

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



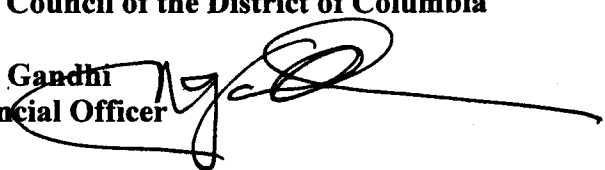
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CHAIRMAN CROPP

**Natwar M. Gandhi**  
Chief Financial Officer

**MEMORANDUM**

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

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

**DATE:** October 18, 2006

**SUBJECT:** Fiscal Impact Statement: "Ballpark Parking and Separate Development Authorization Emergency Act of 2006"

**REFERENCE:** Draft Legislation – No Bill Number Available (attached)

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**Conclusion**

Funds are **not** sufficient in the FY 2007 – FY 2010 budget and financial plan to implement the Ballpark Parking and Separate Development Authorization Emergency Act of 2006. The net fiscal impact of the proposed bill could be up to \$80 million, including estimated penalties and other costs of late stadium completion if the Sports Commission does not meet its March 1, 2008 deadline. In addition, the proposed bill does not authorize the issuance of bonds. Therefore, it does not provide sufficient funds to construct the parking and Team program in accordance with the Zoning-approved plan.

This fiscal impact statement is conditioned on the Office of the Attorney General's (OAG's) determination that the proposed legislation is legally sufficient.

**Background**

The proposed bill amends the Ballpark Hard and Soft Costs Cap and Ballpark Lease Conditional Approval Temporary Act of 2006 by authorizing use of revenue bond proceeds, parking revenues, excess funds in the Ballpark Revenue Fund, and revenues derived from the sale or transfer of development rights for the construction of stadium parking and District-owned commercial facilities.

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However, the proposed bill does not authorize the issuance of bonds. Therefore, it does not provide sufficient funds to construct the parking and Team program in accordance with the Zoning-approved plan.

The amendment allows the use of proceeds from the sale or transfer of development rights or the allocation of land value associated with development rights to fund cost overruns on the construction of parking facilities on the Ballpark Site or the construction of District-owned commercial facilities. The amendment does not prioritize the use of development rights proceeds, so proceeds could be used to support District-owned commercial facilities before other overruns in the baseball program.

The following provisions in the amendment do not provide sufficient funds to complete the required parking and Team program:

1. Although the amendment authorizes the use of bond proceeds for construction of parking facilities and District-owned commercial facilities, it does not authorize the additional issuance of bonds. The Ballpark Financing and Revenue Act of 2004 limits the par amount of bonds that can be issued to \$534.8 million. Without additional bond authority, the identified revenue sources would be insufficient to meet construction costs.<sup>1</sup>
2. The amendment directs the CFO to deposit the District's portion of revenues generated from non-game parking to the Ballpark Revenue Fund. Since the Ballpark Revenue Fund is a District non-General Fund fund, the monies in the Fund may be used to secure financing. In order to receive sufficient proceeds to fully fund the parking and Team program in conjunction with the other identified sources, the District would have to guarantee the non-game parking revenues. No source for a guarantee or credit enhancement is identified in this legislation. Therefore, funds made available through this legislation would likely be insufficient to cover the costs of parking.

The following provisions in the amendment may cause delays in the completion of the required Parking and Team program resulting in costs to the District of up to \$80 million for a one-year delay, including estimated penalties and other costs of late stadium completion if the Sports Commission does not meet its March 1, 2008 deadline.

1. Funds may not be expended until a Land Disposition Agreement (LDA) is executed. Since neither the terms of the agreement nor the liabilities associated with the LDA are identified, any costs associated with the LDA cannot be estimated at this time.

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<sup>1</sup> Please note that bond issuance authority can only be based on revenues not already pledged to the outstanding Ballpark Revenue Bonds.

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2. The Sports Commission is required to begin building stadium parking in accordance with the Zoning-approved plan. This plan includes Separate Development, which has not yet been approved by the Team, as required by the Construction Administration Agreement.
3. Funds may not be expended until the OCFO receives an irrevocable letter of credit for the purchase price for the Separate Development rights. The legislation states that the letter of credit would be contingent solely upon satisfactory completion of the parking program and District-owned facility. Neither the terms of the letter of credit nor the amount of the purchase price are identified.

### **Financial Plan Impact**

Funds are **not** sufficient in the budget and financial plan to implement the proposed legislation. Because the amendment does not authorize the issuance of bonds, the sources identified to pay for parking construction cost overruns are insufficient to pay for those overruns, thereby creating a liability for the District. The full extent of this liability cannot be determined until the terms of an agreement to sell the development rights are finalized.

Furthermore, any delay in the completion of the Stadium parking or Team program space caused by delays in executing an LDA or providing a letter of credit could cost up to \$80 million for a one-year delay.