

Repayment of PILOT Financing

Table TY0-1

Description	FY 2015	FY 2016	FY 2017	% Change
	Actual	Approved	Proposed	from FY 2016
OPERATING BUDGET	\$15,901,383	\$18,740,916	\$31,113,441	66.0

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.

FY 2017 Proposed Gross Funds Operating Budget and FTEs, by Revenue Type

Table TY0-2 contains the proposed FY 2017 budget by revenue type compared to the FY 2016 approved budget. It also provides FY 2015 actual data.

Table TY0-2

(dollars in thousands)

Appropriated Fund	Dollars in Thousands					Full-Time Equivalents				
	Actual FY 2015	Approved FY 2016	Proposed FY 2017	Change		Actual FY 2015	Approved FY 2016	Proposed FY 2017	Change	
				FY 2016	from FY 2016				FY 2016	from FY 2016
ENTERPRISE AND OTHER										
ENTERPRISE AND OTHER FUNDS-DEDICATED TAXES	15,901	18,741	31,113	12,373	66.0	0.0	0.0	0.0	0.0	N/A
TOTAL FOR ENTERPRISE AND OTHER	15,901	18,741	31,113	12,373	66.0	0.0	0.0	0.0	0.0	N/A
GROSS FUNDS	15,901	18,741	31,113	12,373	66.0	0.0	0.0	0.0	0.0	N/A

*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 2017 Operating Appendices** located on the Office of the Chief Financial Officer's website.

FY 2017 Proposed Operating Budget, by Comptroller Source Group

Table TY0-3 contains the proposed FY 2017 budget at the Comptroller Source Group (object class) level compared to the FY 2016 approved budget. It also provides FY 2014 and FY 2015 actual expenditures.

Table TY0-3

(dollars in thousands)

	Actual FY 2014	Actual FY 2015	Approved FY 2016	Proposed FY 2017	Change from FY 2016	Percentage Change*
Comptroller Source Group						
50 - SUBSIDIES AND TRANSFERS	3,174	2,146	0	6,369	6,369	N/A
80 - DEBT SERVICE	10,549	13,756	18,741	24,745	6,004	32.0
SUBTOTAL NONPERSONAL SERVICES (NPS)	13,723	15,901	18,741	31,113	12,373	66.0
GROSS FUNDS	13,723	15,901	18,741	31,113	12,373	66.0

*Percent change is based on whole dollars.

FY 2017 Proposed Operating Budget and FTEs, by Division/Program and Activity

Table TY0-4 contains the proposed FY 2017 budget by division/program and activity compared to the FY 2016 approved budget. It also provides FY 2015 actual data. For a more comprehensive explanation of divisions/programs and activities, please see the Division/Program Description section, which follows the table.

Table TY0-4

(dollars in thousands)

Division/Program and Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2015	Approved FY 2016	Proposed FY 2017	Change from FY 2016	Actual FY 2015	Approved FY 2016	Proposed FY 2017	Change from FY 2016
(1000) REPAYMENT OF PILOT FINANCING								
(1100) REPAYMENT OF PILOT FINANCING	15,901	18,741	31,113	12,373	0.0	0.0	0.0	0.0
SUBTOTAL (1000) REPAYMENT OF PILOT FINANCING	15,901	18,741	31,113	12,373	0.0	0.0	0.0	0.0
TOTAL PROPOSED OPERATING BUDGET	15,901	18,741	31,113	12,373	0.0	0.0	0.0	0.0

(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 2017 Operating Appendices** located on the Office of the Chief Financial Officer's website. "No Activity Assigned" indicates budget or actuals that are recorded at the division/program level.

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 2017 is estimated to be \$10,550,662;

- 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 first issuance was in FY 2010, and it has an estimated debt service payment of \$2,441,627 in FY 2017;
- 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 2017 is estimated to be \$536,033; and
- Southwest Waterfront – PILOT debt issued under this project support the multi-stage, mixed use development located in Southwest DC known as the Wharf. The debt service payment in FY 2017 will be paid from capitalized interest as well as from site specific tax levied on a portion of phase I development. The total FY 2017 debt service is \$9,789,362.

In addition, the program budget contains a contingency of \$7,795,757 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. This amount includes \$800,000 of trust account balance available for AWI capital projects. Of the total amount, an estimated \$2,800,000 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 2017 proposed budget.

FY 2016 Approved Budget to FY 2017 Proposed Budget, by Revenue Type

Table TY0-5 itemizes the changes by revenue type between the FY 2016 approved budget and the FY 2017 proposed budget. For a more comprehensive explanation of changes, please see the FY 2017 Proposed Budget Changes section, which follows the table.

Table TY0-5

(dollars in thousands)

DESCRIPTION	DIVISION/PROGRAM	BUDGET	FTE
ENTERPRISE AND OTHER FUNDS-DEDICATED TAXES: FY 2016 Approved Budget and FTE			
		18,741	0.0
Increase: To align budget with scheduled debt service payments	Repayment of Pilot Financing	12,373	0.0
ENTERPRISE AND OTHER FUNDS-DEDICATED TAXES: FY 2017 Agency Budget Submission			
		31,113	0.0
No Change		0	0.0
ENTERPRISE AND OTHER FUNDS-DEDICATED TAXES: FY 2017 Mayor's Proposed Budget			
		31,113	0.0
No Change		0	0.0
ENTERPRISE AND OTHER FUNDS-DEDICATED TAXES: FY 2017 District's Proposed Budget			
		31,113	0.0
GROSS FOR TY0 - REPAYMENT OF PILOT FINANCING		31,113	0.0

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

FY 2017 Proposed Budget Changes

Repayment of PILOT Financing's proposed FY 2017 gross budget is \$31,113,441, which represents a 66.0 percent increase over its FY 2016 approved gross budget of \$18,740,916. The budget is comprised entirely of Enterprise and Other Funds - Dedicated Taxes.

Agency Budget Submission

Increase: The Repayment of PILOT Financing provides budget authority for debt borrowed against multiple PILOT projects. The budget requested for FY 2017 increased by \$12,372,525 to align the budget with projected dedicated revenues and scheduled debt service payments. This budget increase is primarily attributed to the issuance of debt for the Southwest Waterfront (The Wharf).

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.