

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:** December 17, 2014

**SUBJECT:** Fiscal Impact Statement - Fiscal Year 2015 Revised Budget Request  
Emergency Adjustment Act of 2014

**REFERENCE:** Draft bill shared with the Office of Revenue Analysis on December 15,  
2014

A handwritten signature in black ink that reads "Jeffrey S. DeWitt".

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**Conclusion**

Funds are sufficient in the FY 2015 through FY 2018 budget and financial plan to implement the bill.

**Background**

This supplemental budget request does the following:

- It obtains budget authority for \$15 million the District will receive from D.C. Water<sup>1</sup> and uses this authority to increase Local fund budget of the Office of the Deputy Mayor for Planning and Economic Development by \$13,508,000;<sup>2</sup>
- It increases Local fund budget at the Office of the District of Columbia Auditor by \$600,000;
- It approves two reprogramming requests the Mayor submitted to the Council—one for \$32,626,849 in capital funds and another for \$6,077,067 in recurring operating funds; and
- It increases District's borrowing authority for FY 2015 by approximately \$107 million and uses the planned borrowing to support an increase in the capital construction budget the same amount.

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<sup>1</sup> A Memorandum of Understanding the District and DC Water signed on December 15, 2014 authorizes this payment.

<sup>2</sup> The remainder will balance the deed recordation tax abatement authorized by Bill 20-805 the District of Columbia Soccer Stadium Development Act of 2014. The District does not need to get budget authority over this amount because it is a revenue reduction.

The Honorable Phil Mendelson

FIS: "Fiscal Year 2015 Revised Budget Request Emergency Adjustment Act of 2014," Draft bill shared with the Office of Revenue Analysis on December 15, 2014

## **Financial Plan Impact**

Funds are sufficient in the FY 2015 through FY 2018 budget and financial plan to implement the bill. The bill provides the necessary budget actions so the District can pay for the costs of Bill 20-805, the District of Columbia Soccer Stadium Development Act of 2014.

The \$15 million payment from DC Water is not in the District's budget and financial plan. Ordinarily, the Office of Revenue Analysis would have incorporated this payment in the District's revenue base in the next revenue projections. However, with this bill, the Mayor and the Council chose to use this payment to offset the costs of the proposed soccer stadium. This means the DC Water payment cannot offset other fluctuations in revenue.

According to the financing plan for the proposed soccer stadium, the entire DC Water payment will be set aside in a segregated fund to offset various costs of this project. The District will need to obtain ongoing budget authority to spend these funds in subsequent years.

The \$600,000 increase in the budget for the D.C. Auditor is not drawing from new revenue; this money, unspent by the agency, should have been restricted or committed for the agency in succeeding years by law. These funds will appear as restricted or committed in the FY 2014 Comprehensive Annual Financial Report and are available for spending in FY 2015.

The capital budget reprogramming of \$32.6 million is entirely underspending on already completed projects from previous years. Reprogramming these amounts for the use of the soccer stadium does not jeopardize current capital projects. In the operating budget, the bill reprograms \$3 million from the Charter Schools and another \$3 million from the Department of General Services. Enrollment in charters has been below what was assumed in the FY 2015 budget, so the District can use the excess funding set aside using the per pupil funding formula. DGS identified savings across multiple items in its budget (agency management, asset management, operations, construction, protective services, procurement, contractual services, etc.) and these can now be used elsewhere.

Finally, the District can increase its borrowing by \$107 million in FY 2015 and remain with the 12 percent cap on debt service.<sup>3</sup> This borrowing, in conjunction with the capital budget reprogramming, will pay for the District's capital construction costs for infrastructure improvements associated with the soccer stadium.

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<sup>3</sup> The District's debt service cannot be more than 12 percent of the local operating budget. The estimates assume a 25-year repayment term at an annual interest rate of 5.5 percent.