


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:** February 11, 2019

**SUBJECT:** Fiscal Impact Statement – Old Hardy School Disposition and Lease  
Approval Emergency Act of 2019

**REFERENCE:** Draft Bill as shared with the Office of Revenue Analysis on January 11,  
2019

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**Conclusion**

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

**Background**

The bill authorizes the Mayor to dispose of the Hardy School building located at 4470 Q Street, N.W.<sup>1</sup> to the Lab School of Washington, Inc. The Mayor can enter a ground lease with the Lab School for a term greater than fifteen years and the District must approve any redevelopment plans for the property, as long as the property is maintained primarily as an educational facility. The Lab School currently leases the Hardy School Building from the District under a lease that runs through December 31, 2023.<sup>2</sup>

The Lab School must sign a First Source Agreement<sup>3</sup> with the District and use Certified Business Enterprises for at least 35 percent of the contract dollar volume of any redevelopment of the property and 20 percent equity and development participation.

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<sup>1</sup> Known for tax assessment purposes as Square 1363, Lot 980.

<sup>2</sup> The District exercised the final five-year option period with the Lab School in November 2018.

<sup>3</sup> First Source Employment Agreement Act of 1984, effective June 29, 1985 (D.C. Law 5-93; D.C. Official Code § 2-219.03).

The Honorable Phil Mendelson

FIS: "Old Hardy School Disposition and Lease Approval Emergency Act of 2019," Draft Bill as shared with the Office of Revenue Analysis on January 11, 2019

### **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 and the Lab School are currently in the final five-year extension of their existing lease agreement that pays the District approximately \$126,000 annually after capital improvement rental credits. A new long-term lease has not yet been finalized, but the Department of General Services' preliminary discussions indicate that the new lease rent amounts will be similar to those in the existing lease and that a new lease would terminate the existing extension and begin immediately upon execution. The new lease will include an allowance for rental credits for both previous and future capital improvements to the Hardy School.