

Repayment of PILOT Financing

Table TY0-1

Description	FY 2022	FY 2023	FY 2024	FY 2025	% Change
	Actual	Actual	Approved	Proposed	from FY 2024
OPERATING BUDGET	\$37,324,278	\$21,140,599	\$59,904,884	\$65,027,226	8.6
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 2025 proposed budget is presented in the following tables:

FY 2025 Proposed Gross Funds Operating Budget and FTEs, by Revenue Type

Table TY0-2 contains the proposed FY 2025 budget by revenue type compared to the FY 2024 approved budget. It also provides FY 2022 and FY 2023 actual data.

Table TY0-2

(dollars in thousands)

Appropriated Fund	Dollars in Thousands							Full-Time Equivalents					
	Actual FY 2022	Actual FY 2023	Approved FY 2024	Proposed FY 2025	Change		Actual FY 2022	Actual FY 2023	Approved FY 2024	Proposed FY 2025	Change		
					from FY 2024	% Change*					from FY 2024	% Change	
ENTERPRISE AND OTHER													
Enterprise and Other Fund-Dedicated Tax - Pilots	37,324	21,141	59,905	65,027	5,122	8.6	0.0	0.0	0.0	0.0	0.0	N/A	
TOTAL FOR ENTERPRISE AND OTHER	37,324	21,141	59,905	65,027	5,122	8.6	0.0	0.0	0.0	0.0	0.0	N/A	
GROSS FUNDS	37,324	21,141	59,905	65,027	5,122	8.6	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) and Special Purpose Revenue type, please refer to **Schedule 80 Agency Summary by Revenue Source** in the **FY 2025 Operating Appendices** located on the Office of the Chief Financial Officer's website.

FY 2025 Proposed Operating Budget, by Account Group

Table TY0-3 contains the proposed FY 2025 budget at the Account Group level compared to the FY 2024 approved budget. It also provides FY 2022 and FY 2023 actual expenditures.

Table TY0-3

(dollars in thousands)

Account Group	Actual FY 2022	Actual FY 2023	Approved FY 2024	Proposed FY 2025	Change	
					from FY 2024	Percentage Change*
714100C - Government Subsidies and Grants	4,458	457	45,946	51,109	5,162	11.2
718100C - Debt Service Payments	32,867	20,683	13,959	13,919	-40	-0.3
SUBTOTAL NONPERSONNEL SERVICES (NPS)	37,324	21,141	59,905	65,027	5,122	8.6
GROSS FUNDS	37,324	21,141	59,905	65,027	5,122	8.6

*Percent change is based on whole dollars.

FY 2025 Proposed Operating Budget and FTEs, by Division/Program and Activity

Table TY0-4 contains the proposed FY 2025 budget by division/program and activity compared to the FY 2024 approved budget. It also provides FY 2022 and FY 2023 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 2022	Actual FY 2023	Approved FY 2024	Proposed FY 2025	Change from FY 2024	Actual FY 2022	Actual FY 2023	Approved FY 2024	Proposed FY 2025	Change from FY 2024
(CO0030) CFO OPERATIONS										
(C03001) Debt Service	37,324	21,141	59,905	65,027	5,122	0.0	0.0	0.0	0.0	0.0
SUBTOTAL (CO0030) CFO OPERATIONS	37,324	21,141	59,905	65,027	5,122	0.0	0.0	0.0	0.0	0.0
TOTAL PROPOSED OPERATING BUDGET	37,324	21,141	59,905	65,027	5,122	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**. For detailed information on this agency's Cost Center structure as reflected in the District's Chart of Accounts, please see **Schedule 30-CC FY 2025 Proposed Operating Budget and FTEs, by Division/Office**. Additional information on this agency's interagency agreements can be found in **Appendix H**. All schedules can be found in the FY 2025 Operating Appendices, Volume 6 located on the Office of the Chief Financial Officer's website.

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 \$2,728,254 in FY 2025; 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, the third was in FY 2020, and the final issuance was in FY 2022. The second issuance was fully paid off in FY 2020. The third and final issuances were paid off in FY 2022. The combined debt service payment in FY 2025 is estimated at \$11,190,381.

In addition, the program budget contains a contingency of \$51,108,591 if projected PILOT revenues are higher than minimum debt service and must be paid to the bond holder. as prepayments on principal in FY 2025 or in future years.

Program Structure Change

Repayment of PILOT Financing has no program structure changes in the FY 2025 proposed budget.

FY 2024 Approved Budget to FY 2025 Proposed Budget, by Revenue Type

Table TY0-5 itemizes the changes by revenue type between the FY 2024 approved budget and the FY 2025 proposed budget. For a more comprehensive explanation of changes, please see the FY 2025 Proposed Budget Changes section, which follows the table.

Table TY0-5

(dollars in thousands)

DESCRIPTION	DIVISION/PROGRAM	BUDGET	FTE
ENTERPRISE AND OTHER FUND-DEDICATED TAX - PILOTS: FY 2024 Approved Budget and FTE			
		59,905	0.0
Increase: To align the budget with projected revenues	Cfo Operations	5,122	0.0
ENTERPRISE AND OTHER FUND-DEDICATED TAX - PILOTS: FY 2025 Mayor's Proposed Budget			
		65,027	0.0
GROSS FOR TY0 - REPAYMENT OF PILOT FINANCING		65,027	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 interagency projects funded within this agency, please see Appendix J, FY 2025 Interagency Budgets, in the Executive Summary budget volume.

FY 2025 Proposed Operating Budget Changes

Table TY0-6 contains the proposed FY 2025 budget by fund compared to the FY 2024 approved budget.

Table TY0-6

Appropriated Fund	FY 2024 Approved	FY 2025 Proposed	% Change from FY 2024
Enterprise and Other Fund-Dedicated Tax - Pilots	\$59,904,884	\$65,027,226	8.6
GROSS FUNDS	\$59,904,884	\$65,027,226	8.6

Mayor's Proposed Budget

Increase: The FY 2025 proposed budget for Repayment of PILOT Financing includes a net increase of \$5,122,342 to align the budget with a projected increase in dedicated revenues. Although minimum required debt service is estimated to decrease by \$40,078, anticipated revenues in excess of required debt service will increase by \$5,162,420.

