HEARING

ON THE

STRUCTURAL IMBALANCE OF THE

DISTRICT OF COLUMBIA

Before the

Subcommittee on the District of Columbia
Committee on Appropriations
United States Senate

The Honorable Mike DeWine, Chairman
June 22, 2004, 10:00 a.m.

Testimony for the Record of
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I am Natwar M. Gandhi, Chief Financial Officer for the District of Columbia. Thank you, Mr. Chairman and members of the Subcommittee, for including my testimony in the record for the Senate District of Columbia Appropriations Subcommittee hearing on the fiscal structural imbalance facing this great city. First, let me thank you for holding this hearing and providing an opportunity to discuss and comment on the long-term fiscal health of the District; and let me also thank Senator Landrieu and Congresswoman Norton, along with former Congresswoman Connie Morella, for requesting the study that is the basis of the hearing. Finally, I must thank the General Accounting Office (GAO) for their thoughtful and thorough analysis of the fundamental fiscal circumstances facing the District of Columbia.

The District has come a long way since the control period began, with seven consecutive balanced budgets for FY 1997 – FY 2003, probably the largest cash reserves of any city in the United States, and substantially improved bond ratings. In FY 2003, revenues grew by 6.3 percent and they continue to grow more rapidly in FY 2004. These are wonderful achievements and should be duly celebrated. Even so, the District cannot put financial concerns aside. The report GAO-03-666, "DISTRICT OF COLUMBIA, Structural Imbalance and Management Issues," of May 2003 verifies what we have long argued – that there is a large, long-term imbalance between the cost of services needed by District residents and guests and the revenue the District can raise at reasonable rates to cover these costs. The size of the gap in FY 2000 was between $470 million and $1.16 million. (In current year dollars this climbs to $500 million to $1.2 billion.) This report and its implications are the subject of this hearing.

The purposes of my comments are threefold:

- First, to explain how D.C.'s finances can appear to be doing so well while at the same time things are seriously wrong,
- Second, to identify the harm done by the Structural Imbalance, and
- Third, to build upon Congresswoman Norton's very fine proposal in H.R. 4269, the District of Columbia Fair Federal Compensation Act of 2004. If lawmakers so choose, the Infrastructure Fund created by the Bill could be used to cover debt service payments that are $350 million or more annually. This $350 million, therefore, helps to close the annual structural gap of $470 million to $1.16 billion. The remaining $450 million yearly can be applied to the $4.2 billion of unfunded capital needs in FY 2005-2010 to address items such as the District's deteriorated infrastructure in Transportation, Public Schools, and Information Technology. (Attached is a table delineating the District's funded and unfunded capital needs.)

To set the framework, let me make it clear that the District's elected leadership will continue to achieve balanced budgets, making the best use of the limited resources available to the District. The Mayor and Council fully support this goal and have consistently accomplished it over the last seven years. Nonetheless, the structural imbalance will be eating away at the financial foundation of the city because:

- the District has an ongoing inability to provide the quality and quantity of services that are needed,
- in addition to the annual financial gap, the District has billions of dollars in deferred infrastructure needs that it has no way to finance, and

- the chronic erosion presents a heightened risk of financial crisis. Reserves and boom years can and do cushion an immediate shock and avoid an immediate crisis. But intermittent remedies will not repair the chronic erosion any more than relying only upon emergency room treatment will give a patient long-term robust health. Reliable, consistent fixes are also needed.

This is a great city and we are all thrilled at the turnaround since the mid-1990s. The vitality of the city is evident wherever you go. In turning to the federal government for financial support in the past, we were often told to first "get our financial house in order." We now have our financial house in order, and this wise counsel is part of the reason that the District's economy is doing so well today. But its future is by no means secure unless the structural issues are addressed – issues that Congress must consider because the District cannot resolve them on its own.

What is a Structural Deficit?

In the GAO analysis a structural deficit means that, over the long run, the District does not have sufficient tax base to pay for an adequate ("average") level of services at reasonable (or "average") tax rates. This is primarily because the District has severe needs and a high cost environment but a limited tax base. There are several dimensions to this, which require assessing both revenue and cost considerations.

On the revenue side, the District's tax base consists of the property, sales, income, and other taxes typical of states and local jurisdictions taken as a whole. The District is unusual in that, as one jurisdiction, it uses all of these sources of revenue. The District also is unusual in the severe limitations on the District's tax base, notably the inability to tax non-resident earnings, the large percentage of tax-exempt property, and the inability to tax the city's largest employer, the federal government. Nonetheless, the District's tax base features high per capita income, good residential and commercial property values, and a vigorous hospitality industry. The District's per capita tax base is well above the national average for state and local governments combined, according to the GAO findings.

GAO found that the positive features of the District's revenue are outweighed by the cost of providing services in the District. Despite having high per capita revenue, providing an adequate level of public services requires an even higher level of per capita costs. The cost of delivering an average level of services is 75 percent to 85 percent higher in D.C. than the average state system.

There are three reasons costs are so high in the District:

- D.C. is entirely an urban jurisdiction with dense population, dense land use, and high land values,
- D.C. has service needs, principally related to the incidence of poverty, that place a great burden on services, and
- D.C. operates in a very expensive urban labor market. Wages and benefits account for more than 30 percent of the D.C. Government budget, with salaries alone representing $1.5 billion in FY 2004. In hiring, the District competes against a salary structure dominated by the Federal government and high-salary private sector services. The unavoidably high cost of doing business also appears in all the contracting services acquired by the District such as medical care and construction.

Some additional considerations add to the problem in the District and are not in the GAO report. Collectively, these argue a structural imbalance much closer to the top of the GAO range, at about $1.2 billion, than to the bottom at about $500 million.

- D.C.'s benchmark, practically speaking, for the quality and cost of public services is the Washington Metropolitan Area (rather than "average" quality across jurisdictions nationwide). Both quality and cost are well above average in this Metropolitan Area.
- D.C. has special service considerations related to terrorism and other costs to protect the nation's capital.
- Throughout its history, national leaders have identified a special role for the District of Columbia as the capital city of this great nation. Because the GAO report is a technical comparison across various jurisdictions, it includes nothing about the special circumstances of D.C. as the nation's capital.
- As D.C. moves away from the federal personnel and retirement programs last used for employees hired in 1987, we face growing demands in retirement and health care costs for retirees first hired post-1987. The District's current payment to the Retirement Board for retirement programs of Police, Firefighters, and Teachers hired post-1987 is about $60 million; this will grow to about $103 million in FY 2009. Retiree health care costs for all post-1987 employees are currently quite modest, at about $1 million in FY 2004. These will reach $96 million for the year in FY 2009 due to a change in accounting requirements and to aging of the current workforce.

Arguably, each of these additional features adds to the annual structural deficit already identified by the GAO.

What Harm is Done By the Structural Imbalance?

Given that D.C. has nearly $900 million in fund balance, 7 years of balanced budgets with surpluses every year, and inefficient service delivery in some areas, why should anyone believe that a structural imbalance actually has an impact on the District?

Harm #1: Needed Infrastructure. The Mayor and Chairman Cropp have spoken about the state of disrepair of infrastructure due to the inability to fund capital borrowing. This inability may be partially attributed to the District not having the money to repay borrowing and partly to the District not having the population to borrow the money. As you know, Wall Street closely monitors debt-per-capita as a key variable in bond ratings and D.C.'s current debt-per-capita of $5,887, the highest for a U.S. city, roughly 9 percent above the second highest city, New York City. This high debt-per-capita limits the District's credit-worthiness. Because the District is the capital city, and not a state, it must borrow to meet capital needs for a city, a county, a state, and a school district. Other cities borrow only for their own needs and therefore maintain a lower debt-per-capita. For example, Baltimore has debt-per-capita of $805 and Detroit stands at $925.

Attached to my testimony is an analysis of capital spending incorporated in the funded Capital Improvement Program along with additional new unfunded capital needs through FY 2010. Projects that lack funding include the forensics laboratory, mental health hospital, a new headquarters for Metropolitan Police Department/Department of Motor Vehicles, major capital projects for the Washington Metropolitan Area Transit Authority, public school maintenance and construction, neighborhood service facilities, information technology, and local road and federal highway construction/repair. If the District is to begin to recover from many years of capital infrastructure erosion, it must find funding for currently unfunded capital requirements in excess of $4 billion over the next 6 years. Unfortunately, we do not have access to the funds.

The accumulated unfunded needs of the past and present show up as "real" problems for residents and visitors in the form of:

- crowded Metro cars, stalled trains, and unreliable escalators,
- potholes in the streets,
- crumbling swimming pools, libraries, and school buildings (the average age of D.C.'s school buildings is more than 60 years),
- concerns about potable water, and
- numerous other outcomes.

These matters will only get worse without intervention. Intervention to rebuild in the short-term will not prevent another infrastructure meltdown in the future unless maintenance funding becomes available.

<u>Harm #2: High Tax Rates and Tax Burdens</u>. A second harm is that D.C.'s tax burdens are unusually high, as the District stretches to generate the funds to cover service costs. D.C.'s tax burdens, as measured by the GAO, are 18 to 33 percent above what national average rates would yield if applied to D.C.'s tax base. Citizens who live here and businesses that locate here must want to be here badly enough to accept a very high tax burden in return.

A family of 4 living in the District with income of $50,000 to $150,000, pays about 40 percent more in sales and use, income, and automobile taxes than the average for cities around the nation that levy such taxes. This same family pays 24 to 38 percent more than one living in the Virginia suburbs and 9 percent more at $150,000 income than one living in the Maryland suburbs.

The District has high tax rates and low thresholds of income against which the rates are applied. D.C.'s lowest individual income tax rate is 5 percent, assessed on the first $10,000 of net taxable income (NTI), with a middle rate of 7.5 percent on NTI between $10,000 and 30,000, and a highest rate of 9.3 percent assessed on NTI over $30,000. The 5 percent lowest rate in D.C. is greater than or equals the highest income tax rate in 15 states (including 7 that have no income tax). D.C.'s middle rate of 7.5 percent exceeds the highest rate in 34 states, and the highest rate equals or exceeds the highest rate in 48 states. Compared to the two states with a higher top rate, the District's estimated income tax liability on the family of four is higher because our highest rate takes effect at a comparatively low level of $30,000 NTI. This compares to $76,200 (more than two and one-half times as high) in Montana and $297,350 (nearly 10 times as high) in Rhode Island. None of these circumstances or findings will change under the 9.0 percent top rate scheduled to take effect for District taxpayers on January 1, 2005.[1]

Harm #3: D.C. Needs Better-than-Average Services. Schools are an example of D.C.'s need for better than average services. Our immediate neighbors include some of the very best jurisdictions anywhere in the United States in terms of quality of the public schools. If D.C. schools offer "average" services, many parents with choices will move to a suburb in order to enroll their children in a "world-class" public school. This drives up the proportion of students in the District's Public Schools who are without such choices, and, inevitably, the per-

[1] Oregon, with a 9 percent top rate, is the only state added to D.C.'s "comparison" group. The District's tax burdens on the hypothetical family of four are very similar to those in Oregon.

student costs and challenges of even average services become very high. It appears as though this cost spiral will not end until only those students that are least able to leave the District's public schools remain.

The need for better-than-average services extends to multiple areas. Our neighboring jurisdictions maintain a very high standard for public safety, public works, and other service areas. This competing level of service, combined with the District's struggling public school system, make it difficult for D.C. to attract residents who place high value on these services.

The District's Structural Imbalance is Quite Large.

While many jurisdictions have a structural imbalance according to GAO, D.C.'s is very large, ranging from $821 to $2,032 per resident in FY 2000, or 14.4 to 40.3 percent of local revenue. At $821, the low end of the GAO scale, the District would rank among the worst states for structural imbalance. At $2,032, the high end of the GAO scale, the District's structural imbalance would rate about 2.3 times as high as New York, the worst-off state. GAO's own perspective is that the District's problem is probably on the higher end of the range.

D.C. provides a high level of services per recipient because of the high level of need of our population. In 2000, 20.3 percent of the District's population was disabled and 12.2 percent was over the age of 65. The cost of caring for the aging and disabled population has increased at a rate much faster than inflation because of price increases in prescription medications, nursing home services, and labor costs, driven by a nationwide shortage of nurses and by new staffing requirements. As the population continues to age, these costs can be expected to increase even further.

Twenty-five percent of D.C.'s residents are Medicaid eligible as compared to 12 percent in Maryland and 9 percent in Virginia. The District spends, on average, \$7,242 per enrollee, compared to \$5,509 in Maryland and \$5,177 in Virginia. (Recall that, unlike Maryland and Virginia, the District has no rural areas with lower costs to help offset the much higher cost of care in urban areas.) The cost per D.C. resident to provide Medicaid services is \$1,776, compared to \$649 in Maryland and \$445 in Virginia. The extra per capita burden of Medicaid costs in D.C. is quite high. Even if it were realistic for D.C. to improve efficiency by 25 percent, the District's cost per capita would still remain twice as high as Maryland's and 3 times that of Virginia.

With all these Financial Challenges, How Can the District Continue to Have a Balanced Budget?

Let me first acknowledge the enormous effort and dedication of our elected leadership. We have balanced budgets because they are determined to have it so. Clearly there are sacrifices involved, but we learned during the now-dormant control period that enormous sacrifices also are attached to an unbalanced budget and budget deficits. We expect always to have balanced budgets and see this outcome as a key to holding on to the basic freedoms of Home Rule. A return to a control period would mean the loss of certain democratic rights entrusted to our citizens. [2] There is risk, however – if the roads and other infrastructure get too bad and the schools too ineffective and children's services too weak to make a difference, then D.C. could once again see a generalized drain on its population, prosperity, and general vitality. In this scenario, the rising need for public services

[2] For example, in a Control Year certain legislation passed by the council and signed by the Mayor can be overturned by the Financial Authority.

could clash with a waning revenue capacity, leaving the District, once more, in deep financial crisis.

Can There Be a Fair and Sustainable Financial Relationship Between the District and the Federal Government?

Financial distress is a pattern going back to the earliest days when the District of Columbia was created to be the host city for the federal government. George Washington chose the site for Washington City. Thomas Jefferson worked with Pierre Charles L'Enfant to guide the survey work and coordinate the design process.[3] With canals to be built for transportation, flooding and sewage and the Tiber Creek to be managed, and road paving needed to save the federal halls from the ravages of muddy streets, a great deal of investment capital was needed. Many financing approaches were used, including federal funding, private subscriptions, and public funding by local residents. Debts were high and delays in major projects were common. In 1870 the furniture of the Mayor of Washington, Sayles J. Bowen, was reportedly seized to help pay the city's debts.[4]

In 1878, Congress passed the Organic Act establishing a 3-commissioner system of local government that lasted until 1967. In that Act, Congress held that the District should receive 50 percent of its operating budget from the federal government, to insure sufficient services would be available for support of the city and the Federal Government. In 1916 a Joint Congressional Committee recommended that capital funding should also be subject to the 50 percent allotment. The 1916 Committee Report ends as follows: "Our unanimous conclusion is that the rate of taxation in the District should be fixed and certain; that the Congress should pursue a definite

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[3] Iris Miller, WASHINGTON IN MAPS, 1606-2000, Rizzoli International Publications, 2002, p. 48.
[4] Cited in "DC ALMANAC" at http://prorev.com/dcfactshist1.htm

policy of regular and liberal appropriations, having in view not only the permanent moral and physical advancement of the city, but also its preeminent beauty and grandeur as the municipal expression of the Nation's home and its peoples' pride."[5]

This discussion, more than a century long, suggests that the longer-term financial problems of the District of Columbia have never been fully addressed. The District has had many forms of government since the turn of the 19th century – elected and appointed mayors teamed with elected councils, a governor and house of delegates were in place for a few years, appointed commissioners have served D.C., and currently we enjoy the privileges of Home Rule. Throughout, however, I believe we have not had complete resolution of the financial aspects of the nation's home city.

H.R. 4269, the District of Columbia Fair Federal Compensation Act of 2004

H.R. 4269, the District of Columbia Fair Federal Compensation Act of 2004, introduced by Congresswoman Norton provides an excellent solution both for the District and for the Federal Government. That Bill establishes a Dedicated Infrastructure Account within the general fund of the District. The fund would receive $800 million annually in federal monies, with growth adjustments over time. These monies could be used only for transportation including streets, information technology, and DCPS infrastructure developments and to support

[5] "Report of Joint Select Committee Appointed Pursuant to the Act of Congress Approved March 3, 1915 to Determine the Fiscal Relations Between the United States and the District of Columbia," Sixty-Fourth Congress, First Session, House of Representatives Document No. 495, p. xxiii. Unfortunately, by 1920, Congress had moved in the opposite direction and eliminated the District's 50 percent funding by the Federal Government. Reportedly District residents resented paying 50 percent of the costs for acquisition of Rock Creek Park, the Smithsonian, and other projects that, once paid for, were listed as federal assets. Federal officials of the time felt the District got more than half the benefit and should pay more. By 1930, federal funding fell to about 25 percent. www.dcwatch.com/richards/0106.htm

debt service payments on bonds, notes and other obligations of the District. Funds would remain available until expended.

By supporting debt service payments, the infrastructure fund would remove some operational burdens from the District government and close part of the structural gap. While varying over time, debt service will generally be in the $350-400 million range each year until FY 2009. The remaining $400 to $450 million could be used to meet the $650 million of needed infrastructure projects that meet purposes permitted by the Bill and that cannot be funded under D.C.'s current budget and borrowing constraints. In the 5 years between FY 2005 and FY 2009, about 85 percent of these projects could be financed.

While it will take the District some time to work through our current infrastructure crisis, this bill makes it possible to plan and move forward with the most urgent priorities immediately. And it fulfills the goal of long ago members of this august body that, in addition to locally raised taxes, federal support of the District of Columbia "should always be in such sum as will not only continue the city of Washington and the District of Columbia in every respect as the splendid and beautiful central residence of this great Nation, but also cause it to become and be forever maintained as a model for all the cities of the world."[6]

There are many ways that funding for the Infrastructure Fund might be accomplished. One is a straight payment of $800 million into the fund from an appropriation, adjusted annually by either the CPI or four percent – whichever is greater – as proposed in H.R. 4269. Another could be the model of the territories whereby, under IRC 933, income earned by a resident of the territory from a source in the territory is not subject to federal taxation. If applied to the District, this latter approach would yield an estimated $1.8 billion in tax savings to D.C. residents for TY 1999 (the tax year most closely corresponding to the GAO benchmark year of FY 2000).

Allow me to suggest yet another alternative that may be simple, cost effective, and reliable for all parties. Funding would be determined as 30 percent of all federal personal income tax paid by District residents. Upon collecting revenue from D.C. residents, the U.S. Treasury would simply allocate to the D.C. Infrastructure Fund $30 from every $100 paid. This formula would yield about $803 million based on IRS data for Tax Year 2001, and the amount would automatically adjust up or down as revenue changes over time.[7]

Under the 30 per cent approach, the annual amount of support is predictable and consistent over time for both D.C. and the federal government. The funding varies with the economic cycle, becoming smaller when the economy is lagging and higher when it is booming. This precludes any counter-cyclical funding burden on the federal government. The formula would be transparent and simple to understand and virtually without cost to monitor.

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[6] Ibid. p. xvi.

[7]

DISTRICT OF COLUMBIA FEDERAL INCOME TAX LIABILITY

TAX YEAR	NUMBER OF RETURNS	ADJUSTED GROSS INCOME	TAX LIABILITY	30% OF FEDERAL LIABILITY
2000	216,082	$16,270,673,000	$2,838,570,000	$851,571,000
2001	214,404	$15,913,850,000	$2,677,002,000	$803,100,600

These features are critical to the District in many ways. Wall Street is very alert to changes in the federal-city relationship, fearing that neither the District nor bondholders can rely on federal commitments over the long-term; the 30 percent approach creates stability. At the staff level in the district government, we spend many hours and dollars responding to inquiries and requirements presented by federal officials; the 30 percent approach requires comparatively little of this kind of effort. In the budget process, D.C. cannot count on promised federal money that is not matched by funding or clear legislative language – sometimes this promise simply disappears; the 30 percent approach would be secure for each budget cycle. And each dollar that is consistently and reliably provided will buy more service than a dollar occasionally given.

Mr. Chairman, I am so pleased to have reached the point where we can have such an in-depth dialogue on this matter. The efforts of many people – working over two centuries – were required to bring us to this point. The District's current elected leadership is as capable, conscientious, and dedicated to sound finances as any leadership could possibly be. The GAO has shed much light on the nature and duration of our financial problems. And you have provided this opportunity for meaningful and candid discussions of the issues raised by that report. It has been my pleasure to provide this testimony.

Government of the District of Columbia
Capital Improvements Program
20 Year Projected Capital Needs

Capital Description	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2005 - FY 2010	FY 2011 - FY 2024	20 Year Total
Capital - Funded Needs									
Forensic Lab	3,800	0	0	0	0	0	3,800	0	3,800
Mental Health Hospital	0	0	0	0	0	0	0	0	0
MPD/DMV Headquarters	0	0	0	0	0	0	0	0	0
WMATA	42,800	60,600	77,000	87,700	83,800	84,400	436,300	0	436,300
Government Centers Facilities	52,612	40,375	13,500	1,500	1,500	0	109,487	0	109,487
Schools	174,909	147,123	98,299	98,300	98,300	98,832	715,763	0	715,763
Information Technology	114,361	33,760	7,179	6,849	3,750	4,750	170,649	0	170,649
Neighborhood Services facilities	71,198	70,618	29,281	13,972	13,972	13,972	213,013	0	213,013
Transportation Infrastructure	244,454	277,385	264,087	252,741	207,522	207,636	1,453,825	2,906,909	4,360,734
WASA - CSO	23,477	39,252	51,634	42,859	25,151	25,746	208,119	0	208,119
Economic Development	19,725	5,120	5,100	1,000	1,000	0	31,945	0	31,945
Capital Funded Needs Total	**747,336**	**674,233**	**546,080**	**504,921**	**434,995**	**435,336**	**3,342,901**	**2,906,909**	**6,249,810**
Capital - Unfunded Needs									
Forensic Lab	15,000	37,500	27,500	0	0	0	80,000	0	80,000
Mental Health Hospital	13,000	37,500	19,500	0	0	0	70,000	0	70,000
MPD/DMV Headquarters	20,000	50,000	30,000	0	0	0	100,000	0	100,000
WMATA[1]	16,700	91,500	119,500	61,500	48,200	56,300	393,700	995,214	1,388,914
Government Centers Facilities[2]	15,000	27,237	54,112	66,112	66,112	67,612	296,185	1,195,176	1,491,361
Schools[3]	125,361	129,953	115,611	186,244	126,849	126,082	810,100	2,386,998	3,197,098
Information Technology[4]	40,000	76,240	115,821	124,151	133,250	141,250	630,712	2,496,874	3,127,586
Neighborhood Services facilities[5]	25,000	32,380	77,732	95,299	98,577	101,953	430,940	1,802,223	2,233,164
Transportation Infrastructure[6]	190,650	204,030	249,212	258,278	242,228	281,908	1,426,306	5,176,158	6,602,464
WASA - CSO[7]	30,000	30,000	30,000	30,000	30,000	30,000	180,000	2,185,170	2,365,170
Capital Unfunded Needs Total	**490,711**	**716,340**	**838,988**	**821,584**	**745,216**	**805,105**	**4,237,943**	**14,052,645**	**18,290,588**
Total Capital Needs	**1,238,047**	**1,390,573**	**1,385,068**	**1,326,505**	**1,180,211**	**1,240,441**	**7,580,844**	**16,959,554**	**24,540,398**

[1]WMATA Unfunded Needs includes the District's share of the $1.4 billion unfunded portion if the Infrastructure Renewal Program, rail and bus replacement program and necessary security improvements

[2] The Office of Property Management (OPM) is responsible for managing 334 municipal buildings, approximately 14 million square feet of space. The age of these facilities vary from 6 years to over 60 years. a significant portion of this space is for Government Center Facilities include Government office buildings and equipment staging areas. The total cost of renovating all government center facilities is estimated to be over $1.5 billion over the next 20 years.

[3] The DC Public School System currently operates 146 active schools.Of the 146 active schools, 91 or 62% are over 45 years old and only eight have ever had total renovations. · The total renovation cost is estimated to be $3.5 billion over the next 10 years, at an average cost of $350 per square foot. In addition, ongoing component replacement and capital maintenance will average approxiamtely $35 million a year.

[4] In order to meet the needs of the 21st century, and continue to improve service delivery to residents and business of the District, An additional investment of $630 million for the next 6 years. An annual replacement cost of $10 million per year thereafter. In addition, future projections include funding of $100 million annualy to keep up with next generation technologies.

[5] The Office of Property Management (OPM) is responsible for managing 334 municipal buildings, approximately 14 million square feet of space. The age of these facilities vary from 6 years to over 60 years. a significant portion of this space is for Neighborhood Services which includes Parks and Recreation Centers, DC Public Libraries, Fire Houses, Police Stations, Wellness Centers, Human Service centers, Correctional Treatment Facilities. The total cost of renovating all Neighborhood Service facilities is estimated to be over $2.4 billion over the next 20 years.

[6] The inventory of streets and highways under the District's jurisdiction extends approximately 1,421 centerline-miles of urban roads. Approximately 400 (or 39.2 percent) miles of streets and highways are eligible for Federal Aid Match, as are most bridges. the remaining streets are funded solely with local funds including ROW fees and GO bonds.

[7] D.C. Water and Sewer Authority (WASA) has an estimated need of $2.6 billion to fund the Combined Sewer System Long Term Control Plan (LTCP) which will address the violation of the Clean Water Act, due to the dumping of garbage and raw sewage into Class A waters.