

**October 1, 2001**

Council of the District of Columbia

PUBLIC ROUNDTABLE ON PR 14-260, "GENERAL OBLIGATION BOND ISSUANCE AUTHORIZATION RESOLUTION OF 2001" AND PR 14-261, "GENERAL OBLIGATION BOND PROCEEDS FINANCING AUTHORIZATION RESOLUTION OF 2001"

## **Testimony of Dallas Allen, Director of the Capital Improvements Program, Office of Budget and Planning, before the Committee of the Whole**

Good morning, Chairman Cropp and members of the Committee. I am Dallas Allen, Director of the Capital Improvements Program for the Office of Budget and Planning.

I am pleased to appear before you today to present testimony on PR 14-260, "General Obligation Bond Issuance Authorization Resolution of 2001" and PR 14-261, "General Obligation Bond Proceeds Financing Authorization Resolution of 2001". These resolutions are the final step in the approval process for obtaining financing for capital projects. This financing will enable the District to carryout the infrastructure improvements necessary for District agencies to achieve their mission of providing quality customer services to the residents and businesses of the District of Columbia.

The "General Obligation Bond Issuance Authorization Resolution of 2001" authorizes the borrowing of \$213,623,000. This amount was determined as a result of analysis of: (1) actual expenditures through the first three-quarters of FY 2001; (2) planned expenditures for the fourth quarter of FY 2001; and (3) current outstanding encumbrances through FY 2001.

The timing of this borrowing was determined as a result of the current spending levels for FY 2001. Because capital expenditures are initially paid from the general fund and the general fund is subsequently reimbursed by General Obligation bond proceeds, the timing of the borrowing must correlate with sufficient capital expenditures to warrant issuing debt, and take into consideration whether or not borrowing would cause a negative impact on the District's general fund cash flow position.

Additionally, consideration must be given regarding the necessity of a bond proceeds reallocation resolution. Based on our analysis of current outstanding bonds, we determined that a reallocation resolution would decrease the amount of borrowing necessary for FY 2002. Accordingly, PR 14-261, "General Obligation Bond Proceeds Financing Authorization Resolution of 2001," authorizes the reallocation of unspent bond proceeds from FY 1997 – FY 1999 for existing projects to currently approved projects that have unborrowed expenditures. This resolution in the amount of \$73,961,042 has reduced the District's current outstanding bond balances to approximately \$18,798,768 from a total of \$909,460,538 borrowed since FY 1996. Even after the reallocation, my office – with the assistance of the Office of Finance and Treasury – deemed it fiscally prudent to initiate a borrowing at this time. Of the approximately \$214 million that is anticipated to be issued next month, \$89 million has already been expended, and it is expected that the remaining amount will be fully expended within the next 9 months.

### **FY 2001 Performance**

The FY 2001 Capital Budget included approximately \$550 million in planned expenditures. Through August 2001, District agencies have spent \$457 million, or 83%, of this amount. This represents an increase of 87% over FY 2000 and an increase of 104% over FY 1999. This increase is an indication of the priority and commitment that has been placed on the Capital Improvements Program by the legislative and executive branches, as well as by the agency directors and CFOs. However, in order for the District to achieve all of the intended outcomes of the Capital Improvement Plan, it will require the continued commitment of all responsible parties and the need to continuously identify new business practices to improve capital service delivery.

### **FY 2002 Programmatic Initiatives**

While it has been determined that agencies are currently behind in their level of spending, my office has taken a proactive role in both the financial and the programmatic areas to ensure that agencies can meet the specific targets of their spending plans. Since the last oversight hearing, my office has issued an RFP

to issue a contract to do a complete assessment of the Capital Program. The scope of this contract will include:

1. A complete financial and programmatic assessment of all active capital projects;
2. A review of procurement policy and, if deemed necessary, the development of policies and procedures regarding procurement practices and the effect on productivity within agencies;
3. Benchmarking the District's Capital Improvements Program against best practices for state, county and local governments, Capital Improvements Program nationally; and
4. Establishing performance measures for the execution of the District's Capital Improvements Program.

The purpose of this assessment is to help District agencies assemble a strong Capital Improvements Program and to manage it proficiently. In addition, my office has begun to work closely with the City Administrator's Office to develop new strategies to improve the budget development and execution of the Capital Improvements Plan.

As I have stated before, my office remains committed to working with the stakeholders and agencies to improve the development and implementation of the Capital Improvements Program.

Chairman Cropp and members of the Council, thank you for the opportunity to testify before you today. I will be happy to respond to any questions that you may have.