

(TY0)

Repayment of PILOT Financing

Description	FY 2014 Actual	FY 2015 Approved	FY 2016 Proposed	% Change from FY 2015
Operating Budget	\$13,722,809	\$15,881,839	\$18,740,916	18.0

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.

The agency's FY 2016 proposed budget is presented in the following tables:

FY 2016 Proposed Gross Funds Operating Budget, by Revenue Type

Table TY0-1 contains the proposed FY 2016 agency budget compared to the FY 2015 approved budget. It also provides FY 2013 and FY 2014 actual expenditures.

Table TY0-1
(dollars in thousands)

Appropriated Fund	Actual FY 2013	Actual FY 2014	Approved FY 2015	Proposed FY 2016	Change from FY 2015	Percent Change*
General Fund						
Special Purpose Revenue Funds	10,949	13,723	0	0	0	N/A
Total for General Fund	10,949	13,723	0	0	0	N/A
Enterprise and Other						
Enterprise and Other Funds-Dedicated Tax	0	0	15,882	18,741	2,859	18.0
Total for Enterprise and Other	0	0	15,882	18,741	2,859	18.0
Gross Funds	10,949	13,723	15,882	18,741	2,859	18.0

*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 2016 Operating Appendices** located on the Office of the Chief Financial Officer's website.

FY 2016 Proposed Operating Budget, by Comptroller Source Group

Table TY0-2 contains the proposed FY 2016 budget at the Comptroller Source Group (object class) level compared to the FY 2015 approved budget. It also provides FY 2013 and FY 2014 actual expenditures.

Table TY0-2
(dollars in thousands)

Comptroller Source Group	Actual FY 2013	Actual FY 2014	Approved FY 2015	Proposed FY 2016	Change from FY 2015	Percent Change*
50 - Subsidies and Transfers	396	3,174	0	0	0	N/A
80 - Debt Service	10,553	10,549	15,882	18,741	2,859	18.0
Subtotal Nonpersonal Services (NPS)	10,949	13,723	15,882	18,741	2,859	18.0
Gross Funds	10,949	13,723	15,882	18,741	2,859	18.0

*Percent change is based on whole dollars.

Program Description

Repayment of PILOT Financing operates through the following program:

Repayment of PILOT Financing – provides budget authority for 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 2016 is estimated to be \$10,549,700;
- **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 and has an estimated debt service payment of \$397,900 in FY 2016. The second issuance was in FY 2015 and has an estimated debt service payment of \$3,395,207 in FY 2016; and
- **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 2016 is estimated to be \$612,000.

In addition, the program budget contains a contingency of \$3,786,109 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 this amount, an estimated \$2,400,000 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 2016 proposed budget.

FY 2016 Proposed Operating Budget and FTEs, by Program and Activity

Table TY0-3 contains the proposed FY 2016 budget by program and activity compared to the FY 2015 approved budget. It also provides the FY 2014 actual data.

Table TY0-3

(dollars in thousands)

Program/Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2014	Approved FY 2015	Proposed FY 2016	Change from FY 2015	Actual FY 2014	Approved FY 2015	Proposed FY 2016	Change from FY 2015
(1000) Repayment of PILOT Financing								
(1100) Repayment of PILOT Financing	13,723	15,882	18,741	2,859	0.0	0.0	0.0	0.0
Subtotal (1000) Repayment of PILOT Financing	13,723	15,882	18,741	2,859	0.0	0.0	0.0	0.0
Total Proposed Operating Budget	13,723	15,882	18,741	2,859	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 program, please see **Schedule 30-PBB Program Summary by Activity** in the **FY 2016 Operating Appendices** located on the Office of the Chief Financial Officer's website.

FY 2016 Proposed Budget Changes

Repayment of PILOT Financing's proposed FY 2016 gross budget is \$18,740,916, which represents an 18.0 percent increase over its FY 2015 approved budget of \$15,881,839. The budget is comprised entirely of Enterprise and Other Funds – Dedicated Taxes.

Agency Budget Submission

Increase: The Repayment of PILOT Financing provides budget authority for debt borrowed against multiple PILOT projects. The budget request for FY 2016 increased from FY 2015 by \$2,859,077 to align the budget with projected dedicated revenues and scheduled debt service payments. This budget increase is primarily attributed to the second issuance of debt for the Southeast Federal Center mixed-use development. The repayment of the borrowing against the future PILOT revenue is budgeted in the PILOT program for the debt service.

Mayor's Proposed Budget

No Change: Repayment of PILOT Financing's budget proposal reflects no change from the agency budget submission to the Mayor's proposed budget.

District's Proposed Budget

No Change: Repayment of PILOT Financing's budget proposal reflects no change from the Mayor's proposed budget to the District's proposed budget.

FY 2015 Approved Budget to FY 2016 Proposed Budget, by Revenue Type

Table TY0-4 itemizes the changes by revenue type between the FY 2015 approved budget and the FY 2016 proposed budget.

Table TY0-4
(dollars in thousands)

DESCRIPTION	PROGRAM	BUDGET	FTE
ENTERPRISE AND OTHER FUND-DEDICATED TAXES:			
FY 2015 Approved Budget and FTE		15,882	0.0
Increase: To align budget with scheduled debt service payments	Repayment of PILOT Financing	2,859	0.0
ENTERPRISE AND OTHER FUND-DEDICATED TAXES:			
FY 2016 Agency Budget Submission		18,741	0.0
No Change		0	0.0
ENTERPRISE AND OTHER FUND-DEDICATED TAXES:			
FY 2016 Mayor's Proposed Budget		18,741	0.0
No Change		0	0.0
ENTERPRISE AND OTHER FUND-DEDICATED TAXES:			
FY 2016 District's Proposed Budget		18,741	0.0
Gross for TY0 - Repayment of PILOT Financing		18,741	0.0

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