

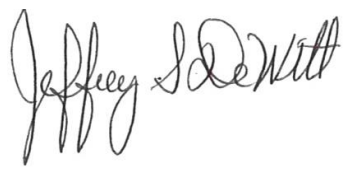
Government of the District of Columbia
Office of the Chief Financial Officer



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: May 22, 2020

SUBJECT: Fiscal Impact Statement – Ferebee-Hope School Disposition Approval Resolution of 2020

REFERENCE: Draft bill provided to the Office of Revenue Analysis on May 1, 2020

Conclusion

Funds are sufficient in the fiscal year 2020 budget and proposed fiscal year 2021 through 2024 budget and financial plan to implement the resolution. The proposed disposition agreement will increase local fund revenue by \$661,000 in fiscal year 2021 and \$1.3 million over the four year plan.

Background

The resolution authorizes the Mayor to dispose of the property housing the Ferebee-Hope School and Recreation Center located at 3999 8th Street S.E.¹ The Department of General Services intends to enter into a 50 year ground lease with KIPP DC Public Charter Schools to redevelop the property for use as a charter school and a new recreation center. KIPP DC will finance and construct the entire project in return for a full rent abatement for the first 38 years of the lease. However, rent will be due in the amount of \$660,864 per year during construction. KIPP DC will operate and maintain the charter school building and the District will operate and maintain the recreation center.

KIPP DC Public Charter schools must sign a First Source² Agreement with the District and use Certified Business Enterprises for at least 35 percent of the contract dollar volume of any redevelopment of the property and 20 percent equity and development participation.

¹ Also known as 700 Yuma Street, S.E. and known for tax and assessment purposes as Square 6124, Lot 45.

² First Source Employment Agreement Act of 1984, effective June 29, 1985 (D.C. Law 5-93; D.C. Official Code § 2-219.03)

The Honorable Phil Mendelson

FIS: "Ferebee-Hope School Disposition Approval Resolution of 2020," Draft bill shared with the Office of Revenue Analysis on May 1, 2020.

Financial Plan Impact

Funds are sufficient in the fiscal year 2020 budget and proposed fiscal year 2021 thorough 2024 budget and financial plan to implement the resolution. The proposed disposition agreement will increase local fund revenue by \$661,000 in fiscal year 2021 and \$1.3 million over the four year plan. There is currently a Verizon cell tower on the property that generates \$60,000 in rent payments to the District, but the District and Verizon can terminate the agreement at any time. DGS is working with Verizon to determine agreeable next steps for the tower.

A long-term lease with KIPP DC has not been finalized, but under the draft term sheet, rent obligations total \$132 million over 50 years, with a total of \$85 million in abatements covering the first 38 years. Rent will be due in the amount of \$660,864 per year during construction.

Local fund Revenues Fiscal Year 2021 – Fiscal Year 2024 (\$000s)					
	FY 2021	FY 2022	FY 2023	FY 2024	Total
Rent from KIPP	\$661	\$661	\$0	\$0	\$1,320
Change in local fund revenue	\$661	\$661	\$0	\$0	\$1,320

DGS expects the cost of maintaining the new center will be equivalent to the cost of maintaining the existing recreation center, which is already budgeted in the DGS facilities maintenance program.