MEMORANDUM

TO: The Honorable Phil Mendelson
   Chairman, Council of the District of Columbia

FROM: Fitzroy Lee
       Acting Chief Financial Officer

DATE: November 17, 2021


REFERENCE: Draft Introduction as provided to the Office of Revenue Analysis on November 9, 2021

Conclusion

Funds are sufficient in the fiscal year 2022 through fiscal year 2025 budget and financial plan to implement the bill.

Background

In June of 2015, the District entered into a twenty-year lease with Charter School Incubator Initiative (CSII) to allow CSII’s exclusive use of the property commonly known as the Gibbs School.\(^1\) CSII was awarded the lease to operate one or more public charter schools and executed a use agreement with Monument Academy Public Charter School. The bill authorizes the Mayor to amend the lease by extending the lease term for an additional eleven years as well as providing for a renewal, at the tenant’s option, of another 25 years. CSII has spent at least $18 million on construction improvements to the property, and the lease extension is needed to allow CSII to refinance the initial construction loan.

\(^1\) 500 19th Street, NE, known for tax and assessment purposes as Square 4531, Lot 0037.
Financial Plan Impact

Funds are sufficient in the fiscal year 2022 through fiscal year 2025 budget and financial plan to implement the bill. The bill has no impact on the budget or financial plan.

The bill will allow the Mayor to extend the initial term of the lease from 2035 until 2046 and provide a renewal option for an additional 25 years. The District is not receiving any net rent payments under the lease because the lease provides CSII with rent abatements that will eventually offset CSII’s construction costs at the property. The lease extension will not change these rent provisions, but it will provide that rent due for the optional renewal period will be based on fair market rent pursuant to an appraisal.