

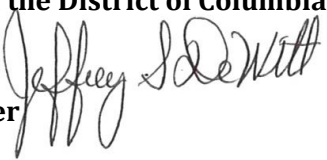
Government of the District of Columbia
Office of the Chief Financial Officer



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: October 30, 2020

SUBJECT: Fiscal Impact Statement – Power Line Undergrounding Program
Certified Joint Venture Majority Interest Amendment Act of 2020

REFERENCE: Bill 23-860, Draft Committee Print as provided to the Office of Revenue
Analysis on October 15, 2020

Conclusion

Funds are sufficient in the fiscal year 2021 through fiscal year 2024 budget and financial plan to implement the bill.

Background

The DC Powerline Undergrounding (DC PLUG) program is a public-private partnership between the District and Pepco to relocate underground electricity feeder lines that are currently attached to utility poles. The overall goal of the DC PLUG program is to increase the reliability of service for District residents by reducing outages caused by severe weather. In 2019, the Council encouraged the use of, allowed for procurement set-asides for, and authorized preference points for certified business enterprises and certified joint ventures (collectively CBEs)¹ participating in DC PLUG program contracting opportunities.²

¹ Small, Local, and Disadvantaged Business Enterprise Development and Assistance Act of 2005, effective October 20, 2005 (D.C. Law 16-33; D.C. Official Code § 2-218.02 (1D) and (1E)).

² Power Line Undergrounding Program Certified Business Enterprise Utilization Act of 2019, enacted September 11, 2019 (D.C. Law 23-20; D.C. Official Code § 34-1311.01 passim).

The Honorable Phil Mendelson

FIS: Bill 23-860, "Power Line Undergrounding Program Certified Joint Venture Majority Interest Amendment Act of 2020," Draft Committee Print as provided to the Office of Revenue Analysis on October 15, 2020

The bill clarifies that a certified joint venture should be one in which a certified business enterprise has a majority interest.³

Financial Plan Impact

Funds are sufficient in the fiscal year 2021 through fiscal year 2024 budget and financial plan to implement the bill. The District has included approximately \$188 million in the fiscal year 2021 to fiscal year 2026 Capital Improvements Plan to pay for the DC PLUG program. The Department of Small and Local Business Development has approved five certified joint ventures thus far to work on the PLUG program, four of these have a certified business enterprise with majority interest at this time.⁴ Clarifying that a certified business enterprise should have a majority interest in any certified joint venture participating in the DC PLUG program does not change the program's budgeted amounts. However, if fewer eligible contractors qualify for procurement set-asides due to the bill's narrower definition of joint venture, the cost or timelines of project components may increase and the budgeted \$188 million could result in fewer miles of power lines relocated underground.

³ Small and Certified Business Enterprise Development and Assistance Act of 2005, effective October 20, 2005 (D.C. Law 16-33; D.C. Official Code § 2-218.39a(b)(1)).

⁴ The fifth joint venture has a certified business enterprise with a 50 percent ownership share.