

(TY0)

Repayment of PILOT Financing

Table TY0-1

Description	FY 2017	FY 2018	FY 2019	FY 2020	% Change
	Actual	Actual	Approved	Approved	from FY 2019
OPERATING BUDGET	\$21,638,527	\$27,519,339	\$54,122,839	\$57,964,788	7.1
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 2020 approved budget is presented in the following tables:

FY 2020 Approved Gross Funds Operating Budget and FTEs, by Revenue Type

Table TY0-2 contains the approved FY 2020 budget by revenue type compared to the FY 2019 approved budget. It also provides FY 2017 and FY 2018 actual data.

Table TY0-2

(dollars in thousands)

Appropriated Fund	Dollars in Thousands						Full-Time Equivalents					
	Actual FY 2017	Actual FY 2018	Approved FY 2019	Approved FY 2020	Change from FY 2019	% Change*	Actual FY 2017	Actual FY 2018	Approved FY 2019	Approved FY 2020	Change from FY 2019	% Change
ENTERPRISE AND OTHER												
Enterprise and Other Funds-Dedicated Taxes	21,639	27,519	54,123	57,965	3,842	7.1	0.0	0.0	0.0	0.0	0.0	N/A
TOTAL FOR ENTERPRISE AND OTHER	21,639	27,519	54,123	57,965	3,842	7.1	0.0	0.0	0.0	0.0	0.0	N/A
GROSS FUNDS	21,639	27,519	54,123	57,965	3,842	7.1	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 2020 Operating Appendices** located on the Office of the Chief Financial Officer's website.

FY 2020 Approved Operating Budget, by Comptroller Source Group

Table TY0-3 contains the approved FY 2020 budget at the Comptroller Source Group (object class) level compared to the FY 2019 approved budget. It also provides FY 2017 and FY 2018 actual expenditures.

Table TY0-3

(dollars in thousands)

Comptroller Source Group	Actual FY 2017	Actual FY 2018	Approved FY 2019	Approved FY 2020	Change from FY 2019	Percentage Change*
50 - Subsidies and Transfers	1,518	6,410	31,302	30,126	-1,176	-3.8
80 - Debt Service	20,120	21,109	22,821	27,839	5,018	22.0
SUBTOTAL NONPERSONAL SERVICES (NPS)	21,639	27,519	54,123	57,965	3,842	7.1
GROSS FUNDS	21,639	27,519	54,123	57,965	3,842	7.1

*Percent change is based on whole dollars.

FY 2020 Approved Operating Budget and FTEs, by Division/Program and Activity

Table TY0-4 contains the approved FY 2020 budget by division/program and activity compared to the FY 2019 approved budget. It also provides FY 2017 and FY 2018 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 2017	Actual FY 2018	Approved FY 2019	Approved FY 2020	Change from FY 2019	Actual FY 2017	Actual FY 2018	Approved FY 2019	Approved FY 2020	Change from FY 2019
(1000) REPAYMENT OF PILOT FINANCING										
(1100) Repayment of PILOT Financing	21,639	27,519	54,123	57,965	3,842	0.0	0.0	0.0	0.0	0.0
SUBTOTAL (1000) REPAYMENT OF PILOT FINANCING	21,639	27,519	54,123	57,965	3,842	0.0	0.0	0.0	0.0	0.0
TOTAL APPROVED OPERATING BUDGET	21,639	27,519	54,123	57,965	3,842	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 2020 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 2020 is estimated to be \$10,549,724;
- **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 a third issuance is anticipated for FY 2020. The combined estimated debt service payment on all three issuances is of \$5,715,203 in FY 2020;
- **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 2020 is estimated to be \$410,703; 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 first issuance was in FY 2015, the second was in FY 2018, and a third issuance is anticipated for FY 2020. The combined debt service payment in FY 2020 on all three issuances is \$11,971,756 and will be paid from capitalized interest as well as from a site-specific tax levied on the phased development.

In addition, the program budget contains a contingency of \$29,317,402 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 the total amount, \$2,166,523 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 2020 approved budget.

FY 2019 Approved Budget to FY 2020 Approved Budget, by Revenue Type

Table TY0-5 itemizes the changes by revenue type between the FY 2019 approved budget and the FY 2020 approved budget. For a more comprehensive explanation of changes, please see the FY 2020 Approved 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 2019 Approved Budget and FTE			
		54,123	0.0
Increase: To align budget with projected debt service payments	Repayment of PILOT Financing	5,018	0.0
Decrease: To align budget with projected revenues	Repayment of PILOT Financing	-1,176	0.0
ENTERPRISE AND OTHER FUNDS-DEDICATED TAXES: FY 2020 Mayor’s Proposed Budget			
		57,965	0.0
No Change		0	0.0
ENTERPRISE AND OTHER FUNDS-DEDICATED TAXES: FY 2020 District’s Approved Budget			
		57,965	0.0
GROSS FOR TY0 - REPAYMENT OF PILOT FINANCING		57,965	0.0

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

FY 2020 Approved Budget Changes

Repayment of PILOT Financing's approved FY 2020 gross budget is \$57,964,788, which represents a 7.1 percent increase over its FY 2018 approved gross budget of \$54,122,839. The budget is comprised entirely of Enterprise and Other Funds - Dedicated Taxes.

Mayor's Proposed Budget

Increase: The FY 2020 proposed budget for Repayment of PILOT Financing includes an increase of \$5,018,077 in Debt Service, to reflect scheduled payments for bonds anticipated to be issued in FY 2020. 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 projects.

Decrease: The FY 2020 proposed budget for Repayment of PILOT Financing includes a decrease of \$1,176,128 to align the budget with projected dedicated revenues.

District's Approved Budget

No Change: The Repayment of Pilot Financing's budget reflects no change from the Mayor's proposed budget to the District's approved budget.