

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Office of the Chief Financial Officer**

Natwar M. Gandhi  
Chief Financial Officer



**MEMORANDUM**

**TO:** The Honorable Linda W. Cropp  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi [signature]  
Chief Financial Officer

**DATE:** December 24, 2003

**SUBJECT:** Fiscal Impact Statement: "Proposed Lease of the Old  
Washington Convention Center Property to the Washington  
Convention Center Authority Approval Resolution of 2003"

**REFERENCE:** Draft Resolution

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**Conclusion**

Funds are sufficient in the proposed FY 2004 through FY 2007 budget and financial plan to enact the "Proposed Lease of the Old Washington Convention Center Property to the Washington Convention Center Authority Approval Resolution of 2003". Under the terms of the lease, the District could incur a future liability if it terminated the lease early.

**Background**

The proposed resolution would approve a lease for the transfer of site control of the Old Washington Convention Center Property<sup>1</sup> to the Washington Convention Center Authority (WCCA) for \$100 per month for up to 10 years. The WCCA would be required to raze the site, and construct a parking facility and public green space on the property. The District would retain the right to terminate the lease in order to turn the property over to a developer for permanent use. If the District prematurely terminates the lease, it would be required to reimburse the WCCA for site improvements if the WCCA has not been fully reimbursed for its improvements of the parcel via net operating profits from the parking facility.

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<sup>1</sup> Lot 848 Square 374 and an adjoining parcel described as U.S. Reservation 174

### **Financial Plan Impact**

Funds are sufficient in the proposed FY 2004 through FY 2007 budget and financial plan to implement the "Transfer of Site Control of the Old Washington Convention Center Property to the Washington Convention Center Authority Approval Resolution of 2003".

Under the terms of the lease, the District could incur a future liability if it terminated the lease early. The total potential liability the District could incur would be \$13.8 million – the costs incurred by the WCCA for the demolition of the old convention center (\$6.4 million) and the cost of constructing the surface parking lot (\$7.2 million). The net operating profits earned by WCCA during the term of the lease would reduce the District's potential liability. If the WCCA has not been fully reimbursed for the contract amount at the end of the lease's 10-year term, the WCCA reserves the right to extend the term for five one-year terms.

Early lease termination would require Council action. At that time, any incurred liability must be included in that year's budget and financial plan in order for it not to have a fiscal impact.