

(TY0)

Repayment of PILOT Financing

Table TY0-1

Description	FY 2016	FY 2017	FY 2018	% Change
	Actual	Approved	Proposed	from FY 2017
OPERATING BUDGET	\$21,888,791	\$31,113,441	\$31,188,512	0.2

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 2018 proposed budget is presented in the following tables:

FY 2018 Proposed Gross Funds Operating Budget and FTEs, by Revenue Type

Table TY0-2 contains the proposed FY 2018 budget by revenue type compared to the FY 2017 approved budget. It also provides FY 2016 actual data.

Table TY0-2

(dollars in thousands)

Appropriated Fund	Dollars in Thousands					Full-Time Equivalents				
	Actual FY 2016	Approved FY 2017	Proposed FY 2018	Change from FY 2017	Percentage Change*	Actual FY 2016	Approved FY 2017	Proposed FY 2018	Change from FY 2017	Percentage Change
ENTERPRISE AND OTHER										
ENTERPRISE AND OTHER FUNDS-DEDICATED TAXES	21,889	31,113	31,189	75	0.2	0.0	0.0	0.0	0.0	N/A
TOTAL FOR ENTERPRISE AND OTHER	21,889	31,113	31,189	75	0.2	0.0	0.0	0.0	0.0	N/A
GROSS FUNDS	21,889	31,113	31,189	75	0.2	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 2018 Operating Appendices** located on the Office of the Chief Financial Officer's website.

FY 2018 Proposed Operating Budget, by Comptroller Source Group

Table TY0-3 contains the proposed FY 2018 budget at the Comptroller Source Group (object class) level compared to the FY 2017 approved budget. It also provides FY 2015 and FY 2016 actual expenditures.

Table TY0-3

(dollars in thousands)

Comptroller Source Group	Actual FY 2015	Actual FY 2016	Approved FY 2017	Proposed FY 2018	Change from FY 2017	Percentage Change*
50 - SUBSIDIES AND TRANSFERS	2,146	3,861	6,369	4,359	-2,010	-31.6
80 - DEBT SERVICE	13,756	18,027	24,745	26,830	2,085	8.4
SUBTOTAL NONPERSONAL SERVICES (NPS)	15,901	21,889	31,113	31,189	75	0.2
GROSS FUNDS	15,901	21,889	31,113	31,189	75	0.2

*Percent change is based on whole dollars.

FY 2018 Proposed Operating Budget and FTEs, by Division/Program and Activity

Table TY0-4 contains the proposed FY 2018 budget by division/program and activity compared to the FY 2017 approved budget. It also provides FY 2016 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 2016	Approved FY 2017	Proposed FY 2018	Change from FY 2017	Actual FY 2016	Approved FY 2017	Proposed FY 2018	Change from FY 2017
(1000) REPAYMENT OF PILOT FINANCING								
(1100) REPAYMENT OF PILOT FINANCING	21,889	31,113	31,189	75	0.0	0.0	0.0	0.0
SUBTOTAL (1000) REPAYMENT OF PILOT FINANCING	21,889	31,113	31,189	75	0.0	0.0	0.0	0.0
TOTAL PROPOSED OPERATING BUDGET	21,889	31,113	31,189	75	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 2018 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 service payments on 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 2018 is estimated to be \$10,550,679;
- **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 has an estimated debt service payment of \$3,862,026 in FY 2018;
- **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 2018 is estimated to be \$494,391; and
- **Southwest Waterfront** – PILOT debt issued under this project supports the multi-stage, mixed use development located in Southwest DC known as the Wharf. The debt service payment in FY 2018 will be paid from capitalized interest as well as from site specific tax levied on a portion of phase I development. The total FY 2018 debt service is \$12,814,744.

In addition, the program budget contains a contingency of \$3,466,672 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 \$68,919 of trust account balance available for AWI capital projects. Of the total amount, an estimated \$2,446,989 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 2018 proposed budget.

FY 2017 Approved Budget to FY 2018 Proposed Budget, by Revenue Type

Table TY0-5 itemizes the changes by revenue type between the FY 2017 approved budget and the FY 2018 proposed budget. For a more comprehensive explanation of changes, please see the FY 2018 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 2017 Approved Budget and FTE			
		31,113	0.0
Increase: To align budget with scheduled debt service payments	Repayment of Pilot Financing	75	0.0
ENTERPRISE AND OTHER FUNDS-DEDICATED TAXES: FY 2018 Agency Budget Submission			
		31,189	0.0
No Change		0	0.0
ENTERPRISE AND OTHER FUNDS-DEDICATED TAXES: FY 2018 Mayor’s Proposed Budget			
		31,189	0.0
No Change		0	0.0
ENTERPRISE AND OTHER FUNDS-DEDICATED TAXES: FY 2018 District’s Proposed Budget			
		31,189	0.0
GROSS FOR TY0 - REPAYMENT OF PILOT FINANCING		31,189	0.0

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

FY 2018 Proposed Budget Changes

Repayment of PILOT Financing's proposed FY 2018 gross budget is \$31,188,512, which represents a less than 1.0 percent increase over its FY 2017 approved gross budget of \$31,113,441. The budget is comprised entirely of Enterprise and Other Funds - Dedicated Taxes.

Agency Budget Submission

Increase: The proposed budget for FY 2018 is increased by \$75,071 to align the budget with projected dedicated revenues and scheduled debt service payments. This adjustment is primarily attributed to an increase in PILOT revenue available to pay debt service on Southeast Federal Center bonds.

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