the current level of service and a growth in demand is \$424,000 in fiscal year 2019 and \$2,169,000 over the four-year financial plan period.

DGS also requires two additional employees to meet the increased demand for recreational uses as well as the enhanced processing and oversight associated with the fee waivers and the bill's prescribed priority use order. These employees will cost approximately \$157,000 in fiscal year 2019 and \$666,000 over the four-year financial plan period.

The bill requires the District to establish a Task Force to evaluate opportunities for open community recreational use at DCPS facilities. The Deputy Mayor for Education (DME) is currently leading a task force that is evaluating opportunities for open community use, and the DME's office can absorb the task force provisions of the bill.

<b>Ensuring Access to Recreational Spaces Act of 2018</b>					
<b>Bill 22-613</b>					
<b>Implementation Costs</b>					
<b>Fiscal Year 2019 – Fiscal Year 2022</b>					
<b>(\$000s)</b>					
	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>Total</b>
<b>Revenue Loss<sup>a</sup></b>					
Local Fund	\$492	\$501	\$509	\$518	\$2,020
DCPS Special Purpose Funds <sup>b</sup>	\$291	\$296	\$302	\$307	\$1,196
<b>Total Revenue Loss</b>	<b>\$783</b>	<b>\$797</b>	<b>\$811</b>	<b>\$825</b>	<b>\$3,216</b>
<b>Budget Needs</b>					
Maintenance, Security, Custodial <sup>c</sup>	\$424	\$571	\$582	\$592	\$2,169
DGS Employees <sup>d</sup>	\$157	\$164	\$169	\$176	\$666
<b>Total Budget Needs</b>	<b>\$581</b>	<b>\$735</b>	<b>\$751</b>	<b>\$768</b>	<b>\$2,835</b>
<b>TOTAL FISCAL IMPACT</b>	<b>\$1,364</b>	<b>\$1,532</b>	<b>\$1,562</b>	<b>\$1,593</b>	<b>\$6,051</b>

Table Notes

<sup>a</sup> This revenue loss is assumed to be the baseline revenues that are currently collected but will no longer be collected due to the fee waiver.

<sup>b</sup> These two DCPS funds are used to reimburse security and custodial costs incurred by DCPS for recreational uses at its facilities. The revenues are inflated by 1.75% across the four-year financial plan period to account for cost increases. If or when the bill is funded, the special purpose budget will be reduced by an amount corresponding to this revenue reduction.

<sup>c</sup> Maintenance, security, and custodial costs are assumed to reflect demand of usage. In FY19 and FY20, demand is expected to increase 17 percent over current use and then level off (costs inflate at 1.75% in FY21 and FY22).

<sup>d</sup> Includes one Grade 9 and one Grade 12 employee.