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# Repayment of PILOT Financing

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<b>Description</b>	<b>FY 2013 Actual</b>	<b>FY 2014 Approved</b>	<b>FY 2015 Proposed</b>	<b>% Change from FY 2014</b>
Operating Budget	\$10,948,985	\$16,341,000	\$15,881,839	-2.8

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Repayment of PILOT Financing is a program through which the District provides economic development project funds by borrowing against the future receipts from Payment-in-Lieu-of-Taxes (PILOT).

A PILOT payment on debt issued under the District's PILOT Act equals the amount the property owner would otherwise pay in property taxes, based on the assessed value of the property. The repayment of the borrowing against this future PILOT revenue is budgeted in this program. This borrowing is similar in concept to Tax Increment Financing, in which the District borrows against future tax receipts and uses the proceeds to spur economic development.

The agency's FY 2015 proposed budget is presented in the following tables:

## FY 2015 Proposed Gross Funds Operating Budget, by Revenue Type

Table TY0-1 contains the proposed FY 2015 agency budget compared to the FY 2014 approved budget. It also provides FY 2012 and FY 2013 actual expenditures.

**Table TY0-1**  
(dollars in thousands)

Appropriated Fund	Actual FY 2012	Actual FY 2013	Approved FY 2014	Proposed FY 2015	Change from FY 2014	Percent Change*
<b>General Fund</b>						
Special Purpose Revenue Funds	12,938	10,949	16,341	0	-16,341	-100.0
<b>Total for General Fund</b>	<b>12,938</b>	<b>10,949</b>	<b>16,341</b>	<b>0</b>	<b>-16,341</b>	<b>-100.0</b>
<b>Enterprise and Other</b>						
Enterprise and Other Funds-Dedicated Tax	0	0	0	15,882	15,882	N/A
<b>Total for Enterprise and Other</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15,882</b>	<b>15,882</b>	<b>N/A</b>
<b>Gross Funds</b>	<b>12,938</b>	<b>10,949</b>	<b>16,341</b>	<b>15,882</b>	<b>-459</b>	<b>-2.8</b>

\*Percent change is based on whole dollars.

**Note:** If applicable, for a breakdown of each Grant (Federal and Private), Special Purpose Revenue type and Intra-District agreement, please refer to **Schedule 80 Agency Summary by Revenue Source** in the **FY 2015 Operating Appendices** located on the Office of the Chief Financial Officer's website.

## FY 2015 Proposed Operating Budget, by Comptroller Source Group

Table TY0-2 contains the proposed FY 2015 budget at the Comptroller Source Group (object class) level compared to the FY 2014 approved budget. It also provides FY 2012 and FY 2013 actual expenditures.

**Table TY0-2**  
(dollars in thousands)

Comptroller Source Group	Actual FY 2012	Actual FY 2013	Approved FY 2014	Proposed FY 2015	Change from FY 2014	Percent Change*
50 - Subsidies and Transfers	0	396	0	0	0	N/A
80 - Debt Service	12,938	10,553	16,341	15,882	-459	-2.8
<b>Subtotal Nonpersonal Services (NPS)</b>	<b>12,938</b>	<b>10,949</b>	<b>16,341</b>	<b>15,882</b>	<b>-459</b>	<b>-2.8</b>
<b>Gross Funds</b>	<b>12,938</b>	<b>10,949</b>	<b>16,341</b>	<b>15,882</b>	<b>-459</b>	<b>-2.8</b>

\*Percent change is based on whole dollars.

## **Program Description**

Repayment of PILOT Financing operates through the following program:

**Repayment of PILOT Financing** – provides budget authority for debt borrowed against the following PILOT projects:

- **U.S. Department of Transportation headquarters building** – PILOT bond proceeds supported the District’s park and infrastructure improvements in the Anacostia Waterfront Initiative (AWI) area. The debt service payment in FY 2015 is estimated to be \$10,547,600;
- **Southeast Federal Center** – PILOT debt issued under this program supports public infrastructure paid for by the developer of The Yards project, a multi-stage, mixed use development near the Navy Yard. The FY 2015 debt service required on debt that has been issued under this program is \$397,900, and an additional \$2,301,100 is included for debt expected to be issued prior to the end of FY 2014; and
- **Rhode Island Metro Plaza** – The Rhode Island Metro Plaza project contains new residential apartments and retail shops as well as a parking garage for the Washington Metropolitan Area Transit Authority. The debt service payment in FY 2015 is estimated to be \$612,000.

In addition, the program budget contains a contingency of \$2,023,239 if projected PILOT revenues are higher than minimum debt service and must be paid to the bond holder, or returned to the District for AWI capital projects, in accordance with bond agreements. Of this amount, an estimated \$1,200,000 is anticipated to be returned to the General Fund for Anacostia Waterfront capital projects.

## **Program Structure Change**

Repayment of PILOT Financing has no program structure changes in the FY 2015 proposed budget.

## FY 2015 Proposed Operating Budget and FTEs, by Program and Activity

Table TY0-3 contains the proposed FY 2015 budget by program and activity compared to the FY 2014 approved budget. It also provides the FY 2013 actual data.

**Table TY0-3**

(dollars in thousands)

Program/Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2013	Approved FY 2014	Proposed FY 2015	Change from FY 2014	Actual FY 2013	Approved FY 2014	Proposed FY 2015	Change from FY 2014
<b>(1000) Repayment of PILOT Financing</b>								
(1100) Repayment of PILOT Financing	10,949	16,341	15,882	-459	0.0	0.0	0.0	0.0
<b>Subtotal (1000) Repayment of PILOT Financing</b>	<b>10,949</b>	<b>16,341</b>	<b>15,882</b>	<b>-459</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total Proposed Operating Budget</b>	<b>10,949</b>	<b>16,341</b>	<b>15,882</b>	<b>-459</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

(Change is calculated by whole numbers and numbers may not add up due to rounding)

**Note:** For more detailed information regarding the proposed funding for the activities within this agency's programs, please see **Schedule 30-PBB Program Summary by Activity** in the **FY 2015 Operating Appendices** located on the Office of the Chief Financial Officer's website.

### FY 2015 Proposed Budget Changes

Repayment of PILOT Financing's proposed FY 2015 gross budget is \$15,881,839, which represents a 2.8 percent decrease from its FY 2014 approved budget of \$16,341,000. The budget is comprised entirely of Enterprise and Other Funds-Dedicated Taxes.

**Note:** For FY 2015, the new appropriated fund, Enterprise and Other Funds-Dedicated Taxes, was created to replace the appropriated fund associated with the General Fund. In tables that categorized changes by fund, the budget associated with the original appropriated fund, Special Purpose Revenue, is reflected as a decrease. As the budget shifts from the General Fund to the new Enterprise and Other Funds-Dedicated Taxes appropriated fund, the budget is shown as a corresponding increase.

### Agency Budget Submission

**Shift:** The budget shows a shift from Special Purpose Revenue funds to Enterprise and Other Funds-Dedicated Taxes, a decrease of \$16,341,000 offset by an increase of \$15,881,839. Included in the shift, a reduction of \$459,161 is made to align the budget with projected dedicated revenues and scheduled debt service payments.

The repayment of the borrowing against future PILOT revenue is budgeted in the PILOT program for the debt service. This borrowing is similar in concept to Tax Increment Financing, in which the District borrows against future tax receipts and uses the proceeds to spur economic development.

### Mayor's Proposed Budget

**No Change:** Repayment of PILOT Financing's budget proposal reflects no change from the agency budget submission to the Mayor's proposed budget.

### District's Proposed Budget

**No Change:** Repayment of PILOT Financing's budget proposal reflects no change from the Mayor's proposed budget to the District's proposed budget.

## FY 2014 Approved Budget to FY 2015 Proposed Budget, by Revenue Type

Table TY0-4 itemizes the changes by revenue type between the FY 2014 approved budget and the FY 2015 proposed budget.

**Table TY0-4**  
(dollars in thousands)

DESCRIPTION	PROGRAM	BUDGET	FTE
<b>SPECIAL PURPOSE REVENUE FUNDS: FY 2014 Approved Budget and FTE</b>		<b>16,341</b>	<b>0.0</b>
Shift: To align budget with scheduled debt service payments	Repayment of PILOT Financing	-16,341	0.0
<b>SPECIAL PURPOSE REVENUE FUNDS: FY 2015 Agency Budget Submission</b>		<b>0</b>	<b>0.0</b>
<b>ENTERPRISE AND OTHER FUND-DEDICATED TAXES: FY 2014 Approved Budget and FTE</b>		<b>0</b>	<b>0.0</b>
Shift: To align budget with scheduled debt service payments	Repayment of PILOT Financing	15,882	0.0
<b>ENTERPRISE AND OTHER FUND-DEDICATED TAXES: FY 2015 Agency Budget Submission</b>		<b>15,882</b>	<b>0.0</b>
No Change		0	0.0
<b>ENTERPRISE AND OTHER FUND-DEDICATED TAXES: FY 2015 Mayor's Proposed Budget</b>		<b>15,882</b>	<b>0.0</b>
No Change		0	0.0
<b>ENTERPRISE AND OTHER FUND-DEDICATED TAXES: FY 2015 District's Proposed Budget</b>		<b>15,882</b>	<b>0.0</b>
<b>Gross for TY0 - Repayment of PILOT Financing</b>		<b>15,882</b>	<b>0.0</b>

(Change is calculated by whole numbers and numbers may not add up due to rounding)