

(TY0)

# Repayment of PILOT Financing

**Table TY0-1**

| Description      | FY 2021      | FY 2022      | FY 2023      | FY 2024      | % Change        |
|------------------|--------------|--------------|--------------|--------------|-----------------|
|                  | Actual       | Actual       | Approved     | Approved     | from<br>FY 2023 |
| OPERATING BUDGET | \$32,454,758 | \$37,324,278 | \$32,683,349 | \$59,904,884 | 83.3            |
| FTEs             | 0.0          | 0.0          | 0.0          | 0.0          | N/A             |
| CAPITAL BUDGET   | \$0          | \$0          | \$0          | \$0          | N/A             |
| 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 (D.C. Official Code §§ 1-308.01 et seq.) 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 2024 approved budget is presented in the following tables:

## FY 2024 Approved Gross Funds Operating Budget and FTEs, by Revenue Type

Table TY0-2 contains the approved FY 2024 budget by revenue type compared to the FY 2023 approved budget. It also provides FY 2021 and FY 2022 actual data.

**Table TY0-2**

(dollars in thousands)

|                                       | Dollars in Thousands |                   |                     |                     |                           |              |                   | Full-Time Equivalents |                     |                     |                           |             |            |
|---------------------------------------|----------------------|-------------------|---------------------|---------------------|---------------------------|--------------|-------------------|-----------------------|---------------------|---------------------|---------------------------|-------------|------------|
|                                       | Actual<br>FY 2021    | Actual<br>FY 2022 | Approved<br>FY 2023 | Approved<br>FY 2024 | Change<br>from<br>FY 2023 | %<br>Change* | Actual<br>FY 2021 | Actual<br>FY 2022     | Approved<br>FY 2023 | Approved<br>FY 2024 | Change<br>from<br>FY 2023 | %<br>Change |            |
| <b>Appropriated Fund</b>              |                      |                   |                     |                     |                           |              |                   |                       |                     |                     |                           |             |            |
| <b>ENTERPRISE AND OTHER</b>           |                      |                   |                     |                     |                           |              |                   |                       |                     |                     |                           |             |            |
| Enterprise and Other                  |                      |                   |                     |                     |                           |              |                   |                       |                     |                     |                           |             |            |
| Funds-Dedicated Taxes                 | 32,455               | 37,324            | 32,683              | 59,905              | 27,222                    | 83.3         | 0.0               | 0.0                   | 0.0                 | 0.0                 | 0.0                       | 0.0         | N/A        |
| <b>TOTAL FOR ENTERPRISE AND OTHER</b> | <b>32,455</b>        | <b>37,324</b>     | <b>32,683</b>       | <b>59,905</b>       | <b>27,222</b>             | <b>83.3</b>  | <b>0.0</b>        | <b>0.0</b>            | <b>0.0</b>          | <b>0.0</b>          | <b>0.0</b>                | <b>0.0</b>  | <b>N/A</b> |
| <b>GROSS FUNDS</b>                    | <b>32,455</b>        | <b>37,324</b>     | <b>32,683</b>       | <b>59,905</b>       | <b>27,222</b>             | <b>83.3</b>  | <b>0.0</b>        | <b>0.0</b>            | <b>0.0</b>          | <b>0.0</b>          | <b>0.0</b>                | <b>0.0</b>  | <b>N/A</b> |

\*Percent change is based on whole dollars.

**Note:** If applicable, for a breakdown of each Grant (Federal and Private) and Special Purpose Revenue type, please refer to **Schedule 80 Agency Summary by Revenue Source** in the **FY 2024 Operating Appendices** located on the Office of the Chief Financial Officer's website.

## FY 2024 Approved Operating Budget, by Comptroller Source Group

Table TY0-3 contains the approved FY 2024 budget at the Comptroller Source Group (object class) level compared to the FY 2023 approved budget. It also provides FY 2021 and FY 2022 actual expenditures.

**Table TY0-3**

(dollars in thousands)

| Comptroller Source Group                   | Actual<br>FY 2021 | Actual<br>FY 2022 | Approved<br>FY 2023 | Approved<br>FY 2024 | Change<br>from<br>FY 2023 | Percentage<br>Change* |
|--|-------------------|-------------------|---------------------|---------------------|---------------------------|-----------------------|
| 50 - Subsidies and Transfers               | 1,979             | 4,458             | 17,921              | 45,946              | 28,025                    | 156.4                 |
| 80 - Debt Service                          | 30,475            | 32,867            | 14,762              | 13,959              | -803                      | -5.4                  |
| <b>SUBTOTAL NONPERSONAL SERVICES (NPS)</b> | <b>32,455</b>     | <b>37,324</b>     | <b>32,683</b>       | <b>59,905</b>       | <b>27,222</b>             | <b>83.3</b>           |
| <b>GROSS FUNDS</b>                         | <b>32,455</b>     | <b>37,324</b>     | <b>32,683</b>       | <b>59,905</b>       | <b>27,222</b>             | <b>83.3</b>           |

\*Percent change is based on whole dollars.

## FY 2024 Approved Operating Budget and FTEs, by Division/Program and Activity

Table TY0-4 contains the approved FY 2024 budget by division/program and activity compared to the FY 2023 approved budget. It also provides FY 2021 and FY 2022 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<br>FY 2021    | Actual<br>FY 2022 | Approved<br>FY 2023 | Approved<br>FY 2024 | Change<br>from<br>FY 2023 | Actual<br>FY 2021     | Actual<br>FY 2022 | Approved<br>FY 2023 | Approved<br>FY 2024 | Change<br>from<br>FY 2023 |
| <b>(1000) REPAYMENT OF PILOT FINANCING</b>          |                      |                   |                     |                     |                           |                       |                   |                     |                     |                           |
| (1100) Repayment of PILOT Financing                 | 32,455               | 37,324            | 32,683              | 59,905              | 27,222                    | 0.0                   | 0.0               | 0.0                 | 0.0                 | 0.0                       |
| <b>SUBTOTAL (1000) REPAYMENT OF PILOT FINANCING</b> | <b>32,455</b>        | <b>37,324</b>     | <b>32,683</b>       | <b>59,905</b>       | <b>27,222</b>             | <b>0.0</b>            | <b>0.0</b>        | <b>0.0</b>          | <b>0.0</b>          | <b>0.0</b>                |
| <b>TOTAL APPROVED OPERATING BUDGET</b>              | <b>32,455</b>        | <b>37,324</b>     | <b>32,683</b>       | <b>59,905</b>       | <b>27,222</b>             | <b>0.0</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 approved funding for the activities within this agency's programs, please see **Schedule 30-PBB Program Summary by Activity** in the **FY 2024 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:

- **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 was in FY 2020. The combined estimated debt service payment is \$3,168,833 in FY 2024; 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 was in FY 2020. A final issuance is planned in FY 2022. The second issuance was fully paid off in FY 2020. The combined debt service payment in FY 2024 is estimated at \$11,187,729.

In addition, the program budget contains a contingency of \$45,548,322 if projected PILOT revenues are higher than minimum debt service and must be paid to the bond holder.

## Program Structure Change

Repayment of PILOT Financing has no program structure changes in the FY 2024 approved budget.

## FY 2023 Approved Budget to FY 2024 Approved Budget, by Revenue Type

Table TY0-5 itemizes the changes by revenue type between the FY 2023 approved budget and the FY 2024 approved budget. For a more comprehensive explanation of changes, please see the FY 2024 Approved Budget Changes section, which follows the table.

### Table TY0-5

(dollars in thousands)

| DESCRIPTION   | DIVISION/PROGRAM             | BUDGET        | FTE        |
|---|------------------------------|---------------|------------|
| <b>ENTERPRISE AND OTHER FUNDS-DEDICATED TAXES: FY 2023 Approved Budget and FTE</b>    |                              |               |            |
|   |                              | <b>32,683</b> | <b>0.0</b> |
| Increase: To align budget with projected revenues                                     | Repayment of PILOT Financing | 27,222        | 0.0        |
| <b>ENTERPRISE AND OTHER FUNDS-DEDICATED TAXES: FY 2024 Mayor's Proposed Budget</b>    |                              |               |            |
|   |                              | <b>59,905</b> | <b>0.0</b> |
| No Change   |                              | 0             | 0.0        |
| <b>ENTERPRISE AND OTHER FUNDS-DEDICATED TAXES: FY 2024 District's Approved Budget</b> |                              |               |            |
|   |                              | <b>59,905</b> | <b>0.0</b> |
| <b>GROSS FOR TY0 - REPAYMENT OF PILOT FINANCING</b>                                   |                              | <b>59,905</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 approved funding for interagency projects funded within this agency, please see Appendix J, FY 2024 Interagency Budgets, in the Executive Summary budget volume.

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## FY 2024 Approved Operating Budget Changes

Table TY0-6 contains the approved FY 2024 budget by fund compared to the FY 2023 approved budget.

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### Table TY0-6

| <b>Appropriated Fund</b>                   | <b>FY 2023<br/>Approved</b> | <b>FY 2024<br/>Approved</b> | <b>% Change<br/>from<br/>FY 2023</b> |
|--|-----------------------------|-----------------------------|--------------------------------------|
| Enterprise and Other Funds-Dedicated Taxes | \$32,683,349                | \$59,904,884                | 83.3                                 |
| <b>GROSS FUNDS</b>                         | <b>\$32,683,349</b>         | <b>\$59,904,884</b>         | <b>83.3</b>                          |

### Mayor's Proposed Budget

**Increase:** The FY 2024 proposed budget for Repayment of PILOT Financing includes a net increase of \$27,221,535 to align the budget with projected dedicated revenues and reduced debt service payments.

### 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.