

**PUBLIC HEARING ON  
PR 22-95, THE “CHIEF FINANCIAL OFFICER OF THE  
DISTRICT OF COLUMBIA JEFFREY S. DEWITT  
CONFIRMATION RESOLUTION OF 2017”**

**Before the  
Committee on Finance and Revenue  
Council of the District of Columbia**

**The Honorable Jack Evans, Chairman**

**February 16, 2017, 11:00 a.m.  
Council Chambers  
John A. Wilson Building**



**Testimony of  
Jeffrey S. DeWitt**

Good morning, Chairman Evans and members of the Committee on Finance and Revenue. I am Jeffrey S. DeWitt, Chief Financial Officer for the District of Columbia. I am honored that Mayor Bowser has nominated me for re-appointment as Chief Financial Officer of the District of Columbia and I am pleased to appear before you today to discuss my qualifications, experience and vision for this position.

## **BACKGROUND**

As you are aware, I began serving as the CFO for the District of Columbia on January 3, 2014. Prior to coming to the District, I had more than 27 years in public service beginning with service in the U.S. Army. I earned my Bachelor's Degree from Eastern Illinois University and my Master's Degree from Southern Illinois University. In January of 1989, I relocated to Phoenix, Arizona for a position as a Research and Economic Analyst for the City of Phoenix and, over time, moved progressively through the organization to become the Deputy Finance Director for Tax and Utilities in 1999, and the Assistant Finance Director in 2002. In 2009, I was appointed Chief Financial Officer (CFO) for the City of Phoenix.

## **PHOENIX EXPERIENCE AS IT RELATES TO THE CFO POSITION**

As the CFO for Phoenix, I was responsible for all financial aspects of what was then the sixth largest city in the United States with a population of approximately 1.5 million, and an annual budget of more than \$3.5 billion. The debt portfolio was approximately \$7 billion with an investment portfolio of more than \$2 billion.

My experience throughout my 24 year career with the City of Phoenix included financial reporting, accounting, debt and investments, real estate, risk management, procurement, banking, tax administration, enterprise resource planning (ERP) for financial systems, revenue forecasting, and financial planning for various departments. I also served as the executive sponsor for the Phoenix Industrial Development Authority, and as a board member for the Phoenix Employee Retirement System, Long Term Disability and Risk Management Trust, Downtown Hotel Corporation Board, Arena Development Board, and the Chair of the Phoenix Community Development Investment Corporation Board (PCDIC). The PCDIC is a nonprofit entity that provides assistance to businesses in low-income census tracts through the use of New Market tax credit allocations it receives.

As the CFO for Phoenix, I was involved in some of the most difficult financial decisions in the city's history. During this period, property values declined 47%

and sales taxes declined for the first time in history. In the Fiscal Year (FY) ending June 30, 2009, the City faced a deficit of approximately 25% of the General Fund budget. I worked collaboratively with the Mayor, City Council, City Manager, business community and citizen groups to develop a multi-faceted solution that included budget reductions, refinancing of debt, efficiency savings, employee pay concessions, and temporary sales taxes to balance the budget. As a result, the City was able to maintain its high credit ratings and can be considered one of the more efficient governments in the United States.

Over the 24 years I was fortunate enough to be a part of the City's management leadership, Phoenix twice received the prestigious Carl Bertelsmann Award for being the best-run city government in the world, and was five times named All-American City by the National Civic League.

During my career, I have also been involved in several technology implementations. In the late 1990s, I served on the team that directed a full-scale replacement of the city's financial system and later as the CFO, led several major upgrades to this system. I oversaw the replacement of the tax system as well as continuous upgrades for this system. I also served on executive leadership and oversight teams to replace the water utility billing system as well as major upgrades to the human resources and payroll system.

I have extensive experience with the rating agencies and investors. Throughout my career, I have been involved in the issuance of more than \$12 billion in municipal bonds, with \$4 billion related to the last three years with the District. I also have extensive experience with both investors and rating agencies relating to credits for transit systems, hotels, convention centers, airports, water and sewer utilities, as well as regular general obligation and income tax bonds.

### **ACCOMPLISHMENTS AS THE DISTRICT'S CFO**

When I was appointed to lead the Office of the Chief Financial Officer (OCFO) over three years ago, I committed to developing a strategic plan with input from the Mayor, Council, local business groups, community organizations and residents of the District. The 2014 Strategic Plan laid out seven strategic objectives and 24 initiatives to improve the OCFO and the District. This plan forms the core of the accomplishments of the OCFO over the last three years, with many other accomplishments not originally outlined as initiatives. Below are these accomplishments.

- Achieved G.O. bond rating upgrades from AA- to AA from Standard and Poor's and Fitch in 2014, and upgrades from Moody's from Aa2 to Aa1 in 2015. The District's Downtown Tax Increment Financing (TIF) bonds have been upgraded by all the agencies, with Ballpark bonds recently upgraded by Fitch in 2017.

- Completed the 2014, 2015, and 2016 Comprehensive Annual Financial Reports (CAFR) with clean audits. The 2015 and 2016 District CAFRs were completed for the first time in the City's history with No Yellow Book Findings (no material weaknesses or significant deficiencies).
- Provided significant support to the District and the Metropolitan region related to WMATA (Metro) financial issues and developed a long-range capital financial planning model to assist the region in determining funding gaps to address Metro capital and operating needs.
- Completed a comprehensive financial review of United Medical Center in 2016 which has placed UMC on the path to operational sufficiency without District subsidies.
- Completed a comprehensive review of the commercial appraisal area that included employee meetings and the development of 13 recommendations to improve the area. All recommendations are underway or are being implemented.
- Implemented a new income and business tax filing system, which includes a taxpayer portal for enhanced customer service (MITS Phases I and II).
- Implemented tools to protect taxpayer identity and reduce losses from income tax fraud.
- Implemented a new telephone system in the Office of Tax and Revenue to improve customer service.

- Completed an external “best practices” review of all DC Lottery activities which is now ranked 7th out of 44 in overall performance in the US lottery industry.
- Developed comprehensive written policies and procedures for all areas of the OCFO and engaged an outside consultant for a risk review for the long-term development of an Enterprise Risk Management System to reduce the risk of theft and fraud.
- Developed the first ever Long-Range Capital Financial Plan Report to determine funding gaps, including the replacement and maintenance needs of District assets.
- Implemented a new agency-wide customer service training program that includes e-learning and instructor-led modules to promote better customer service.
- Completed a comprehensive analysis of resources needed to implement a new financial system.
- Implemented an improved process to notify seniors of property tax credit opportunities.
- Eliminated short-term borrowing for cash flow purposes (No Tax Revenue Anticipation Notes) through full use of reserves and improved cash flow management practices.
- Improved debt management practices to better schedule the timing and size of bond sales to match capital and construction needs thereby reducing

overall debt service costs.

- Improved investor outreach through the District's first ever investor conference in collaboration with DC Water, the Washington Metropolitan Area Transit Authority (WMATA), and the Washington Metropolitan Airport Authority.
- Expanded external recruiting through partnerships with local universities, job fairs, and career centers.
- Moved 280,000 payments to pay cards reducing the need for paper checks.
- Upgraded income tax policy analysis and forecasting models.
- Improved the usability and usefulness of information on the OCFO website.
- Implemented an online process to receive clean-hands compliance certificates.
- Enhanced annual OCFO Ethics Training.
- Developed a new OCFO value statement and a new continuous improvement program. This includes creating a new Continuous Improvement Officer position that reports directly to the CFO.

## **PLANS FOR THE NEXT FIVE YEARS**

In the coming weeks, the OCFO will release a new five-year strategic plan that will guide the agency in further improving the seven strategic objectives which are: (1) Improve Customer Service; (2) Create a Culture of Continuous Improvement; (3) Improve the Transparency and Quality of Information; (4) Effectively Manage Risk to Reduce Fraud; (5) Implement Quality Financial Systems; (6) Develop, Attract and Retain Qualified Employees; and (7) Manage a Fair and Equitable System to Fully Collect District Revenues.

The plan has 23 very significant strategic initiatives, many of which will take multiple years to implement, such as a new District wide financial and budgeting system, and completion of the implementation of the modernized integrated tax system (MITS). The new plan builds on the accomplishments of the last three years and moves us closer to our vision of being a “best in class” financial organization.

The core requirement to achieve this plan is the vision and value statement developed over the past year with employee input, including an employee designed logo which signifies the culture of continuous improvement. Within the OCFO, we want to build a culture that always looks for ways to improve and provide better service; that empowers its employees to identify and make changes. This

approach will help us to better employ technology and make other necessary improvements to provide superlative service to the District and its residents. The vision and values statements and the logo are found below.

## OCFO Vision and Value Statement

### **Vision**

*“The Office of the Chief Financial Officer is dedicated to being a best-in-class financial organization in order to better serve the residents, businesses, visitors, taxpayers and the government of the District of Columbia.”*

### **Value Statement**

*“Each day, I will strive to provide the highest standard of service to the residents, businesses, visitors, and the government of the District of Columbia by being:*

**S - Service Driven with a Strong Work Ethic**

**M - Motivated and Mission Focused**

**A - Accountable**

**R - Respectful of My Customers and Co-workers**

**T - Trustworthy and Team-Focused**

**E - Empowered to Achieve Excellence**

**R - Results Oriented**



## **Strategic Initiatives**

The 2017-2021 Strategic Plan will detail the specifics of the 23 initiatives, including the impact, implementation schedule, resource requirements, and expected results. The plan will be published on the website at [cfo.dc.gov](http://cfo.dc.gov). The 23 strategic initiatives are below:

- Continue implementation of a Modernized Integrated Tax System (MITS) to replace the current tax system. Phase III will include sales and use taxes in the fall of 2017, followed by real property taxes and other enhancements in 2018 and early 2019.
- Implement Telephony System 2.0 and integrate the Telephony System with a Customer Relations Management System (CRM) for all areas of the OCFO
- Implement an enterprise-focused debt and revenue collection solution for management and collections of taxes, fees, and debts owed to the District
- Enhance current practices to strengthen internal controls and ensure compliance with all accounting, auditing, and legal standards
- Improve District-wide payment process to ensure more efficient and timely payments by all agencies
- Continue to enhance the long-range (15-year) capital financial plan for the District and develop a long-range capital financial plan for WCSA (EventsDC)

- Implement a new enterprise-wide financial reporting, accounting and budgeting system
- Continue to drive the culture of continuous improvement with employee-driven process improvement teams
- Assess and implement DC Lottery “best practices” findings from the 2016 study, where applicable, and expand the base for retail products
- Continue to execute the plan with the hospital board and DHCF to financially stabilize UMC
- Review investment systems and strategies to maximize revenues within investment policy guidelines
- Review and implement policies, systems, and processes to ensure compliance with increased local and federal debt regulations
- Upgrade policy analysis and forecasting tools for Real Property and Sales Tax Income stream
- Implement HR programs to improve training and succession planning within the OCFO
- Improve internal communications OCFO and District-wide by implementing dashboards, standardized reports, portals and newsletters across agencies
- Review and upgrade financial reporting and accounting systems and processes for UDC

- Improve the timeliness and availability of grant information to agencies
- Review and update performance management system and recruitment strategies to align with culture of continuous improvement program
- Continue to enhance OCFO Ethics Training
- Improve the quality of financial information by integrating related information from other District agencies and using private sector data to enhance economic analysis
- Modernize payment operations across the District
- Provide technical financial planning support to WMATA and the region to develop a long-term funding solution
- Implement an Enterprise Risk Management (ERM) Framework

## **CONCLUSION**

I want to take this opportunity to thank Mayor Bowser, again, for her confidence in me and the opportunity to serve the District of Columbia. I especially want to thank the staff of the OCFO for their collective efforts in completing the numerous accomplishments outlined here, and for their commitment to work even harder to complete our ambitious five-year strategic plan. Their level of dedication and professionalism is extraordinary. Without them, none of these accomplishments

would be possible. Finally, thank you Mr. Chairman, the Committee and other members of the Council of the District of Columbia for your consideration of my nomination. I consider it an honor and a privilege to serve the District of Columbia.

This concludes my remarks. I would be pleased to answer any questions you may have.