

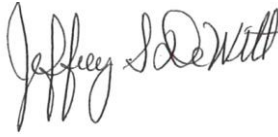
Government of the District of Columbia  
Office of the Chief Financial Officer



Jeffrey S. DeWitt  
Chief Financial Officer

**MEMORANDUM**

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

**FROM:** Jeffrey S. DeWitt  
Chief Financial Officer 

**DATE:** December 6, 2016

**SUBJECT:** Fiscal Impact Statement – Closing of a Public Alley in Square 126, S.O. 14-17521, Act of 2016

**REFERENCE:** Bill 21-586, Draft Committee Print as Shared with the Office of Revenue Analysis on December 5, 2016

---

**Conclusion**

Funds are sufficient in the fiscal year 2017 through fiscal year 2020 budget and financial plan to implement the bill.

**Background**

The bill authorizes the closing of a 434.5 square foot portion of the public alley located behind a commercial office building at 1700 K Street, N.W.<sup>1</sup> The commercial building owner will own the closed portion of the alley. The alley space is vacant; however, the building occupies air space above and vault<sup>2</sup> space below the alley. The bill requires the building owner to pay \$98,000 to the District and \$217,000 to the Golden Triangle Business Improvement District (BID)<sup>3</sup> as a condition of closing the alley portion.

**Financial Plan Impact**

Funds are sufficient in the fiscal year 2017 through fiscal year 2020 budget and financial plan to implement the bill. The building owner currently leases air rights<sup>4</sup> from the Department of General Services for \$48,000 annually. If the alley closing is approved, the air and underground occupancies

---

<sup>1</sup> Known for tax assessment purposes as Square 126, Lot 62.

<sup>2</sup> The first underground level is office space and the lower three levels are parking.

<sup>3</sup> Business Improvement Districts Act of 1996, effective May 29, 1996 (D.C. Law 11-134; D.C. Official Code § 2-1215.52).

<sup>4</sup> The air rights lease covers both the space above and below the public alley.

The Honorable Phil Mendelson

FIS: Bill 21-586, "Closing of Public Alley in Square 126, S.O. 14-17521, Act of 2016," Draft Committee Print as shared with the Office of Revenue Analysis on December 5, 2016

will fall within private space and the building owner will not be responsible for the lease payment and the District will no longer receive \$48,000 annually.

New taxes will partially offset the lost revenues when the District and the building owner transition the alley to private ownership. The 434.5 square foot space will generate approximately \$23,500 annually in property taxes. The building owner will cover the remaining loss by the upfront payment of \$98,000 dedicated to the General Fund.

DC Water objected to the original closure request, but the building owner agreed to provide, and the bill requires, an easement to DC Water to access a manhole and catch basin related to its water and sewer network. No other District agencies have any objections to the alley closure.

The Golden Triangle BID will also receive a \$217,000 payment.