
Repayment of PILOT Financing

Description	FY 2010 Actual	FY 2011 Approved	FY 2012 Proposed	% Change from FY 2011
Operating Budget	\$10,551,045	\$12,275,000	\$17,225,074	40.3

Repayment of PILOT Financing is a program through which the District provides economic development project funds by borrowing against future receipts of a 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. Such 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 2012 proposed budget is presented in the following tables:

FY 2012 Proposed Gross Funds Operating Budget, by Revenue Type

Table TY0-1 contains the proposed FY 2012 agency budget compared to the FY 2011 approved budget. It also provides FY 2009 and FY 2010 actual expenditures.

Table TY0-1
(dollars in thousands)

Appropriated Fund	Actual FY 2009	Actual FY 2010	Approved FY 2011	Proposed FY 2012	Change from FY 2011	Percent Change*
General Fund						
Special Purpose Revenue Funds	10,550	10,551	12,275	17,225	4,950	40.3
Total for General Fund	10,550	10,551	12,275	17,225	4,950	40.3
Gross Funds	10,550	10,551	12,275	17,225	4,950	40.3

*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 2012 Operating Appendices located on the Office of the Chief Financial Officer's website.

FY 2012 Proposed Operating Budget, by Comptroller Source Group

Table TY0-2 contains the proposed FY 2012 budget at the Comptroller Source Group (object class) level compared to the FY 2011 approved budget. It also provides FY 2009 and FY 2010 actual expenditures.

Table TY0-2
(dollars in thousands)

Comptroller Source Group	Actual FY 2009	Actual FY 2010	Approved FY 2011	Proposed FY 2012	Change from FY 2011	Percent Change*
80 - Debt Service	10,550	10,551	12,275	17,225	4,950	40.3
Subtotal Nonpersonal Services (NPS)	10,550	10,551	12,275	17,225	4,950	40.3
Gross Funds	10,550	10,551	12,275	17,225	4,950	40.3

*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 area. The debt service payment in FY 2012 is estimated to be \$10,548,000;
- **Capper Carrollsburg** - Bond proceeds funded public infrastructure costs for the Arthur Capper Carrollsburg project, a Hope VI redevelopment led by the D.C. Housing Authority. The debt service payment in FY 2012 is estimated to be \$1,160,000;
- **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 FY 2012 debt service required on debt that has been issued under this program is \$345,000, and an additional \$726,000 is included for debt expected to be issued prior to the end of FY 2012; and
- **Rhode Island Metro Plaza** - Rhode Island Metro Plaza is the redevelopment of a parking lot adjacent to the Rhode Island Avenue Metro station. The project will contain new residential apartments and retail shops as well as a parking garage for the replacement Washington Metropolitan Area Transit Authority parking. The debt service payment in FY 2012 is estimated to be \$306,000.

In addition, the program budget contains a contingency of \$4,140,000 if projected PILOT revenues are higher than minimum debt service and must be paid to the bond holder in accordance with bond agreements.

Some of the projects include a provision that requires the District to make repayments from General Fund revenues if PILOT revenues are less than the debt service obligations. The District has obtained language in its Appropriations Act allowing it to appropriate an additional amount from its fund balance to make any required repayment.

Budgeted expenditures are slightly lower than the revenue transfers into the PILOT special revenue fund in FY 2012, and any excess revenues will become part of the fund balance. District budget policy requires a one-year debt service reserve for all PILOT debt that issued with the backing of the Downtown TIF Available Increment.

Program Structure Change

Repayment of PILOT Financing has no program structure changes in the FY 2012 Proposed Budget.

FY 2012 Proposed Operating Budget and FTEs, by Program and Activity

Table TY0-3 contains the proposed FY 2012 budget by program and activity compared to the FY 2011 approved budget. It also provides the FY 2010 actual data.

Table TY0-3

(dollars in thousands)

Program/Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2010	Approved FY 2011	Proposed FY 2012	Change from FY 2011	Actual FY 2010	Approved FY 2011	Proposed FY 2012	Change from FY 2011
(1000) Repayment of PILOT Financing								
(1100) Repayment of PILOT Financing	10,551	12,275	17,225	4,950	0.0	0.0	0.0	0.0
Subtotal (1000) Repayment of PILOT Financing	10,551	12,275	17,225	4,950	0.0	0.0	0.0	0.0
Total Proposed Operating Budget	10,551	12,275	17,225	4,950	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 in the FY 2012 Operating Appendices located on the Office of the Chief Financial Officer's website.

FY 2012 Proposed Budget Changes

Projected PILOT revenues dedicated to debt service have been increased by \$4,950,074 to align with estimated PILOT payments on projects currently under construction while also incorporating additional planned PILOT debt issuance for Southeast Federal Center.

FY 2011 Approved Budget to FY 2012 Proposed Budget, by Revenue Type

Table TY0-4 itemizes the changes by revenue type between the FY 2011 approved budget and the FY 2012 proposed budget.

Table TY0-4

(dollars in thousands)

	PROGRAM	BUDGET	FTE
SPECIAL PURPOSE REVENUE FUNDS: FY 2011 Approved Budget and FTE		12,275	0.0
Cost Increase: Debt service	Repayment of Pilot Financing	4,950	0.0
FY 2012 Initial Adjusted Budget		17,225	0.0
SPECIAL PURPOSE REVENUE FUNDS: FY 2012 Proposed Budget and FTE		17,225	0.0
Gross for TY0 - Repayment of PILOT Financing		17,225	0.0