

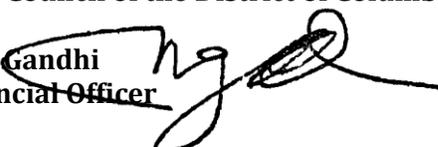
Government of the District of Columbia
Office of the Chief Financial Officer



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

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

FROM: Natwar M. Gandhi
Chief Financial Officer 

DATE: April 30, 2013

SUBJECT: Fiscal Impact Statement – “Paul School Emergency Lease Approval Resolution of 2013”

REFERENCE: Draft Resolution shared with the Office of Revenue Analysis on April 26, 2013

Conclusion

Funds are sufficient in the approved FY 2013 budget, and the Mayor’s proposed FY 2014 through FY 2017 budget and financial plan to implement the bill.

The proposed lease of this property would reduce District real property assets by approximately \$24,661,820.¹ However, this will have no direct fiscal impact on the District’s budget and financial plan because assets are not included in the budget and financial plan. The District will also receive rental revenue throughout the term of the lease totaling \$2,900,000 over 25 years. Additionally, the tenant will pay for the cost of renovating the property.

Background

The bill authorizes the lease of property located at 5901 9th Street N.W., known for tax and assessment purposes as Lot 0814 in Square 2985 (“Property”), to Paul Public Charter School (“Lessee”) for a term of 25 years. The Property is already leased to the same school, and they have occupied the space since 2003.

The agreement replaces the current lease², and requires the Lessee to renovate the property at its sole expense, which is estimated to cost \$21,000,000. The Lessee must also enter into a First Source

¹ FY 2014 Proposed Tax Assessed Value according to OTR’s Real Property Tax Database, accessed April 29, 2013. <https://www.taxpayerservicecenter.com>

² The current lease expires in 2033 (base term expires in 2018, but it can be renewed by the tenant for 3 five-year periods.)

The Honorable Phil Mendelson

FIS: "Paul School Disposition Approval Resolution of 2013" Draft Resolution shared with the Office of Revenue Analysis on April 26, 2013.

agreement with the District, obligating them to contract 35 percent of dollar volume of the project with Certified Business Enterprises (CBEs). CBEs must also make up 20 percent equity and development participation in the project.

Financial Plan Impact

Funds are sufficient in the approved FY 2013 budget, and the Mayor's proposed FY 2014 through FY 2017 budget and financial plan to implement the bill.

While this disposition formally reduces the real estate assets of the District, real estate assets are not included in the budget and financial plan. The terms of the proposed letter of intent with the Lessee maintains the same rent under the current lease for the Mayor's proposed four year financial plan.

Fiscal Impact of Paul School Disposition Approval Resolution of 2013						
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	Total
Current Lease	\$503,070	\$503,070	\$503,070	\$503,070	\$503,070	\$2,012,000
Proposed terms of new lease ^a	\$503,070	\$503,070	\$503,070	\$503,070	\$503,070	\$2,012,000
Net Fiscal Impact	\$0	\$0	\$0	\$0	\$0	\$0

Table Note: ^aProposed Letter of Intent for the lease as of April 26, 2013.