

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



**Natwar M. Gandhi**  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Philip H. Mendelson  
Chair, Council of the District of Columbia

**FROM:** Natwar M. Gandhi  
Chief Financial Officer 

**DATE:** July 30, 2012

**SUBJECT:** Fiscal Impact Statement – “450 H Street, NW, Second Amendment to Lease Agreement Emergency Act of 2012”

**REFERENCE:** Draft Bill shared with the Office of Revenue Analysis on July 25, 2012

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**Conclusion**

Funds are sufficient in the FY 2013 through FY 2016 budget and financial plan to implement the proposed legislation.

**Background**

The District Department of Youth Rehabilitation Services currently occupies a portion of 450 H Street, NW<sup>1</sup> pursuant to a lease agreement between the District of Columbia and BREOF 450 H REO LLC. The lease agreement, which was originally signed on July 18, 2001, expired on June 30, 2012.<sup>2</sup>

The bill approves an amendment to the lease agreement that would extend the lease through February 28, 2014. The lease amendment would obligate the District to a base rent of \$42.23 per rentable square foot per year, which includes an allowance for operating expenses and real property taxes. The leased premises contain approximately 24,030 rentable square feet. The lease amount will increase by 2.5 percent annually, starting February 1, 2013.

**Financial Plan Impact**

Funds are sufficient in FY 2012 and the FY 2013 through FY 2016 budget and financial plan to implement the bill. The lease is estimated to cost \$293,208 in FY 2012, and \$1.98 million through the approved lease period, which ends on February 28, 2014.

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<sup>1</sup> The property occupies Lot 103 in Square 518.

<sup>2</sup> The original term of the lease expired on January 31, 2012. The District extended the term of the lease through June 30, 2012. The bill would approve a second amendment to the existing lease.

The Honorable Philip H. Mendelson

FIS: "450 H Street, NW, Second Amendment to Lease Agreement Emergency Act of 2012," Draft bill shared with the Office of Revenue Analysis on July 25, 2012

The Agency Fiscal Officer for the Department of General Services (DGS) has confirmed that the FY 2012 cost can be absorbed in the fixed cost budget. The projected costs of the lease agreement for FY 2013 and FY 2014 are already included in the District's approved FY 2013 through FY 2016 budget and financial plan.