

Repayment of PILOT Financing

Table TY0-1

Description	FY 2016	FY 2017	FY 2018	FY 2019	% Change
	Actual	Actual	Approved	Proposed	from FY 2018
OPERATING BUDGET	\$21,888,791	\$21,638,527	\$31,188,512	\$54,122,839	73.5
FTEs	0.0	0.0	0.0	0.0	N/A

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. In addition, the District Council can approve other project-based PILOT financing, outside the scope of the PILOT Act.

The agency's FY 2019 proposed budget is presented in the following tables:

FY 2019 Proposed Gross Funds Operating Budget and FTEs, by Revenue Type

Table TY0-2 contains the proposed FY 2019 budget by revenue type compared to the FY 2018 approved budget. It also provides FY 2016 and FY 2017 actual data.

Table TY0-2

(dollars in thousands)

Appropriated Fund	Dollars in Thousands							Full-Time Equivalents						
	Actual		Actual	Approved	Proposed	Change		Actual		Actual	Approved	Proposed	Change	
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2018	% Change*	FY 2016	FY 2017	FY 2018	FY 2019	FY 2018	% Change		
ENTERPRISE AND OTHER														
Enterprise and Other														
Funds-Dedicated Taxes	21,889	21,639	31,189	54,123	22,934	73.5	0.0	0.0	0.0	0.0	0.0	0.0	N/A	
TOTAL FOR ENTERPRISE AND OTHER	21,889	21,639	31,189	54,123	22,934	73.5	0.0	0.0	0.0	0.0	0.0	0.0	N/A	
GROSS FUNDS	21,889	21,639	31,189	54,123	22,934	73.5	0.0	0.0	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 2019 Operating Appendices** located on the Office of the Chief Financial Officer's website.

FY 2019 Proposed Operating Budget, by Comptroller Source Group

Table TY0-3 contains the proposed FY 2019 budget at the Comptroller Source Group (object class) level compared to the FY 2018 approved budget. It also provides FY 2016 and FY 2017 actual expenditures.

Table TY0-3

(dollars in thousands)

Comptroller Source Group	Actual FY 2016	Actual FY 2017	Approved FY 2018	Proposed FY 2019	Change from FY 2018	Percentage Change*
50 - Subsidies and Transfers	3,861	1,518	4,359	31,302	26,943	618.1
80 - Debt Service	18,027	20,120	26,830	22,821	-4,009	-14.9
SUBTOTAL NONPERSONAL SERVICES (NPS)	21,889	21,639	31,189	54,123	22,934	73.5
GROSS FUNDS	21,889	21,639	31,189	54,123	22,934	73.5

*Percent change is based on whole dollars.

FY 2019 Proposed Operating Budget and FTEs, by Division/Program and Activity

Table TY0-4 contains the proposed FY 2019 budget by division/program and activity compared to the FY 2018 approved budget. It also provides FY 2016 and FY 2017 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	Actual FY 2017	Approved FY 2018	Proposed FY 2019	Change from FY 2018	Actual FY 2016	Actual FY 2017	Approved FY 2018	Proposed FY 2019	Change from FY 2018
(1000) REPAYMENT OF PILOT FINANCING										
(1100) Repayment of PILOT Financing	21,889	21,639	31,189	54,123	22,934	0.0	0.0	0.0	0.0	0.0
SUBTOTAL (1000) REPAYMENT OF PILOT FINANCING	21,889	21,639	31,189	54,123	22,934	0.0	0.0	0.0	0.0	0.0
TOTAL PROPOSED OPERATING BUDGET	21,889	21,639	31,189	54,123	22,934	0.0	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 2019 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 2019 is estimated to be \$10,553,960;

- **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, the second was in FY 2014, and these have a combined estimated debt service payment of \$3,928,585 in FY 2019;
- **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 2019 is estimated to be \$447,994; and
- **Southwest Waterfront** – PILOT debt issued under this project supports the multi-stage, mixed use development located in the District's Southwest quadrant known as the Wharf. The debt service payment in FY 2019 will be paid from capitalized interest as well as from a site-specific tax levied on a portion of phase I development. The total FY 2019 debt service is \$8,736,061.

In addition, the program budget contains a contingency of \$30,456,240 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 \$2,008,879 of trust account balance available for AWI capital projects. Of the total amount, including prior year balance and current year revenues, an estimated \$4,171,166 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 2019 proposed budget.

FY 2018 Approved Budget to FY 2019 Proposed Budget, by Revenue Type

Table TY0-5 itemizes the changes by revenue type between the FY 2018 approved budget and the FY 2019 proposed budget. For a more comprehensive explanation of changes, please see the FY 2019 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 2018 Approved Budget and FTE			
Agency Request-Increase: To align budget with projected revenues	Repayment of PILOT Financing	26,943	0.0
Agency Request-Decrease: To align budget with projected debt service payments	Repayment of PILOT Financing	-4,009	0.0
ENTERPRISE AND OTHER FUNDS-DEDICATED TAXES: FY 2019 Mayor's Proposed Budget			
No Change		0	0.0
ENTERPRISE AND OTHER FUNDS-DEDICATED TAXES: FY 2019 District's Proposed Budget			
		54,123	0.0
GROSS FOR TY0 - REPAYMENT OF PILOT FINANCING		54,123	0.0

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

FY 2019 Proposed Budget Changes

Repayment of PILOT Financing's proposed FY 2019 gross budget is \$54,122,839, which represents a 73.5 percent increase over its FY 2018 approved gross budget of \$31,188,512. The budget is comprised entirely of Enterprise and Other Funds - Dedicated Taxes.

Mayor's Proposed Budget

Agency Request - Increase: The FY 2019 proposed budget for Repayment of PILOT Financing includes an increase of \$26,943,170 to align the budget with projected dedicated revenues. This adjustment is primarily attributed to the use of the trust account balance available for AWI capital projects, along with an increase in PILOT revenues available to pay debt service on the Southeast Federal Center and Wharf bonds.

Agency Request - Decrease: The FY 2019 proposed budget for Repayment of PILOT Financing includes a decrease of \$4,008,843 in Debt Service, to align the budget with scheduled debt service payments.

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.