

**COUNCIL OF THE DISTRICT OF COLUMBIA**  
**Office of the Budget Director**



**Jennifer Budoff**  
Budget Director

**TO:** The Honorable Phil Mendelson  
Chairman, Council of the District of Columbia

**FROM:** Jennifer Budoff  
Budget Director, Council of the District of Columbia

**DATE:** May 28, 2019

**SUBJECT:** Certification of Report and Recommendations of the Committee on  
Business and Economic Development on the Fiscal Year 2020 Budget and  
Financial Plan for Agencies Under Its Purview

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This is to certify that the Office of the Budget Director has reviewed the Report and Recommendations of the Committee on Business and Economic Development on the Fiscal Year 2020 Budget and Financial Plan for Agencies Under Its Purview and found it to be balanced and, except for the unfunded subtitles listed below, compliant with Council Rule 703(b)(1) and (2).

<b>Unfunded Subtitle</b>	<b>Description</b>	<b>Issue</b>
Emergency and Non-Emergency Telephone Calling Systems Funding	Committee recommended eliminating subtitle and \$31.258M of revenue that will be generated over the 4-year financial plan.	Eliminating the subtitle without reducing the proposed budget or providing an alternative source of revenue will cause the budget to be unbalanced.

Additional information on the FY 2020 Budget and Financial Plan can be found at <https://www.dccouncilbudget.com/fiscal-year-2020-budget>.

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Jennifer Budoff

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# COMMITTEE ON BUSINESS AND ECONOMIC DEVELOPMENT


KENYAN R. MCDUFFIE, CHAIRPERSON  
FISCAL YEAR 2020 COMMITTEE BUDGET REPORT

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**TO:** Members of the Council of the District of Columbia

**FROM:** Councilmember Kenyan R. McDuffie   
Chairperson, Committee on Committee on Business and Economic  
Development

**DATE:** May 1, 2019

**SUBJECT:** Report and Recommendations of the Committee on Business and Economic  
Development on the Fiscal Year 2020 Budget for Agencies Under Its  
Purview

The Committee on Business and Economic Development (“Committee”), having conducted hearings and received testimony on the Mayor’s proposed operating and capital budgets for Fiscal Year 2020 (“FY 2020”) for the agencies under its purview, reports its recommendations for review and consideration by the Committee of the Whole. The Committee also comments on several sections in the Fiscal Year 2020 Budget Support Act of 2019, as proposed by the Mayor.

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**I. SUMMARY**

**A. FISCAL YEAR 2020 AGENCY OPERATING BUDGET SUMMARY**

<i>Fund Type</i>	<i>FY 2018 Actual</i>	<i>FY 2019 Approved</i>	<i>FY 2020 Proposed</i>	<i>Sum of Committee Variance</i>	<i>Committee Approved</i>
<i>Captive Insurance Agency</i>					
Local	\$2,478,584.36	\$2,094,954.41	\$2,352,183	-200,000	\$2,152,183
Dedicated Taxes	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

<i>Fund Type</i>	<i>FY 2018 Actual</i>	<i>FY 2019 Approved</i>	<i>FY 2020 Proposed</i>	<i>Sum of Committee Variance</i>	<i>Committee Approved</i>
Special Purpose Revenue	\$8836.46	\$210,811	\$888,111	\$0.00	\$888,111
Intra-District	\$185,569	\$0.00	\$0.00	\$0.00	\$0.00
<b>Gross Funds</b>	<b>\$2,672,990</b>	<b>\$2,305,765</b>	<b>\$3,240,994</b>	<b>-\$200,000</b>	<b>\$3,040,994</b>
<b><i>Office of the Deputy Mayor for Planning and Economic Development</i></b>					
Local	\$32,590,337	\$21,782,627	\$24,107,797	-\$141,973	\$ 24,249,770.88
Special Purpose Revenue	\$15,720,385	\$20,819,241	\$16,552,206	\$0.00	\$16,552,206
Federal Payments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Federal Grants	\$193,000	\$0.00	\$0.00	\$0.00	\$0.00
Intra-District	\$1,089,000	\$0.00	\$0.00	\$0.00	\$0.00
<b>Gross Funds</b>	<b>\$48,505,022</b>	<b>\$42,601,867</b>	<b>\$40,660,004</b>	<b>-\$141,973</b>	<b>\$40,801,997</b>
<b><i>Department of Small and Local Business Development</i></b>					
Local	\$ 14,464,634.09	\$ 14,621,073.91	\$14,286,164	\$1,368,310	\$15,654,474
Federal Grants	\$420,750	\$468,424	\$471,180	\$0.00	\$471,180
Private Grant	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Intra-District	\$749,995.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Gross Funds</b>	<b>\$15,635,379</b>	<b>\$15,089,498</b>	<b>\$14,757,344</b>	<b>\$1,368,310</b>	<b>\$16,125,654</b>
<b><i>Alcoholic Beverage Regulation Administration</i></b>					
Dedicated Taxes	\$955,348.58	\$1,292,000	\$1,384,968	\$0.00	\$1,384,968
Special Purpose Revenue	\$6,624,924.33	\$8,006,696	\$8,257,929	\$0.00	\$8,257,929
<b>Gross Funds</b>	<b>\$7,580,273</b>	<b>\$9,298,696</b>	<b>\$9,642,897</b>	<b>\$0.00</b>	<b>\$9,642,897</b>
<b><i>Public Service Commission</i></b>					
Special Purpose Revenue	\$13,559,651	\$15,163,455	\$15,692,793	\$0.00	\$15,692,793
Federal Grants	\$401,932	\$565,555	\$581,000	\$0.00	\$581,000
Private Grant	\$7,547	\$22,000	\$12,000	\$0.00	\$12,000
<b>Gross Funds</b>	<b>\$13,969,130</b>	<b>\$15,751,010</b>	<b>\$16,285,793</b>	<b>\$0.00</b>	<b>\$16,285,793</b>
<b><i>Office of People's Counsel</i></b>					
Local	\$0.00	\$775,609	\$689,246	\$0.00	\$689,246
Special Purpose Revenue	\$8,007,384	\$8,970,586	\$9,314,748	\$0.00	\$9,314,748
<b>Gross Funds</b>	<b>\$8,007,384</b>	<b>\$9,745,655</b>	<b>\$10,003,994</b>	<b>\$0.00</b>	<b>\$10,003,994</b>
<b><i>Department of Insurance, Securities and Banking</i></b>					
Local	\$149,540	\$0.00	\$0.00	\$0.00	\$0.00
Special Purpose Revenue	\$21,813,559	\$28,565,477	\$30,015,320	-\$680,566	\$29,334,754
Federal Grants	\$566,515	\$0.00	\$139,000	\$0.00	\$139,000
Intra-District	\$127,648	\$125,000	\$133,000	\$0.00	\$133,000
<b>Gross Funds</b>	<b>\$22,529,614</b>	<b>\$28,565,477</b>	<b>\$30,154,320</b>	<b>-\$680,566</b>	<b>\$29,473,754</b>



<i>Fund Type</i>	<i>FY 2018 Actual</i>	<i>FY 2019 Approved</i>	<i>FY 2020 Proposed</i>	<i>Sum of Committee Variance</i>	<i>Committee Approved</i>
<b>Department of For-Hire Vehicles</b>					
Local	\$4,463,888	\$5,924,444	\$5,895,397	\$0.00	\$5,895,397
Special Purpose Revenue	\$8,626,090	\$11,675,365	\$13,760,351	-\$234,092	\$13,526,259
Intra-District	\$899,008.87	\$0.00	\$830,000	\$0.00	\$830,000
<b>Gross Funds</b>	<b>\$13,988,987</b>	<b>\$17,599,809</b>	<b>\$20,485,748</b>	<b>-234,092</b>	<b>\$20,251,656</b>
<b>Office of Cable Television, Film, Music, and Entertainment</b>					
Local	\$ 2,060,263.67	\$1,689,613	\$1,699,338	\$0.00	\$1,699,338
Dedicated Taxes	\$2500	\$0.00	\$0.00	\$0.00	\$0.00
Special Purpose Revenue	\$15,249,642	\$14,677,625	\$14,905,251	\$0.00	\$14,905,251
Federal Grants	\$420,750	\$468,424	\$471,180	\$0.00	\$471,180
Intra-District	\$749,995.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Gross Funds</b>	<b>\$15,249,642</b>	<b>\$14,677,625</b>	<b>\$14,905,251</b>	<b>\$0.00</b>	<b>\$14,905,251</b>

**B. FISCAL YEAR 2020 AGENCY FULL-TIME EQUIVALENT**

<i>Fund Type</i>	<i>FY 2018 Actual</i>	<i>FY 2019 Approved</i>	<i>FY 2020 Proposed</i>	<i>Sum of Committee Variance</i>	<i>Committee Approved</i>
<b>Captive Insurance Agency</b>					
Local	4.00	4.00	4.00	0.00	4.00
<b>Total</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>	<b>0.00</b>	<b>4.00</b>
<b>Office of the Deputy Mayor for Planning and Economic Development</b>					
Local	61.3	68.0	72.0	-1.0	71.0
Special Purpose Revenue	10.75	17.0	17.0	0.00	17.00
Federal Grants	1.0	0.00	0.00	0.00	0.00
Intra-District	0.25	0.00	0.00	0.00	0.00
<b>Total</b>	<b>73.3</b>	<b>85.0</b>	<b>89.0</b>	<b>-1.00</b>	<b>88.0</b>
<b>Department of Small and Local Business Development</b>					
Local	43.15	50.00	49.25	-1.00	48.25
Federal Grants	3.37	3.00	3.75	0.00	3.75
<b>Total</b>	<b>46.52</b>	<b>53.00</b>	<b>53.00</b>	<b>-1.00</b>	<b>52.00</b>
<b>Office of Cable Television, Film, Music, and Entertainment</b>					
Local	6.51	7.00	6.00	0.00	6.00
Special Purpose Revenue	42.79	44.00	46.00	0.00	46.00
<b>Total</b>	<b>49.30</b>	<b>51.00</b>	<b>52.00</b>	<b>0.00</b>	<b>52.00</b>
<b>Alcoholic Beverage Regulation Administration</b>					
Special Purpose Revenue	55.49	57.00	59.00	0.00	59.00
<b>Total</b>	<b>55.49</b>	<b>57.00</b>	<b>59.00</b>	<b>0.00</b>	<b>59.00</b>

<i>Fund Type</i>	<i>FY 2018 Actual</i>	<i>FY 2019 Approved</i>	<i>FY 2020 Proposed</i>	<i>Sum of Committee Variance</i>	<i>Committee Approved</i>
<b>Public Service Commission</b>					
Special Purpose Revenue	73.19	81.92	82.12	0.00	82.12
Federal Grants	3.10	3.69	3.49	0.0	3.49
<b>Total</b>	<b>76.29</b>	<b>85.61</b>	<b>85.61</b>	<b>0.00</b>	<b>85.61</b>
<b>Office of People's Counsel</b>					
Local	0.00	8.00	8.00	0.00	8.00
Special Purpose Revenue	39.01	45.40	45.40	0.00	45.40
<b>Total</b>	<b>39.01</b>	<b>53.40</b>	<b>53.40</b>	<b>0.00</b>	<b>53.40</b>
<b>Department of Insurance, Securities and Banking</b>					
Special Purpose Revenue	125.01	150.00	150.00	-6.00	144.00
<b>Total</b>	<b>125.01</b>	<b>150.00</b>	<b>150.00</b>	<b>-6.00</b>	<b>144.00</b>
<b>Department of For-Hire Vehicles</b>					
Special Purpose Revenue	58.30	71.00	72.00	-2.0	70.00
<b>Total</b>	<b>58.30</b>	<b>71.00</b>	<b>72.00</b>	<b>-2.00</b>	<b>70.00</b>

### C. FY 2020 - 2025 AGENCY CAPITAL BUDGET SUMMARY

<i>Project No.</i>	<i>Project Title</i>	<i>Scenario</i>	<i>Available Allotments (3-19-19)</i>	<i>FY 2020</i>	<i>FY 2021</i>	<i>FY 2022</i>	<i>FY 2023</i>	<i>FY 2024</i>	<i>FY 2025</i>	<i>6-year total</i>
<b>Office of the Deputy Mayor for Planning and Economic Development</b>										
AMS11C	McMillan Site Redevelopment	Available Balances	18,596,899	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		FY19-24 Approved CIP	0.00	5,000,000	5,000,000	0.00	0.00	36,401,706	0.0	64,237,341
		Mayor's Proposed FY20 Change	0.00	13,869,591	0.00	14,000,000	12,000,000	14,654,000	0	7,379,956
		Committee's FY20 Recommendation	0.00	-1,250,000	0.00	0.00	0.00	0.00	0.00	-1,250,000
<b>AMS11C Total</b>			<b>18,596,899</b>	<b>17,619,561</b>	<b>5,000,000</b>	<b>14,000,000</b>	<b>12,000,000</b>	<b>.00</b>	<b>36,401,706</b>	<b>64,445,746</b>
ASC13C	Skyland Shopping Center	Available Balances	8,206	0.00	0.00	0.00	0.00	0.00	0.00	0.0
<b>ASC13C Total</b>			<b>8,206</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>8,026</b>
AW001A	NH-1304(10) Sutland Pkwy-MLK Ave	Available Balances	542,714	0.00	0.00	0.00	0.00	0.00	0.00	0.0
<b>AW001A Total</b>			<b>542,714</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>542,998.84</b>
AWR01C	Saint Elizabeths E Campus Infrastructure	Available Balances	15,839,193	0.00	0.00	0.00	0.00	0.00	0.00	0.0
		FY19-24 Approved CIP	0.00	20,000,000	35,000,000	35,000,000	0.0	0.0	0.00	104,000,000
		Mayor's Proposed FY20 Change	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(14,000,000)
<b>AWR01C Total</b>			<b>15,839,193</b>	<b>20,000,000</b>	<b>35,000,000</b>	<b>35,000,000</b>	<b>0.0</b>	<b>0.00</b>	<b>0.00</b>	<b>90,000,000</b>
AWT01C	Walter Reed Redevelopment	Available Balances	1,353,245	0.00	0.00	0.00	0.00	0.00	0.00	0.0
<b>AWT01C Total</b>			<b>1,353,425</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.0</b>

CHN19C	Children's National	FY19-24 Approved CIP	0.0	0.00	0.00	0.00	10,000,000	0.00	0.00	20,000,000
		Mayor's Proposed FY20 Change	0.00	0.00	5,000,000	5,000,000	0.00	0.00	0.00	(10,000,000)
		On Hold	10,000,000	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>CHN19C Total</b>			<b>10,000,000</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>10,000,000</b>	<b>0.00</b>	<b>0.0</b>	<b>10,000,000</b>
EB001C	Temple Courts/ NW1 Redevelopment	Available Balances	79,832	0.00	0.00	0.00	0.0	0.00	0.00	0.0
<b>EB001C Total</b>			<b>79,832</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.0</b>
EB008C	MP-New Communities	Available Balances	15,289,069	0.00	0.00	0.00	0.00	0.00	0.00	0.0
		FY19-24 Approved CIP	0.00	15,000,000	20,000,000	15,000,000	0.0	0.00	0.00	55,000,000
		Mayor's Proposed FY20 Change	0.00	5,000,000	0.00	-5,000,000	(5,000,000)	10,000,000	10,000,000	20,000,000
<b>EB008C Total</b>			<b>15,289,069</b>	<b>20,000,000</b>	<b>20,000,000</b>	<b>10,000,000</b>	<b>5,000,000</b>	<b>10,000,000</b>	<b>10,000,000</b>	<b>75,000,000</b>
EB013C	Barry Farm, Park Chester, Wade Road	Available Balances	2,704,150	0.00	0.00	0.00	0.00	0.00	0.00	0.0
<b>EB013C Total</b>			<b>2,704,150</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.0</b>
EB014C	Fort Lincoln Newtown Development	Available Balances	154,571	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>EB014C Total</b>			<b>154,571</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.0</b>
EB015C	Lincoln Heights, Richardson Dwellings	Available Balances	707,475	0.00	0.00	0.00	0.00	0.00	0.00	0.0
<b>EB015C Total</b>			<b>707,475</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.0</b>
EB409C	DC Water New Facility	Available Balances	6,216	0.00	0.00	0.00	0.00	0.00	0.00	0.0
<b>EB409C Total</b>			<b>6,216</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.0</b>
EB422C	Hill East	Available Balances	0.00	0.00	0.00	0.0	0.0	0.00	0.00	0.0
		FY19-24 Approved CIP	0.00	0.000	10,000,000	4,000,000	0.00	0.00	0.00	14,000,000
		Mayor's Proposed FY20 Change	0.0	500,000	0.0	0.0	0.0	0.0	0.0	500,000
<b>EB422C Total</b>			<b>0.00</b>	<b>500,000</b>	<b>10,000,000</b>	<b>4,000,000</b>	<b>0.0</b>	<b>0.00</b>	<b>0.00</b>	<b>14,500,000</b>
EB423C	Poplar Point	Available Balances	434,444	0.0	0.00	0.00	0.00	0.00	0.00	0.0
<b>EB423C Total</b>			<b>434,444</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.0</b>
SC216C	Construction Development	Available Balances	4,100,000	0.00	0.00	0.00	0.00	0.00	0.00	0.0
		Committee's FY20 Recommendation	(2,250,000)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>SC216C Total</b>			<b>1,850,000</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.0</b>
STH01C	Strand Theater	On Hold	94,409	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>STH01C Total</b>			<b>94,409</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.0</b>
<b>EB0 Total</b>			<b>67,660,423</b>	<b>58,119,591</b>	<b>70,000,000</b>	<b>63,000,000</b>	<b>27,000,000</b>	<b>31,747,706</b>	<b>10,000,000</b>	<b>259,867,297</b>
<b>Department of Small &amp; Local Business Development (ENO)</b>										
ENS16C	Small Business IT System	Available Balances	6,200	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>ENS16C Total</b>			<b>6,200</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>ENO Total</b>			<b>6,200</b>							
<b>Grand Total</b>			<b>67,666,623</b>	<b>58,119,591</b>	<b>70,000,000</b>	<b>63,000,000</b>	<b>27,000,000</b>	<b>31,747,706</b>	<b>10,000,000</b>	<b>259,867,297</b>

## D. TRANSFERS IN FROM OTHER COMMITTEES

Sending Committee	Amount	FTEs	Receiving agency	Program	Purpose	Recurring or One-Time
Committee on Transportation and the Environment	\$432,000	0	Department of Small and Local Business Development	4000	Approximately \$200,000 for the Cleveland Park Main Street, \$200,000 for the Glover Park Main Street, \$20,000 for Van Ness Main Street Expansion, and \$12,000 for Woodley Park Main Street.	One-time funding
Committee on Facilities and Procurement	\$135,697		Office of the Deputy Mayor for Planning	1000	Funding for Bill 22-457, the "Economic Development Return on Investment Act of 2017"	\$115,697 in recurring funds; \$20,000 in one-time funding

<i>Sending Committee</i>	<i>Amount</i>	<i>FTEs</i>	<i>Receiving agency</i>	<i>Program</i>	<i>Purpose</i>	<i>Recurring or One-Time</i>
		1	and Economic Development			
Committee on Human Services	\$166,120	3	Department of Small and Local Business Development	4000	To support 2 FTEs for the Lower Georgia Avenue Clean Team, 1 FTE for the Mid-City Clean Team, and enhancement for equipment and supplies for the Lower Georgia Avenue Clean Team.	\$14,370 in one-time funding; 309,380 in recurring funds
Committee on Human Services	\$200,000		Department of Small and Local Business Development	4000	Funding to create a U Street Main Street	\$200,000 in recurring funds
Committee on Human Services	\$62,000		Department of Small and Local Business Development	4000	Enhancement to fund Section 4 of the Public Restroom Facility Pilot (B22-0223; A22-0608), to implement the Community Restroom Incentive Pilot Program.	\$62,000 in recurring funds
Committee on Government Operations	\$200,000		Department of Small and Local Business Development	4000	Funding to create an Upper Georgia Avenue Main Street from Eastern Avenue N.W. to Missouri Avenue N.W.	\$200,000 in recurring funds
Committee on Government Operations	\$100,000		Department of Small and Local Business Development	4000	For expansion of the Upper Georgia Avenue Clean Team from Eastern Avenue N.W. to Missouri Avenue N.W.	\$100,000 in recurring funds
Committee on Recreation and Youth Affairs	\$300,000		Department of Small and Local Business Development	4000	For Dream Grants (Wards 7 and 8 Entrepreneurship Program)	\$300,000 in one-time funding
Committee on Finance and Revenue	\$48,000	1	Department of Small and Local Business Development	4000	For 1 FTE for the Mid-City Clean Team	\$48,000 in recurring funds
<b>Total</b>	<b>\$1,384,317</b>	<b>5</b>				

## E. TRANSFERS OUT TO OTHER COMMITTEES

<i>Receiving Committee</i>	<i>Amount</i>	<i>FTEs</i>	<i>Receiving agency</i>	<i>Program</i>	<i>Purpose</i>	<i>Recurring or One-Time</i>
Committee on the Judiciary	\$3,037,278	0	Office of the Attorney General	6100	Funding violence prevention and intervention initiatives within the Cure Violence Program	One-Time
Committee on Government Operations	\$255,000	3	Office of Human Rights	2000	To fully fund Bill 22-14, the "Employment Protections for Victims of Domestic Violence Amendment Act of 2018"	Recurring
Committee on Education	\$150,000	0			To increase the at-risk weight of the Uniform Per Student Funding Formula	Recurring
Committee of the Whole	\$250,000	0	Commission on Arts and Humanities	2000	Funding to create a statute of a native Washingtonian women pursuant to B23-233, the "Diverse Washingtonians Commemorative Works Amendment Act of 2019"	One-Time
Committee on Human Services	\$22,260	0	Department of Human Services	5000	For the wraparound services associated with 3.5 units of	Recurring



<i>Receiving Committee</i>	<i>Amount</i>	<i>FTEs</i>	<i>Receiving agency</i>	<i>Program</i>	<i>Purpose</i>	<i>Recurring or One-Time</i>
					Permanent Supportive Housing for individuals	
Committee on Housing and Neighborhood Revitalization	\$77,740	0	DC Housing Authority	6000	For the housing costs associated with 3.5 units of Permanent Supportive Housing for individuals	Recurring
Committee on Health	\$75,000	0	Department of Health	8500	To fund the Healthy Steps Program within Bill 22-203, the "Birth-to-Three for All DC Act of 2018"	Recurring
Committee on Housing and Neighborhood Revitalization	\$25,000	0	Department of Aging and Community Living		Funding for Bill 22-686, the "Senior Strategic Plan Amendment Act of 2018"	Recurring
Committee on Recreation and Youth Affairs	\$250,000	0	Department of Parks and Recreation		Funding for lighting at Langdon Dog Park in DPR Project-QL201C-Off-Leash Parks	One-Time
Committee on Recreation and Youth Affairs	\$3,500,000	0	Department of Parks and Recreation		Funding for Project QP5ARC (Arboretum Community Center) to implement the full scope of renovations, including a half court gym	One-Time
<b>Total</b>	<b>\$7,642,278</b>	<b>3</b>				

## F. REVENUE ADJUSTMENT

<b>Revenue Adjustments</b>				
<i>Agency</i>	<i>Fund Type</i>	<i>Amount</i>	<i>Use</i>	<i>BSA subtitle</i>
N/A	Local	\$26,130	To Fund Bill 22-887, The "Hyacinth's Place Equitable Real Property Tax Relief Act of 2018"	N/A

## G. FUNDING OF BUDGET SUPPORT ACT SUBTITLES

<i>Subtitle</i>	<i>Agency</i>	<i>Program</i>	<i>Amount</i>	<i>FTEs</i>
N/A	N/A	N/A	N/A	N/A

## H. FUNDING OF PENDING BILLS OR LAWS PASSED SUBJECT TO APPROPRIATION

<i>Bill or Law #</i>	<i>Status</i>	<i>Agency</i>	<i>Program</i>	<i>Amount</i>	<i>FTEs</i>
Bill 22-877	Enacted	N/A	N/A	\$26,130	0
Bill 22-223 (Section 4)	Enacted	Department of Small and Local Business Development	4000	\$62,000	0
Bill 22-14	Enacted	Office of Human Rights	2000	\$255,000	3
Bill 22-457	Enacted	Office of the Deputy Mayor for Planning and Economic Development	2000	\$135,697	0

<i>Bill or Law #</i>	<i>Status</i>	<i>Agency</i>	<i>Program</i>	<i>Amount</i>	<i>FTEs</i>
Bill 23-233	Pending	Commission on Arts and Humanities	2000		

**I. SUMMARY OF COMMITTEE BUDGET RECOMMENDATIONS**

**CAPTIVE INSURANCE AGENCY (RJ0)**

*Operating Budget Recommendations*

1. The Committee recommends adoption of the Fiscal Year 2020 operating budget for the Captive Insurance Agency, as proposed by the Mayor, with the following modification:
  - a. *Sweep* \$200,000 from Program 2000 (Captive Operations), Activity 2001 (Oversight), CSG 40 (Other Services and Charges).

**OFFICE OF THE DEPUTY MAYOR FOR PLANNING AND ECONOMIC DEVELOPMENT (EB0)**

*Operating Budget Recommendations*

1. The Committee recommends adoption of the Fiscal Year 2020 operating budget for the Office of the Deputy Mayor for Planning and Economic Development (DMPED), as proposed by the Mayor, with the following modifications:
  1. *Increase* Program 5000 (Project Investment), Activity 5085 (Grants), CSG 50 (Subsidies and Transfers) by \$250,000 for the DC Anchor Partnership.
  2. *Recognize* \$108,027 in personnel costs from current Program 3000 (Business and Workforce Development), Activity 3010 (Business Development), in the following amounts: CSG 11 (Regular Pay-Cont Full Time) by \$89,426 and CSG 14 (Fringe Benefits-Current Personnel) by \$18,601.
  3. *Sweep* \$2,120,000 from the H Street NE Retail Priority Fund.
  4. *Sweep* \$500,000 from the AWC&NCRC Development Fund.
  5. *Sweep* \$ 475,287 from the Industrial Revenue Bond Program.
  6. *Accept* \$135,697 from the Committee on Facilities and Procurement to fund Bill 22-457, the “Economic Development Return on Investment Act of 2017”. *Increase* Program 1000 (Agency Management), Activity 1001 (Agency Oversight), CSG 11 (Regular Pay-Cont Full Time) by \$113,697 and *increase* Program 1000 (Agency Management), Activity 1001 (Agency Oversight), CSG 40 (Other Services and Charges) by approximately \$22,000.

### *Capital Budget Recommendations*

1. The Committee recommends adoption of the Fiscal Year 2020 capital budget for the Office of the Deputy Mayor for Planning and Economic Development, as proposed by the Mayor, with the following modifications:
  - a. *Reduce* Project AMS11C-McMillan Site Redevelopment by \$1,250,000.
  - b. *Reduce* Project SC216C-Construction Redevelopment by \$2,250,000.

### *Policy Recommendations*

1. The Committee recommends that the agency conduct an assessment of current tax incentives to determine if new incentives are necessary to enhance the District's economic development efforts.
2. The Committee recommends that the agency consider reviewing all development agreements that have occurred in the past three fiscal years to ensure meaningful Certified Business Enterprise (CBE) partner participation.
3. The Committee recommends that the agency assess all community benefits agreements that have been implemented in the last few fiscal years to ensure that the agreements have been fully executed or are in the process of being fully executed.
4. The Committee recommends that the agency implement additional strategies to support diverse women founders.

## **DEPARTMENT OF SMALL AND LOCAL BUSINESS DEVELOPMENT (EN0)**

### *Operating Budget Recommendations*

1. The Committee recommends adoption of the Fiscal Year 2020 operating budget for the Department of Small and Local Business Development (DSLBD), as proposed by the Mayor, with the following modifications:
  - a. *Recognize* \$89,426 in personnel costs from current Program 1000, Activity (1080), in the following amounts: CSG 11 (Regular Pay-Cont Full Time) by \$73,906 and CSG 14 (Fringe Benefits-Current Personnel) by \$15,520.
  - b. *Sweep* \$268,121 from the Streetscape Loan Relief Fund.
  - c. *Increase* Program 4000 (Commercial Revitalization), Activity 4030 (Main Streets), CSG 50 (Subsidies and Transfers) by approximately \$40,000 to the H Street Main Street for repairing and programming at Starburst Plaza.
  - d. *Increase* Program 4000 (Commercial Revitalization), Activity 4040 (Commercial Clean Teams), CSG 50 (Subsidies and Transfers), by approximately, \$50,000 to expand the Fort Lincoln Clean Team from 33<sup>rd</sup> Drive N.E. to New York Avenue Service Road to South Dakota Avenue, N.E., approximately \$100,000 for the creation of the Trinidad Residential Clean Team Beginning at Florida Ave, NE and West Virginia Ave, NE and Montello Ave, NE to Mt. Olivet Rd, NE; and Mt. Olivet Rd back down

Trinidad Ave; and approximately \$150,000 for the creation of a Roving Ward 5 Clean Team to provide services to areas on a rolling basis.

- e. *Increase* Program 3000 (Business Opportunity and Access to Capital), Activity 3050 (Access to Capital), CSG 50 (Subsidies and Transfers) by \$169,111 for the Access to Capital Program.
- f. *Accept* \$166,120 from the Committee on Human Services to support 2 FTEs for the Lower Georgia Avenue Clean Team, 1 FTE for the Mid-City Clean Team, and enhancement for equipment and supplies for the Lower Georgia Avenue Clean Team. *Increase* CSG 50 (Subsidies and Transfers), Program 4000 (Commercial Revitalization), Activity 4040 (Commercial Clean Teams) by \$166,120. Approximately \$47,380 for 1 FTE for the Mid-City Clean Team, approximately \$104,875 for 2 FTEs, supplies and Cost-of-Living Adjustment increase for existing FTEs, and approximately \$14,370 for equipment for the Lower Georgia Avenue Clean Team.
- g. *Accept* \$200,000 from the Committee on Human Services to create a U Street Main Street. *Increase* Program 4000 (Commercial Revitalization), Activity 4030 (Main Streets), CSG 50 (Subsidies and Transfers) by approximately \$200,000.
- h. *Accept* \$62,000 from the Committee on Human Services to fund Section 4 of the Bill 22-223, the “Public Restrooms Facilities Installation and Promotion Act of 2017”.
- i. *Accept* \$432,000 from the Committee on Transportation and the Environment for several Main Streets. *Increase* Program 4000 (Commercial Revitalization), Activity 4030 (Main Streets), CSG 50 (Subsidies and Transfers) by approximately \$200,000 for the Cleveland Park Main Street, \$200,000 for the Glover Park Main Street, \$20,000 for the Van Ness Main Street expansion, and \$12,000 to Woodley Park Main Street.
- j. *Accept* \$300,000 from the Committee on Recreation and Youth Affairs for Dream Grants (Wards 7 and 8 Entrepreneurship Program). *Increase* Program 3000 (Business Opportunity and Access to Capital), Activity 3060 (Business Development), CSG 50 (Subsidies and Transfers).
- k. *Accept* \$200,000 from the Committee on Government Operations to create an Upper Georgia Avenue Main Street from Eastern Avenue N.W. to Missouri Avenue. *Increase* Program 4000 (Commercial Revitalization), Activity 4030 (Main Streets), CSG 50 (Subsidies and Transfers) by approximately \$200,000.
- l. *Accept* \$100,000 from the Committee on Government Operations to expand the Upper Georgia Avenue Clean Team from Eastern Avenue N.W. to Missouri Avenue. *Increase* CSG 50 (Subsidies and Transfers), Program 4000 (Commercial Revitalization), Activity 4040 (Commercial Clean Teams) by \$100,000.
- m. *Accept* \$48,000 from the Committee on Finance and Revenue for 1 FTE for the Mid-City Clean Team. *Increase* CSG 50 (Subsidies and Transfers), Program 4000 (Commercial Revitalization), Activity 4040 (Commercial Clean Teams) by \$48,000.



### *Policy Recommendations*

1. The Committee recommends aggressively utilizing the authority granted in the law to consistently go after bad actors. This includes utilizing enforcement mechanisms against agencies that fail to spend 50% of their expendable budget with Small Business Enterprises
2. The Committee recognized several areas where the agency remains out of compliance pursuant to DC Official Code § 2-218.01 *et seq.* The agency should develop a plan to ensure full compliance with all reporting requirements.
3. DSLBD currently has five vacancies. The Committee recommends DSLBD hire personnel for all vacancies as quickly as possible.

### **OFFICE OF CABLE TELEVISION, FILM, MUSIC, AND ENTERTAINMENT (CI0)**

#### *Operating Budget Recommendations*

1. The Committee recommends adoption of the FY20 operating budget for the Office Cable Television, Film, Music, Entertainment (OCTFME), as proposed by the Mayor.

#### *Policy Recommendations*

1. The Committee recommends that OCTFME continue to analyze residents' cable service provider options by neighborhood instead of only by ward. This analysis should consider the Franchise Agreements between the District and each cable service provider. Once the analysis is complete, the Committee would appreciate a detailed report of OCTFME's findings.
2. The Committee recommends that OCTFME continue to market its programs, such as the D.C. Film, Television, and Entertainment Rebate Fund throughout the District.

### **ALCOHOLIC BEVERAGE REGULATION ADMINISTRATION (LQ0)**

#### *Operating Budget Recommendations*

1. The Committee recommends adoption of the FY20 operating budget for the Alcoholic Beverage Regulation Administration (ABRA), as proposed by the Mayor.

#### *Policy Recommendations*

1. ABRA should continue to work collectively with MPD and DCRA on the Noise Task Force.
2. ABRA should continue to support the enforcement of underage drinking laws in conjunction with MPD. The partnership with District colleges and universities in the DC Double Check 101 program should also continue to discourage underage

drinking and educate more minors and businesses about the consequences of underage drinking.

3. The Committee recommends using a more transparent and accurate method to determine its Fiscal Year performance metrics. The agency's Fiscal Year 2020 performance metrics are identical to Fiscal Year 2019 and Fiscal Year 2018.
4. To maximize transparency, the Committee requests a follow-up report on ABRA's potential partnership with OCTFME to stream and archive hearings and meetings.

#### **PUBLIC SERVICE COMMISSION (DH0)**

##### *Operating Budget Recommendations*

1. The Committee recommends adoption of the FY20 operating budget for the Public Service Commission (PSC), as proposed by the Mayor.

#### **OFFICE OF PEOPLE'S COUNSEL (DJ0)**

##### *Operating Budget Recommendations*

1. The Committee recommends adoption of the FY20 operating budget for the Office of the People's Counsel (OPC), as proposed by the Mayor.

#### **DEPARTMENT OF INSURANCE, SECURITIES AND BANKING (SR0)**

##### *Operating Budget Recommendations*

1. The Committee recommends adoption of the FY20 operating budget for the Department Insurance, Securities, and Banking (DISB), as proposed by the Mayor, with the following modifications:
  - a. *Recognize* \$ 99,699.09 in personnel costs from current Program 2000 (Securities), Activity 2010 (Insurance Products), in the following amounts: CSG 11 (Regular Pay-Cont Full Time) by \$82,327.90 and CSG 14 (Fringe Benefits-Current Personnel) by \$17,371.19.
  - b. *Recognize* \$ 66,883.08 in personnel costs from current Program 3000 (Securities), Activity 3010 (Corporate Finance), in the following amounts: CSG 11 (Regular Pay-Cont Full Time) by \$55,229.63 and CSG 14 (Fringe Benefits-Current Personnel) by \$11,653.45.
  - c. *Recognize* \$99,699.09 in personnel costs from current Program 2000 (Insurance), Activity 2010 (Insurance Products), in the following amounts: CSG 11 (Regular Pay-Cont Full Time) by \$82,327.90 and CSG 14 (Fringe Benefits-Current Personnel) by \$17,371.19.
  - d. *Recognize* \$105,890.83 in personnel costs from current Program 8000 (Market Examination), Activity 8020 (Securities Exams), in the following amounts: CSG 11 (Regular Pay-Cont Full Time) by \$87,440.82 and CSG 14 (Fringe Benefits-Current Personnel) by \$18,450.01.

- e. *Recognize* \$127,561.94 in personnel costs from current Program 3000 (Securities), Activity 3030 (Securities Licensing), in the following amounts: CSG 11 (Regular Pay-Cont Full Time) by \$105,336.04 and CSG 14 (Fringe Benefits-Current Personnel) by \$22,225.90.
- f. *Recognize* \$ 142,877.89 in personnel costs from current Program 3000 (Securities), Activity 3030 (Securities Licensing), in the following amounts: CSG 11 (Regular Pay-Cont Full Time) by \$117,983.39 and CSG 14 (Fringe Benefits-Current Personnel) by \$24,894.50.

*Policy Recommendations*

- 1. DISB should identify ways to engage District-based businesses to participate in its DC BizCAP program. Furthermore, the Committee recommends taking an innovative and streamlined approach to reducing barriers and expanding its outreach efforts in Fiscal Year 2020.
- 2. DISB should finalize the Ombudsman Bill of Rights and make it available to the public.
- 3. DISB should finalize and release the report for the Public Bank Feasibility study.
- 4. DISB should track the number of complaints filed with the Student Loan Ombudsman.
- 5. DISB should also track the number of applicants applying to their various small business loan products and the percentage connected to loans.

**DEPARTMENT OF FOR-HIRE VEHICLES (TC0)**

*Operating Budget Recommendations*

- 1. The Committee recommends adoption of the FY20 operating budget for the Department of For-Hire Vehicles (DFHV), as proposed by the Mayor, with the following modifications:
  - a. *Recognize* \$ 141,593.18 in personnel costs from current Program 1000 (Agency Management), Activity 1040 (Office of Information and Technology Support), in the following amounts: CSG 11 (Regular Pay-Cont Full Time) by \$109,254 and CSG 14 (Fringe Benefits-Current Personnel) by \$32,339.18.
  - b. *Recognize* \$ 109,175.16 in personnel costs from current Program 1000 (Agency Management), Activity (Performance Management), in the following amounts: CSG 11 (Regular Pay-Cont Full Time) by \$84,240.09 and CSG 14 (Fringe Benefits-Current Personnel) by \$24,935.07.

*Policy Recommendations*

- 1. The Committee recommends that the agency repeal rules or regulations that create an undue burden for new drivers joining the taxicab industry or for existing taxicab drivers to remain in the industry.

2. The Committee recommends that the agency explore ridesharing options for Transport DC passengers.
3. The Committee recommends that the agency review its vintage rule and compare its implication on taxicabs versus Transportation Network Companies (TNCs).

## **INTER-COMMITTEE TRANSFERS**

### *Operating - Transfers In*

1. The Committee *accepts* \$135,697 from the **Committee on Facilities and Procurement** to fund Bill 22-457, the “Economic Development Return on Investment Act of 2017.”
2. The Committee *accepts* \$166,120 from the **Committee on Human Services** to support 2 FTEs for the Lower Georgia Avenue Clean Team, 1 FTE for the Mid-City Clean Team, and enhancement for equipment and supplies for the Lower Georgia Avenue Clean Team.
3. The Committee *accepts* \$200,000 from the **Committee on Human Services** to create a U Street Main Street.
4. The Committee *accepts* \$62,000 from the **Committee on Human Services** to fund Section 4 of Bill 22-223, the “Public Restrooms Facilities Installation and Promotion Act of 2017.”
5. The Committee *accepts* \$432,000 from the **Committee on Transportation and the Environment** for the Cleveland Park Main Street, the Glover Park Main Street, the Van Ness Main Street expansion, and Woodley Park Main Street.

### *Operating - Transfers Out*

1. The Committee *transfers* \$3,037,278 to the Committee on the Judiciary to fund violence prevention and intervention initiatives within the Cure Violence Program.
2. The Committee transfers \$255,000 to the Committee on Government Operations to fully fund Bill 22-14, the “Employment Protections for Victims of Domestic Violence Amendment Act of 2018”.
3. The Committee transfers \$150,000 to the Committee on Education to increase the at-risk weight of the Uniform Per Student Funding Formula.
4. The Committee transfers \$22,260 to the Committee on Human Services for wraparound services associated with 3.5 units of permanent supportive housing.
5. The Committee transfers \$ 77,740 to the Committee on Housing and Neighborhood Revitalization for the housing costs associated with 3.5 units of permanent supportive housing.
6. The Committee transfers \$250,000 to the Committee of the Whole to create a statute of a native Washingtonian woman pursuant to B23-233, the “Diverse Washingtonians Commemorative Works Amendment Act of 2019”
7. The Committee transfers \$75,000 to the Committee on Health to fund the Healthy Steps Program within Bill 22-203, the “Birth-to-Three for All DC Act of 2018.”



8. The Committee transfers \$25,000 to the Committee on Housing and Neighborhood Revitalization to help fund Bill 22-686, the “Senior Strategic Plan Amendment Act of 2018”.

## II. AGENCY FISCAL YEAR 2020 BUDGET RECOMMENDATIONS

### A. INTRODUCTION

The Committee on Business and Economic Development is responsible for matters concerning small and local business development policy; matters related to economic, industrial, and commercial development; the disposition of property for economic development purposes; the regulation of alcoholic beverages; public utilities; the operation of business improvement districts ("BIDs") and oversight of BIDS, but not including the establishment of BIDS; the regulation of banks and banking activities, securities, and insurance, including private health insurance, but not including the Health Benefit Exchange; and regulation of for-hire vehicles.<sup>1</sup>

The District agencies that come under the purview of the Committee are as follows:

• Alcoholic Beverage Regulation Administration	• Deputy Mayor for Planning and Economic Development
• Board of Accountancy	• District of Columbia Combat Sports Commission
• Board of Architecture and Interior Designers	• Financial Literacy Council
• Board of Barber and Cosmetology	• For-Hire Vehicle Advisory Council
• Board of Consumer Claims Arbitration for the District of Columbia	• Innovation and Technology Inclusion Council
• Board of Funeral Directors	• Kennedy Street NW Economic Development and Small Business Revitalization Advisory Committee
• Board of Professional Engineering	• Office of Cable Television, Film, Music, and Entertainment
• Captive Insurance Agency	• Public Access Corporation
• Commission of Fashion Arts and Events	• St. Elizabeth East Redevelopment Initiative Advisory Board
• Department of For-Hire Vehicles	• Walter Reed Army Medical Center Site Reuse Advisory Committee

<sup>1</sup> See Rules of Organization and Procedure for the Council of the District of Columbia, Council Period 23, Rule 237(a).

• Department of Insurance, Securities and Banking	
• Department of Small and Local Business Development	

The Committee is charged with oversight of the performance and annual operating and capital budgets of the agencies listed. In total, *the Committee oversees 24 agencies and commissions, which, in the Mayor's proposed budget for FY 2020, comprise a total budget of \$160 million in gross funds and approximately 514 full-time equivalents (FTEs).*

Committee Chairperson Kenyan R. McDuffie began his tenure with the Committee in January 2017. He is joined on the Committee by Councilmembers Charles Allen, Mary M. Cheh, Jack Evans, and Vincent C. Gray.

<b><i>Performance Oversight Hearings</i></b>	
<b>February 13, 2019</b>	The Department of Small and Local Business Development The Department of Insurance, Securities, and Banking The Department of For-Hire Vehicles For-Hire Vehicle Advisory Council
<b>February 26, 2019</b>	Office of the People's Counsel Public Service Commission Alcoholic Beverage Regulation
<b>February 27, 2019</b>	Office of the Deputy Mayor for Planning and Economic Development Office of Cable Television, Film, Music, and Entertainment Public Access Corporation
<b><i>Budget Oversight Hearings</i></b>	
<b>April 3, 2019</b>	The Department of For-Hire Vehicles The Department of Insurance, Securities and Banking The Department of Small and Local Business Development
<b>April 8, 2019</b>	Office of the People's Counsel Public Service Commission
<b>April 10, 2019</b>	Office of Cable Television, Film, Music and Entertainment Alcoholic Beverage Regulation Administration Office of the Deputy Mayor for Planning and Economic Development

The Committee received important comments from members of the public during these hearings. Copies of witness testimony are included in this report as *Attachments*. A video recording of the hearings can be obtained through the Office of Cable Television or at *oct.dc.gov*. The Committee continues to welcome public input on the agencies and activities within its purview.

***Introductory Comments on the Committee's  
Fiscal Year 2020 Budget for Agencies under Its Purview***

This Report of Recommendations of the Committee on Business and Economic Development on the Fiscal Year 2020 Budget for Agencies under its Purview was developed over months of public and stakeholder engagement and research. Fundamentally, the Committee’s budget reflects investments in District businesses and commercial infrastructure including funds that support Certified Business Enterprise (CBE) capacity building, Main Street revitalization and expansion, financial stability, workforce investment, small business lending, and significant capital project financing.

This budget articulates a vision of racial equity.<sup>2</sup> The Committee recognizes that now, more than ever, the District must make key investments to level the playing field for all District residents. The National Community Reinvestment Coalition recently reported that the District has the highest level of gentrification in the nation.<sup>3</sup> It was also reported that income inequality is rising so fast the data can’t keep up, and between 2000 and 2013, more than 20,000 black and brown residents were displaced from low-income communities. Therefore, this report aims to make the District of Columbia a more inclusive city where race is no longer a detriment of success and where people of all racial, ethnic, and cultural backgrounds have the tools they need to thrive.

Developing this report through a racial equity lens, the Committee’s budget invests significantly in communities that have not traditionally received the investments many other areas in the District have enjoyed. It expands proven programs like clean teams, which contribute to the revitalization of many of the District’s economic corridors and provide much needed job opportunities. The Committee’s budget protects the District’s large investments in projects critical to the preservation of affordable housing such as the New Communities Initiative. The budget also preserves funding for catalytic projects such as the St. Elizabeths project which will provide an underserved area in our city with new amenities and jobs.

The Committee’s budget also funds several key initiatives in other Committees such as the Cure Violence Program in the Office of the Attorney General, protections for victims of domestic violence, sexual abuse, or stalking against workplace discrimination, and the Healthy Steps Program, a pediatric primary care program that promotes positive parenting and healthy development for babies and toddlers living in low-income communities.

**B. CAPTIVE INSURANCE AGENCY (RJO)**

AGENCY	FY 2018 ACTUALS	FY 2019 APPROVED	FY 2020 PROPOSED	COMMITTEE VARIANCE	COMMITTEE APPROVED
<b>Captive Insurance Agency - FUND</b>					
LOCAL FUND	\$2,478,584	\$2,094,954.41	\$2,352,183	-200,000	\$ 2,152,183
INTRADISTRICT	\$185,569			0.00	0.00
SPECIAL PURPOSE	\$ 8836.46	\$210,811	\$888,811	0.00	\$888,811

<sup>2</sup> See, <https://ncrc.org/about-us/>.

<sup>3</sup> See, [https://www.washingtonpost.com/us-policy/2019/02/21/income-inequality-is-rising-so-fast-our-data-cant-keep-up/?utm\\_term=.a5ecc03fc906](https://www.washingtonpost.com/us-policy/2019/02/21/income-inequality-is-rising-so-fast-our-data-cant-keep-up/?utm_term=.a5ecc03fc906).

	REVENUE FUNDS (O'TYPE)					
	TOTAL	\$2,672,569	\$2,305,765.38	\$3,240,994	-\$200,000	\$3,040,994
<b>Captive Insurance Agency - FTE</b>						
	LOCAL FUND	4.00	4.00	4.00	0.00	4.00
	SPECIAL PURPOSE REVENUE FUNDS (O'TYPE)	0.0	0.00	0.00		0.00
	TOTAL	4.0	4.00	4.00	0.00	4.00

1. **COMMITTEE ANALYSIS AND COMMENTS**

a. **Agency Mission and Overview**

The Captive Insurance Agency was established in 2008. The purpose of the agency is to provide medical malpractice liability insurance policies for local non-profit health centers, and to procure real property insurance for District government real property assets, personal property insurance for District personal property assets, liability insurance to protect the District against loss arising out of a legal liability to others, and such other insurance policies as the Risk Officer determines necessary to minimize risk of loss to the District.<sup>4</sup> The agency was administered and incorporated by the Chief Risk Officer, Office of Risk Management (ORM) in Fiscal Year 2008.<sup>5</sup> The liability of the agency is limited to the funds available to the agency's participants. In Fiscal Year 2014, the scope of the agency was expanded to include property insurance. The agency has two divisions: (1) Agency Management; and (2) Captive Operations. The Agency Management division provides administrative support and the required tools to achieve operational and programmatic results of the agency. The Captive Operations division funds the management and insurance policies of the Agency and provides oversight, growth and income strategy, and management for the agency.

b. **Mayor's Proposed Fiscal Year 2020 Operating Budget**

**Proposed Operating Budget Summary**

The Mayor's proposed Fiscal Year 2020 operating budget for the Captive Insurance Agency is \$3,240,994, an increase of \$935,229 or 40.6%, from the Fiscal Year 2019 approved budget of \$2,305,765. This funding supports 4 FTEs, which represents no increase from the Fiscal Year 2019 approved budget. The budget is also comprised of \$2,352,183 in Local funds and \$888,811 in Special Purpose Revenue funds.

**Local Funds:** The Mayor's proposed local funds budget is approximately \$2,352,183, an increase of \$257,183 or 10.9% from the approved Fiscal Year 2019 budget.

<sup>4</sup> FY 2020 Proposed Budget and Financial Plan. Vol. 2. Captive Insurance Agency, A-105 (2019).

<sup>5</sup> *Id*



**Special Purpose Revenue Funds:** The Mayor’s proposed special purpose revenue funds budget is approximately \$888,811, an increase of \$678,000 or 321.6%, from the approved Fiscal Year 2019 budget.

**Committee Analysis and Comments**

The Fiscal Year 2020 proposed budget contains no change to the Medical Liability Captive Insurance recurring budget. Some changes in the budget include: (1) a net increase in Local funds of \$13,846 for personal services to support projected salary and fringe benefit costs; (2) a \$678,000 increase in Special Purpose Revenue fund to comply with D.C. Official Code 22-341 which enables the agency to re-distribute the anticipated subrogation revenue directly to agencies and support the subrogation function;<sup>6</sup> (3) a \$6,617 decrease in nonpersonal services because of projected cost savings in office supplies; and (4) a projected enhancement of \$250,000 in nonpersonal services to support the Cyber Liability insurance program.

**2. COMMITTEE RECOMMENDATIONS**

**a. Fiscal Year 2020 Operating Budget Recommendations**

The Committee recommends adoption of the fiscal year 2020 operating budget for the Captive Insurance Agency, as proposed by the Mayor, with the following modifications:

1. Sweep \$200,000 from Program 2000 (Captive Operations), Activity 2001 (Oversight), CSG 40 (Other Services and Charges).

**C. OFFICE OF THE DEPUTY MAYOR FOR PLANNING AND ECONOMIC DEVELOPMENT (EB0)**

AGENCY	FY 2018 ACTUALS	FY 2019 APPROVED	FY 2020 PROPOSED	COMMITTEE VARIANCE	COMMITTEE APPROVED
<b>Office of the Deputy Mayor for Planning and Economic Development - FUND</b>					
FEDERAL GRANT FUND	\$193,000	\$0.00	\$0.00	\$0.00	\$0.00
LOCAL FUND	\$32,590,337	\$21,782,627	\$24,107,797	-\$141,973	\$24,249,770.88
OPERATING INTRA-DISTRICT FUNDS	\$1,089,000	\$0.00	\$0.00	\$0.00	\$0.00
SPECIAL PURPOSE REVENUE FUNDS ('O'TYPE)	\$15,720,385	\$20,819,241	\$16,552,206	\$0.00	\$16,552,206
<b>TOTAL</b>	<b>\$48,505,022</b>	<b>\$442,601,867</b>	<b>\$40,660,004</b>	<b>-\$141,973</b>	<b>\$40,801,997</b>
<b>Office of the Deputy Mayor for Planning and Economic Development - FTE</b>					

<sup>6</sup> *Id.* at A-108.

FEDERAL GRANT FUND	1.0	0.0	0.00	0.0	0.00
LOCAL FUND	61.3	68.0	72.0	-1.0	71.0
OPERATING INTRA-DISTRICT FUNDS	0.25	0.00	0.00	0.0	0.00
SPECIAL PURPOSE REVENUE FUNDS (OTYPE)	10.75	17.0	17.0	0.0	17.0
<b>TOTAL</b>	<b>73.3</b>	<b>85.0</b>	<b>89.0</b>	<b>-1.00</b>	<b>88.0</b>

**1. COMMITTEE ANALYSIS AND COMMENTS**

**a. Agency Mission and Overview**

The Office of the Deputy Mayor for Planning and Economic Development, commonly referred to as DMPED, assists the Mayor in the coordination, planning, supervision, and execution of programs, policies, proposals and functions related to economic development in the District of Columbia. DMPED sets development priorities and policies, coordinates how the District markets itself to job creators, and leads District development, attraction, and retention efforts. DMPED also works to achieve its mission by focusing on outreach to the business community and neighborhood stakeholders and by forging partnerships between government, business, institutions and communities to foster economic growth for residents of the District of Columbia.

DMPED’s cluster agencies include: Department of Housing and Community Development (DHCD); the Office of Planning (OP); Office of Cable Television, Film, Music and Entertainment (OCTFME); Commission on the Arts and Humanities (CAH); Department of Small and Local Business Development (DSLBD); Office of Public-Private Partnerships (OP3); Office of Zoning (OZ); Real Property Tax Appeals Commission (RPTAC); DC Housing Authority (DCHA); DC Housing Finance Agency (DCHF); and Office of Tenant Advocate (OTA).

**b. Mayor’s Proposed Fiscal Year 2020 Operating Budget**

**Proposed Operating Budget Summary**

The Mayor’s proposed Fiscal Year 2020 operating budget is \$40,660,004 which represents a \$1,941,863, or 4.6% decrease over its Fiscal Year 2019 approved operating budget of \$42,601,867. This budget includes 89.0 FTEs, which is an increase of 4.7% over the 85.0 FTEs in the approved Fiscal Year 2019 budget.

**Local Funds:** The Mayor’s Fiscal Year 2020 proposed local funds budget is \$24,107,798, representing an increase of \$2,325,171 or 10.7% from the Fiscal Year 2019 approved budget of \$21,782,627. This budget would support 72.0 FTEs, a 5.9% increase over the Fiscal Year 2019 approved level of 68 FTEs.

***Special Purpose Revenue Funds:*** The Mayor’s Fiscal Year 2020 proposed special purpose revenue funds budget for DMPED is \$16,552,206, which represents a decrease of \$4,267,035, or 20.5% decrease over its Fiscal Year 2019 approved special purpose revenue budget of \$20,819,241. This budget supports 17 FTEs, which represents no change over the Fiscal Year 2019 approved level.

***Federal Resources:*** There are no federal funds allocated in the fiscal year 2020 proposed budget. This represents no change from the fiscal year 2019 approved level.

***Intra-District Funds:*** The Mayor’s Fiscal Year 2020 proposed intra-District funds budget is \$0, which is equal to the Fiscal Year 2019 approved budget level.

**c. Mayor’s Proposed Fiscal Year 2019-2024 Capital Budget**

The Mayor’s capital improvement plan includes \$261,117,000 for DMPED over the 6-year plan. The plan authorizes \$59,370,000 for fiscal year 2020, \$70,000,000 for fiscal year 2021, \$63,000,000 for fiscal year 2022, \$27,000,000 for fiscal year 2023, \$31,748,000 for fiscal year 2024, and \$10,000,000 for fiscal year 2025.

**Committee Analysis and Comments**

***Affordable Housing:*** DMPED has a multi-pronged approach for creating and preserving affordable housing. During the agency’s performance oversight hearing, Deputy Mayor Kenner stated that DMPED and the Department of Housing and Community Development (DHCD) have implemented the Mayor’s Preservation Strike Force plan, including the creation of a preservation office and fund. He also noted that DMPED has continued to support the District Opportunity to Purchase Act (DOPA), Inclusionary Zoning reform implementation, and key investments in the Housing Production Trust Fund (HPTF), federal funding, and District land dispositions.

District land dispositions—which require at least 30 percent of all units created to go to households earning between 30 and 50 percent of Area Median Income (AMI)—provide much needed support across communities. For example, the Plaza West Project, which came online in September 2018, now provides 223 homes with 50 reserved for grandparents raising grandchildren. DMPED also broke ground at Abrams Hall at Walter Reed in July of 2018. This development will provide 64 homes for seniors earning less than 50 percent of AMI and permanent supportive housing for 16 senior households earning less than 30 percent AMI. Additionally, the agency has 4,000 units in the pipeline, with approximately 1,400 of those homes in pre-development.

The Mayor’s goal of producing 36,000 new homes in the District by 2025 and her commitment of \$1.2 billion to support affordable housing in the District, will require DMPED to continue leveraging resources to meet this goal. Additionally, it will require DMPED to consider new mechanisms for expanding available affordable housing for the city’s lowest-income residents. In 2016, the most recent year for which data is available,

63 percent of DC’s extremely low-income renters spent at least half of their income on housing.<sup>7</sup> These 27,000 households are considered “severely housing cost burdened” by the US Department of Housing and Community Development and classified as a “worst case housing need.”<sup>8</sup> The Committee is pleased that DMPED is utilizing \$230,000 to conduct a Housing Authority Study and exploring the best path forward for enhancing affordable housing in the District.

**Job Creation and Business Development:** Through their business development team, DMPED is focusing on nurturing environments for local startups and small businesses; targeting financial support to small businesses; and investing in new and growing sectors. In Fiscal Year 2018, the agency released their 18-month Economic Strategy progress report. The overall goals of this strategy are: 1) growing the private sector contribution to the Gross Domestic Product (GDP) to \$100 billion (by 20 percent) by the end of 2021 and; 2) reducing unemployment across wards, races, and educational attainment levels, bringing rates below 10 percent in all segments by the end of 2021. In the past year, DMPED has made significant progress on their economic strategy initiatives. This includes selecting a partner for the Inclusive Innovation Fund, opening the Made in DC Shop, opening the Inclusive Innovation Incubator, and launching the Neighborhood Prosperity Fund, which is discussed below. Below is chart highlighting the number of permanent jobs created by recent development projects.

<b>Projects per Year</b>	<b>Total Permanent Jobs Created</b>
Projects Completed 2017	3831
Projects Completed 2018	879
Projects Completed 2019	20
<i>Projects Currently Under Construction (2019)</i>	<i>197</i>
<b>TOTAL Completed 2017-2019</b>	<b>4730</b>

The Committee looks forward to DMPED’s continued execution of its economic strategy, as well as the creation of new strategies that will diversify the District’s economic base and reduce employment disparities.

**New Communities Initiative:** The New Communities Initiative (NCI) is a District government program designed to revitalize severely distressed subsidized housing and redevelop communities plagued with concentrated poverty, high crime, and economic segregation.<sup>9</sup> The initiative targets four neighborhoods in the District of Columbia, including Barry Farm in Ward 8, Lincoln Heights/Richardson Dwellings in Ward 7,

<sup>7</sup> DC Fiscal Policy Institute, *Building the Foundation: A Blueprint for Creating Affordable Housing for DC’s Lowest-Income Residents*, available at [https://www.dcfpi.org/all/building-the-foundation-a-blueprint-for-creating-affordable-housing-for-dcs-lowest-income-residents/#\\_edn2](https://www.dcfpi.org/all/building-the-foundation-a-blueprint-for-creating-affordable-housing-for-dcs-lowest-income-residents/#_edn2).

<sup>8</sup> *Id.*

<sup>9</sup> See, <http://denewcommunities.org/about-nci/>.



Northwest One in Ward 6 and Park Morton in Ward 1.<sup>10</sup> The New Communities Initiative is funded through public bond financing that allows the District to leverage funding for development projects. NCI is managed by DMPED, in partnership with the DC Housing Authority (DCHA). Four guiding principles lay the framework for New Communities:

1. ***One for One Replacement*** to ensure that there is no net loss of affordable housing units in the neighborhood;
2. ***The Opportunity for Residents to Return/Stay in the Community*** to ensure that current residents will have a priority for new replacement units to remain in their neighborhood;
3. ***Mixed-Income Housing*** to end the concentration of low-income housing and poverty; and
4. ***Build First***, which calls for the development of new housing to begin prior to the demolition of existing distressed housing to minimize displacement.

DMPED has made significant progress with this initiative since its inception in 2005. Over the past four years, the agency has awarded \$8.5 million in grants for case management, youth development, senior services, and wellness for NCI residents. They have also provided over \$6 million on capital improvements to existing public housing properties. Last year, the Committee marked up, and Council approved, the surplus and disposition of Northwest One. Located at 33 K Street, N.W. and 1010 North Capitol Street, N.W., the proposed development program includes 772 units of mixed-income housing, which will be predominately affordable (2/3 of the rented units will be for households earning less than 30% and 60% of AMI) plus ground-level neighborhood retail uses. More specifically, 263 of the residential units to be developed in the project will be affordable to households at 30% AMI and 255 residential units will be affordable to households at 60% AMI.

In response to the Committee's inquiries about workforce development initiatives associated with NCI, the Committee received a breakdown of the number of temporary and permanent jobs and workforce development initiatives for each project. Below is the information received by the Committee.<sup>11</sup>

Northwest One Highlights:

*Case Manager: Housing Opportunities Unlimited*

- Assisted 11 residents in gaining employment in last fiscal year through job development activities.
- 10 residents participated in education/service fairs and resume writing
- Provided financial assistance to purchase uniforms for new jobs for 2 residents
- Provided education, employment and transportation incentives to 23 residents

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<sup>10</sup> *Id.*

<sup>11</sup> See, DMPED Post Oversight Hearing Response Letter 4.20.19, on file with the Committee.

- Regularly providing certification exam fees, class registration fees, college application fees, and college book fees

Park Morton Highlights:

*Case Manager: Housing Opportunities Unlimited*

- Assisted 16 residents in gaining employment in last fiscal year through job development activities.
- 18 residents participated in education/service fairs and resume writing
- Created and implemented 4-week job readiness program, with 8 residents completing
- Partnered with Suited for Change and Dress for Success
- Partnered with Howard University Center for Urban Progress to provide Food Manager’s training; 4 residents successfully completed
- Hosts weekly drop-in resume clinic, with 30 residents participating
- Provided education, employment and transportation incentives to 64 residents
- Regularly providing certification exam fees, class registration fees, college application fees, and college book fees

Barry Farm Highlights (Note: Under official relocation in FY18)

*Case Management Provider: Far Southeast Family Strengthening Collaborative*

- Conducted regular job readiness workshops focused on developing resumes, completing job applications, discussions about body language and dressing for success; 13 residents participated.
- Engaged 24 residents in other employment support services

The Committee appreciates the agency’s efforts to provide workforce development opportunities for residents and recommends that that the agency continue to actively engage residents throughout the redevelopment process.

**Great Streets Program:** The Great Streets Initiative was created in 2006 to revitalize distressed corridors and transform emerging corridors, such as New York Avenue, N.E. and Georgia Avenue, N.W. It is led by DMPED in conjunction with the Office of Planning (“OP”) and the District Department of Transportation (“DDOT”). Currently, there are 13 Great Streets corridors. DMPED fosters economic growth in these corridors by investing in small business development via the Great Streets Retail Small Business Reimbursement Grants. The grants are competitive grants of up to \$50,000 for qualified small business owners who wish to improve their businesses. The overall goal of Great Streets is to support existing small businesses, attract new businesses, create new job opportunities for District residents, and increase the District’s tax base. Since 2015, the Great Streets Initiative has served 319 small businesses and provided \$16.5 million in Great Streets Capital Improvement Grants across the 13 corridors. To date, in fiscal year 2019, the program has awarded 45 grants to small businesses across the District totaling

approximately \$2.17 million. When combined with fiscal year 2018, the Great Streets Program has awarded over 100 grants across all eight wards.

The Great Streets Corridors currently included the following areas:

- 7<sup>th</sup> St., N.W.
- Connecticut Ave., N.W.
- Georgia Ave., N.W.
- H St., N.E. – Bladensburg Rd., N.E.
- Minnesota Ave., N.E. – Benning Rd., N.E.
- Martin Luther King, Jr. Ave, - South Capitol St., S.E./S.W.
- Nannie Helen Burroughs Ave., N.E.
- New York Ave., N.E.
- North Capitol St., N.E./N.W.
- Pennsylvania Ave., S.E.
- Rhode Island Ave., N.E.
- U St. – 14<sup>th</sup> St., N.W.
- Tenleytown Retail Priority Area

The Great Streets grants were originally set up as a cost reimbursement model whereby if a business was awarded a grant after the application process, the owner would complete the approved capital improvements and could then receive reimbursement after verifying the funds had been spent in accordance with the terms of the grant. In 2016, the Committee recommended in its budget report on DMPED that these grants could be administered so that reimbursement to grantees could proceed more readily by prepaying a portion of the grants to reduce cash flow pressures on recipient businesses. In response, in Fiscal Year 2017 DMPED began advance disbursement to grantees, successfully piloting an approach of providing 25 percent (one fourth) of the grant award up front. The award process now includes a payment of one third up front, rather than one fourth. After the awardee has verified that the money was spent according to the terms of the award, the second third of the award is made available, and the process is repeated with the last third.

In his testimony at DMPED’s budget oversight hearing, Deputy Mayor Kenner stated that the Fiscal Year 2020 operating budget includes a commitment of \$ 8.75 million to the Great Streets Program. The Committee looks forward to the continued success of this program in fiscal year 2020.

***Neighborhood Prosperity Fund:*** The Neighborhood Prosperity Fund allows the Mayor to issue competitive grants to eligible mixed-use and retail development projects that are in low-income communities and have a gap in funding for the commercial component of the project. In Fiscal Year 2017, DMPED piloted this program and received twelve applications. Two awards were made from those initial applications. LDP Holdings LLC received an award of \$2.1 million<sup>12</sup> for its Penn Hill project located at 3200 Pennsylvania Avenue, SE. South Capitol Improvement LLC received an award of \$880,000 for its South Capitol Affordable Housing project located at the intersection of

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<sup>12</sup> This grantee became ineligible to receive the funding so it was rescinded and returned to DMPED.

Atlantic and South Capitol Streets, SW. In fiscal year 2018, DMPED awarded four grants. Organizing Neighborhood Equity received \$400,000; MLK Gateway Partners, LLC received \$700,000; Addisleigh Park Washington Properties, LLC received \$700,000; and NHP Foundation received \$700,000. Approximately \$3 million is allocated in the Fiscal Year 2020 budget for this initiative. Awards will range between \$250,000.00 and \$750,000.00. The minimum application request is \$250,000. The Committee looks forward to the commercial development financed by these grants, as they will provide much needed commercial revitalization.

**Tax Revenue:** To grow the District's tax base, the agency has focused on bringing underutilized parcels back to life and creating revenue. Projects such as Stevens School, Walter Reed, 555 E Street, and 1300 H Street, have been essential in this effort. Additionally, the agency has promoted the District as a place to do business with their #ObviouslyDC campaign. This campaign highlights the District's workforce, vibrant economy, and infrastructure. Other efforts include the launching of new flights from Dulles International Airport with Cathay Pacific, and international and domestic mission trips. Lastly, the agency has celebrated the opening of the St. Elizabeths Entertainment and Sports Arena, which is anticipated to bring in \$90 million in new tax revenues over the next twenty years and 380 thousand annual visitors to the St. Elizabeths East Campus.

The Committee appreciates the efforts of the agency to enhance the District's tax base. However, the Committee is also concerned about the current tax incentives offered for economic development projects. In a recent article, the DC Fiscal Policy Institute (FPI) noted that the District offers several economic development tax incentives that cost the city millions in lost revenue each year yet fail to contribute to economic growth.<sup>13</sup> As one example, FPI noted the Qualified High Technology Company Incentive (QHTC). This incentive began in the early 2000's during the technology boom as a strategy to attract the industry to DC. Benefits offered from this incentive include:

- 0 percent corporate franchise tax for the first five years;
- After five years, a lifetime tax rate of 6 percent, as opposed to the usual 8.25 percent rate;
- Capital gains tax of only 3 percent;
- New hire wage tax credit (up to \$15,000 annually for two years) for each qualifying employee;
- New hire retraining tax credit (up to \$20,000) for each qualifying employee;
- Ten-year tax exemption from the date of acquisition on personal property used for operating business;
- Relocation tax credit up to \$7,500 per employee;
- Five-year freeze on real property taxes for office improvements;
- Sales tax exemption for purchase of hardware, software, equipment, and more; and
- Increased business expense deduction.

<sup>13</sup> See, "Revenue Revealed: It's Time to Amend DC's Tax Expenditure Programs", available at <https://www.dcfpi.org/all/revenue-revealed-its-time-to-amend-dcs-tax-expenditure-programs/>.



Some of these benefits are one-time or short-term, but others have no time limitation. Therefore, some companies may be receiving these benefits since the program's inception. The Committee recommends that the agency consider revisions to this tax incentive program, as well as other programs to ensure they meet economic development goals for the District.

**Opportunity Zones:** Opportunity Zones are a new community development program established by Congress in the Tax Cuts and Jobs Act of 2017 to encourage long-term investments in low-income urban and rural communities nationwide. The Opportunity Zones program provides a tax incentive for investors to re-invest their unrealized capital gains into Opportunity Funds that are dedicated to investing into Opportunity Zones designated by the chief executives of every U.S. state and territory. Last year, the District created a survey based off three potential Opportunity Zone maps with these themes: 1) East of the River; 2) Retail Corridors; and 3) Creative Industries and Manufacturing.<sup>14</sup> On April 20, 2018, Mayor Bowser nominated 25 census tracts to be Opportunity Zones based on the survey results, data, complementary incentives/investments, and levers (ways to maximize community benefit from Opportunity Zone investments). These tracts demonstrated the need for development and significant investment opportunities, such as real estate projects and commercial corridors. Since determining these sites, Mayor Bowser has implemented three new initiatives to help leverage the program: 1) the Opportunity Zones Corps, which will enable community organizations and small businesses to tap into pro bono advice from lawyers and other experts; 2) an online Opportunity Zone marketplace that anyone can access and where projects can be submitted online; and 3) a commitment of \$24 million to projects that support affordable housing, workforce development, and the growth of small businesses. Of the total, \$20 million is intended to be focused on the preservation of affordable housing, via a \$5 million enhancement in the Department of Housing and Community Development's Housing Preservation Fund.<sup>15</sup> This additional \$5 million investment in the Preservation Fund is leveraged by Fund managers at a 3:1 ratio and totaling \$20 million in funding for deployment in housing preservation projects exclusively within DC's Opportunity Zone areas.<sup>16</sup> The remaining \$4 million of the \$24 million in funding will come from the Great Streets Fund and the H Street Retail Grant Fund to support new and existing District-based businesses which choose to grow or create career pathways for residents in Opportunity Zones.<sup>17</sup> The Committee looks forward to these investments, as they will provide significant economic benefits for the designated census tracts.

**Enhancing Support for Women Entrepreneurs:** Despite national trends in declining rates of entrepreneurship, the number of women-owned businesses in Washington, D.C. is on the rise.<sup>18</sup> This is particularly true among minority founders. The D.C.-metro region has the eighth highest number of women-owned firms out of the top

<sup>14</sup> See, <https://dmped.dc.gov/page/opportunity-zones-washington-dc>.

<sup>15</sup> See, DMPED Budget Oversight Follow Up Letter 4.25.19, on file with the Committee.

<sup>16</sup> *Id.*

<sup>17</sup> *Id.*

<sup>18</sup> See, Building Inclusive Ecosystems with Intentionally, available at <https://georgetown.app.box.com/s/2q4cizm9hvgc8j13d2ioqp4h9rb1iv82>.

50 metropolitan areas in the U.S. Moreover, for the past five years, the District has been named number one for women in technology.<sup>19</sup>

While the District has a thriving ecosystem, the full potential for women founders is impeded by a lack of coordinated resources and operations. The Committee applauds DMPED's efforts to address these issues, including the award of 19 grants totaling \$50,000 to support women entrepreneurs in 2017.<sup>20</sup> Nonetheless, the Committee believes that additional resources must be considered in order to enhance support for women entrepreneurs. BEACON: The D.C. Women Founders Initiative, recently put forth a strategic report with key recommendations.<sup>21</sup> For instance, the report recommended mapping the D.C. women's entrepreneurial ecosystem by linking service providers, with specific reference to industry focus, needs served, and cost of attendance or use. Additionally, the report recommended increasing visibility and engagement of women founders in youth outreach initiatives. The Committee encourages the agency to think through the strategies laid out in this report and consider how they may be implemented in conjunction with current efforts.

## **2. COMMITTEE RECOMMENDATIONS**

### **a. Fiscal Year 2020 Operating Budget Recommendations**

The Committee recommends adoption of the Fiscal Year 2020 operating budget of the Office of the Deputy Mayor for Planning and Economic Development, as proposed by the Mayor, with the following modifications:

1. *Recognize* \$ 108,027 in personnel costs from current Program 3000 (Business and Workforce Development), Activity 3010 (Business Development), in the following amounts: CSG 11 (Regular Pay-Cont Full Time) by \$89,426 and CSG 14 (Fringe Benefits-Current Personnel) by \$18,601.
2. *Increase* Program 5000 (Project Investment), Activity 5085 (Grants), CSG 50 (Subsidies and Transfers) by \$250,000 for the DC Anchor Partnership.
3. *Sweep* \$2,120,000 from the H Street NE Retail Priority Fund.
4. *Sweep* \$500,000 from the AWC&NCRC Development Fund.
5. *Sweep* \$ 475,287 from the Industrial Revenue Bond Program.
6. *Accept* \$135,697 from the Committee on Facilities and Procurement to fund Bill 22-457, the "Economic Development Return on Investment Act of 2017". *Increase* Program 1000 (Agency Management), Activity 1001 (Agency Oversight), CSG 11 (Regular Pay-Cont Full Time) by \$113,697

<sup>19</sup> See. The Best Cities for Women in Technology, available at <https://www.dcfpi.org/all/revenue-revealed-its-time-to-amend-dcs-tax-expenditure-programs/>.

<sup>20</sup> See. Mayor Bowser and BEACON Award Grants to DC Women Entrepreneurs, available at <https://dmped.dc.gov/release/mayor-bowser-and-beacon-award-grants-dc-women-entrepreneurs>.

<sup>21</sup> See. Building Inclusive Ecosystems with Intentionally, available at <https://georgetown.app.box.com/s/2q4cizm9bvge8j13d2ioqp4h9rb1ix82>.

and *increase* Program 1000 (Agency Management), Activity 1001 (Agency Oversight), CSG 40 (Other Services and Charges) by approximately \$22,000.

**b. Fiscal Year 2020 Capital Budget Recommendations**

The Committee recommends adoption of the Fiscal Year 2020 capital budget of the Office of the Deputy Mayor for Planning and Economic Development, as proposed by the Mayor, with the following modifications:

1. *Reduce* Project AMS11C-McMillan Site Redevelopment by \$1,250,000. This project is currently on hold due to active litigation. As a result, it is unlikely that the agency will be able to spend the entire allotment for Fiscal Year 2020.
2. *Reduce* Project SC216C-Construction Redevelopment by \$2,250,000. It is unlikely that the agency will be able to spend this entire allotment in Fiscal Year 2020 based on past year expenditures.

**c. Policy Recommendations**

1. The Committee recommends that the agency conduct an assessment of current tax incentives to determine if new incentives are necessary to enhance the District’s economic development efforts.
2. The Committee recommends that the agency consider reviewing all development agreements that have occurred in the past three fiscal years to ensure meaningful Certified Business Enterprise (CBE) partner participation.
3. The Committee recommends that the agency assess all community benefits agreements that have been implemented in the last four fiscal years to ensure that the agreements have been fully executed or are in the process of being fully executed.
4. The Committee recommends that the agency implement additional strategies to support diverse women founders.

<b>D. DEPARTMENT OF SMALL AND LOCAL BUSINESS DEVELOPMENT (EN0)</b>					
<i>AGENCY</i>	<i>FY 2018 ACTUALS</i>	<i>FY 2019 APPROVED</i>	<i>FY 2020 PROPOSED</i>	<i>COMMITTEE VARIANCE</i>	<i>COMMITTEE APPROVED</i>
<b>Department of Small and Local Business Development - FUND</b>					
LOCAL FUND	\$ 14,464,634.09	\$ 14,621,073.91	\$14,286,164	\$1,368,310	\$15,654,474
OPERATING INTRA-DISTRICT FUNDS	\$749,995.00	\$0.00	\$0.00	\$0.00	\$0.00
FEDERAL GRANT FUND	\$420,750	\$468,424	\$471,180	\$0.00	\$471,180
<b>TOTAL</b>	<b>\$15,635,379</b>	<b>\$15,089,498</b>	<b>\$14,757,344</b>	<b>\$1,368,310</b>	<b>\$16,125,654</b>
<b>Department of Small and Local Business Development - FTE</b>					

	FEDERAL GRANT FUND	3.37	3.00	3.75	0.00	3.75
	LOCAL FUND	43.15	50.00	49.25	-1.00	48.25
	OPERATING INTRA-DISTRICT FUNDS	0.00	0.00	0.00	0.00	0.00
	TOTAL	46.52	53.00	53.00	-1.00	52.00

## 1. COMMITTEE ANALYSIS AND COMMENTS

### a. Agency Mission and Overview

The Department of Small and Local Business Development's ("DSLBD") mission is to support the development, economic growth, and retention of District-based businesses, and promote economic development throughout the District's commercial corridors. DSLBD was established by the "Small, Local, and Disadvantaged Business Enterprise Development and Assistance Act of 2005."<sup>22</sup> Statutorily, DSLBD administers and oversees the Certified Business Enterprise ("CBE") program. DSLBD is also responsible for business development programs, and technical assistance offerings.<sup>23</sup> These programs maximize the opportunities for certified business enterprises to participate in the following:

1. The District's contracting and procurement process;
2. The District's economic development activities; and
3. Federal and private sector business opportunities.<sup>24</sup>

Furthermore, DSLBD fosters business development by offering training and financing assistance to small businesses. To effectuate DSLBD's mission, DSLBD is authorized to issue grants to local businesses, community and neighborhood groups, or nonprofit organizations.<sup>25</sup> DSLBD resources and programs include District Capitalized, Made in DC, the Aspire to Entrepreneurship Program, and the DC Procurement Technical Assistance Center. Each program or resource is available to provide District-based businesses with the knowledge and capacity-building tools necessary to form, develop, and grow.

The Department has four divisions: Commercial Revitalization, Certification (which includes Compliance), Business Opportunities and Access to Capital, and Agency Management. The Commercial Revitalization division provides technical and funding assistance that supports DC Main Streets, Commercial Clean Teams and the Healthy Foods Programs. The Certification division is responsible for processing and overseeing CBE applications. Additionally, the Compliance division ensures that District agencies and public-private projects comply with District laws concerning CBE utilization and participation. The Business Opportunities and Access to Capital division provides access to capital and administers the Procurement Technical Assistance Program. Furthermore,

<sup>22</sup> "Small, Local, and Disadvantaged Business Enterprise Development and Assistance Act of 2005", effective October 20, 2005 (D.C. Law 16-33; D.C. Official 2-218.01 § *et. seq.*).

<sup>23</sup> D.C. Official Code § 2-218.13(2).

<sup>24</sup> *Id.*

<sup>25</sup> D.C. Official Code § 2-218.13.



this division offers classes and trainings, and facilitates technical assistance for capital acquisition, innovation and equitable development. The Agency Management division provides administrative support to the entire Department.

**b. Mayor’s Proposed Fiscal Year 2020 Operating Budget**

The Mayor’s proposed Fiscal Year 2020 operating budget for DSLBD is \$14,757,344 which is a 2.2% reduction from the Fiscal Year 2019 approved budget of \$15,089,498. The budget is comprised of \$14,036,164 in Local funds and \$471,000 is Federal Grants funds. This funding supports 53 full time equivalents (FTEs), which represents no increase from the Fiscal Year 2019 approved budget level.

**Local Funds:** The Mayor’s proposed Fiscal Year 2020 Local funds allocation is approximately \$14,286,000, which represents a decrease of \$335,000 or 2.3%.

**Federal Grants:** The Mayor’s proposed Fiscal Year 2020 Federal resources is \$471,000, which represents an increase of \$3,000 or 0.6%.

**Intra-District Funds:** The Mayor’s proposed Fiscal Year 2020 does not include any Intra-District funds.

**Committee Analysis and Comments**

**Certified Business Enterprises:** DSLBD administers and oversees the CBE program, which provides preferences to District-based firms pursuing District Government issued procurement opportunities. Thirty-five percent of the total amount of District agency contracts, construction contracts, public-private partnerships, and government assisted projects must be contracted or subcontracted to a small business enterprise or Certified business enterprise.<sup>26</sup> If an agency or developer believes that they cannot meet the thirty-five percent requirement, they may seek a waiver of the requirement from DSLBD.

Director Whitfield testified at the agency’s performance oversight hearing that DSLBD is responsible for monitoring 88 District agencies’ operating and capital spending with CBEs, and approximately 93 active public-private development projects. Director Whitfield also noted that the agency closed more than 240 projects. The Compliance team specifically provides oversight of District government agencies and government-assisted projects to ensure compliance with District law concerning CBE utilization and participation. The success of the CBE program heavily relies on DSLBDs ability to efficiently and effectively monitor District agencies and public-private partnerships. As such, it is imperative that the agency has enough resources and is adequately staffed to carry out oversight of the CBE program. Below is a chart detailing the number of CBEs in the District over the past three fiscal years.

**The number of certified businesses in the District by category**

<sup>26</sup> The “Small and Certified Business Enterprise Development and Assistance Act of 2005,” effective Oct. 20, 2005, (D.C. Law 16-33, D.C. Official Code § 2-218.01 *et seq.*).

\*Information provided by DSLBD

<b>Department of Small and Local Business</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Local business enterprises <sup>27</sup>	1,655	1,682	1,739
Small business enterprises <sup>28</sup>	1,537	1,578	1,647
Disadvantaged business enterprises <sup>29</sup>	826	845	889
Resident-owned businesses <sup>30</sup>	925	942	970
Longtime resident businesses <sup>31</sup>	145	131	133
Local business enterprises with principal offices located in an enterprise zone <sup>32</sup>	1,020	1,021	1,068
Veteran-owned business enterprises <sup>33</sup>	105	108	113
Local manufacturing business enterprises <sup>34</sup>	2	2	3
Certified joint venture <sup>35</sup>	9	7	24

**Agency CBE Goal Compliance:** The CBE program is an important advantage to small and local businesses and promotes diverse economic development in the District of Columbia. By law, agencies are required to spend fifty-percent of their expendable budget with SBEs.<sup>36</sup> The agency provided the Committee with a chart showing agencies that did not meet their goals over the past three fiscal years. In FY16, twenty-one agencies failed to meet their SBE goal, in FY17, fourteen failed to meet their goals, and in FY18, eight failed to meet their goals.

<b>AGENCY</b>	<b>FY16 Goal Not Met</b>	<b>FY17 Goal Not Met</b>	<b>FY18 Goal Not Met</b>
Criminal Justice Coordinating Council	X	X	X
Housing Finance Agency	X	X	X
Office of Employee Appeals	X	X	

<sup>27</sup> The "Small and Certified Business Enterprise Development and Assistance Act of 2005," effective Oct. 20, 2005, (D.C. Law 16-33, D.C. Official Code § 2-218.31.).

<sup>28</sup> D.C. Official Code § 2-218.32

<sup>29</sup> D.C. Official Code § 2-218.33

<sup>30</sup> D.C. Official Code § 2-218.35

<sup>31</sup> D.C. Official Code § 2-218.36

<sup>32</sup> D.C. Official Code § 2-218.37

<sup>33</sup> D.C. Official Code § 2-218.38

<sup>34</sup> D.C. Official Code § 2-218.39

<sup>35</sup> D.C. Official Code § 2-218.39a

<sup>36</sup> *Id.* (D.C. Official Code § 2-218.41)

District of Columbia Public Schools	X	X	
Office of Contracting and Procurement	X	X	
Office of the City Administrator	X		
Office on Latino Affairs	X		
Department of Employment Services	X		
Public Employee Relations Board	X		
Office of Film, Television, and Entertainment	X		
Office of Campaign Finance	X		
Department of Housing and Community Development	X		
Washington Convention and Sports Authority	X		
Department of Corrections	X		
Office of Administrative Hearings	X		
Special Education Transportation	X		
Department of Health Care Finance	X		
Department of Human Services	X		
Child and Family Services Agency	X		
Department of Insurance, Securities, and Banking	X		
Office of Veterans' Affairs	X		
Office of the Deputy Mayor for Public Safety and Justice		X	X
University of the District of Columbia		X	X
Not-for-Profit Hospital Corporation		X	X
Office of the District of Columbia Auditor		X	
Office of the Inspector General		X	
Employees' Compensation Fund		X	
Office of the Attorney General for the District of Columbia		X	
Metropolitan Police Department		X	
Corrections Information Council		X	
Office of the Deputy Mayor for Education			X
Advisory Neighborhood Commissions			X
District of Columbia Retirement Board			X

The Committee appreciates that the agency has created the PPD Compliance Oversight Working Group to enhance monitoring and enforce compliance on applicable projects. This will help ensure better interagency coordination in working to meet agency spend goals. In addition to this effort, the agency must also actively deter bad actors from

abusing the CBE program. DC Code §2-218.63 allows the agency to assess ten percent of the dollar volume of the contract for failure to comply with mandatory subcontracting requirements. In Fiscal Year 2019, the agency has collected approximately \$500,000 in fines. In accordance with the law, these fines have been deposited into the Small Business Capital Access Fund and are used for business development activities including grants and loans. The Committee encourages the agency to continue its enforcement efforts in order to ensure compliance with District law.

***DC-Procurement Technical Assistance Program:*** An important program within DSLBD focused on capacity building is the DC-Procurement Technical Assistance Program (DC-PTAC). DC-PTAC offers personalized business counseling and technical assistance to assist small businesses in obtaining local, state, and federal government contracts. Moreover, DC-PTAC connected over 2,000 firms to roughly \$40 million in government contracting opportunities. The Procurement Technical Assistance Program appears to be an extremely beneficial program that could be utilized more fully to address concerns related to the CBE program.

***Access to Capital:*** In addition to the Procurement Technical Assistance Program, access to capital is essential to small business and certified business enterprises' survival. DSLBD oversees the Small Business Capital Access Fund (Microloan).<sup>37</sup> In FY 2019, to date, DSLBD has disbursed \$353,267 through 64 total disbursed loans from the Microloan/Small Business Capital Access Fund. The Microloan/Small Business Capital Access Fund has a balance of \$276,711.45. However, the Committee is concerned about the agency not certifying revenue and or budgeting for these funds. In addition, the agency has not appropriated revenue from the Streetscape Loan Relief Fund. To date, there is a \$268.121 fund balance from Fiscal Year 2018. Access to Capital is an important activity that supports expanding small business opportunities by increasing availability to start-ups, working equity, and development capital and bonding.<sup>38</sup> Recognizing the importance of capacity, the Committee has added additional funding for the Access to Capital Division in Fiscal Year 2020.

***Aspire to Entrepreneurship Program and Dream Grants:*** In partnership with the Department of Employment Services, Court Services and Offender Supervision Agency for the District of Columbia, Capital Area Asset Builders, and the Office of Returning Citizens Affairs, DSLBD co-sponsors and administers the Aspire to Entrepreneurship program.<sup>39</sup> The program trains returning citizens through a specialized curriculum created to teach participants about financial literacy, entrepreneurship start up basics, marketing basics and business management and development. The program also provides mentoring and aims to help returning citizens start their own businesses and become CBEs.

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<sup>37</sup> The "Capital Access Program Act of 2010," effective Mar. 12, 2011 (D.C. Law 18-322; D.C. Official Code § 2-1210.02).

<sup>38</sup> FY 2019 Proposed Budget and Financial Plan, Vol. 2, the Department of Small and Local Business Development (EN0), available at [https://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/ci\\_fte\\_chapter\\_2018a.pdf](https://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/ci_fte_chapter_2018a.pdf).

<sup>39</sup> Office of the Deputy Mayor for Greater Economic Opportunity, Aspire to Entrepreneurship Pilot Program, available at [https://dmgeo.dc.gov/sites/default/files/dc/sites/dmgeo/page\\_content/attachments/Aspire%20to%20Entrepreneurship.pdf](https://dmgeo.dc.gov/sites/default/files/dc/sites/dmgeo/page_content/attachments/Aspire%20to%20Entrepreneurship.pdf).



The proposed budget includes an increase of \$450,000 in one-time funds to expand the Aspire to Entrepreneurship and Dream Grants programs. Since its inception, the Aspire program has helped 17 returning citizens receive business licenses. According to Director Whitfield’s budget oversight hearing testimony, “After three years of Aspire programming, we continue to see the positive impact of entrepreneurship support leading to a zero percent recidivism rate for program graduates.” She continued, “The Innovation and Equitable Development Division also operates the Dream grants, a hugely impactful investment in Wards 7 and 8.” She further noted that since 2018, 34 grants totaling \$300,000 have gone directly to micro-businesses and to increasing opportunities for economic success. The Committee looks forward to the continued success of these programs in Fiscal Year 2020.

**Aspire to Entrepreneurship and Dream Grant Recipients**

<b>FY 18 GRANT RECIPIENTS</b>	<b>FY 19 GRANT RECIPIENTS</b>
<b>Dream Grants</b>	<b>Dream Grants</b>
Angelique iConiQ	Bowman Visual media
Haul Master’s	Coleman’s Kitchen
Madelynn’s Bake Sale	DC Jewel Inc. DBA Carrots DC
NATIVOSOL dba WANDA’S WORLD	FIRE PREVENTION SIMMS HOOD CLEANERS LLC Fire Prevention
Pinkey’s E.A.T.S.	FP2 Barbershop
Plum Good	Gym Jonez Global Fitness
SMILE Therapy Services	Helping Hands Cleaning Service, LLC
Define Design Group	I-M, LLC
Brightspring Solutions	Janet & Jo.
Consalt, LLC	Keem-O Home Improvement And Construction Services LLC dba DC Sustainable Design Build (SDB)
MW Consulting	Madelynn’s Bake Sale LLC
TBL Paintball	Market 7
The DC Event Planner	Nailbed & Bar, LLC
Jeff Herrell (Little Big Chair Farm)	PINKE’S E.A.T.S LLC.
Norma Humphries (MBI, LLC)	Plum Good Limited Liability Company

Jennifer Gibbs (Trajectory Learning Partners)	Salon on the Ave
	TCG Property Care
<b>ASPIRE Grants</b>	<b>ASPIRE Grants</b>
Changing Perceptions	Vicki Davis Group
Davis and Davis Advisors via Technology Playground	Point of Discovery

**Main Streets Program:** DC Main Streets is a comprehensive program that promotes the revitalization of traditional business districts. This program also supports traditional retail corridors in the District of Columbia through providing services and offering grants. Many public witnesses at the agency’s performance and budget oversight hearings were present to testify about the importance of the Main Streets program. Executive Directors from various Main Streets testified about their successful partnership with DSLBD by highlighting how the grants have helped their corridors and businesses. In Fiscal Year 2019 alone, the Main Street programs have spurred the creation of 19 new businesses and created 231 new jobs.

In Fiscal Year 2019, several new Main Streets were also created, including Logan Circle Main Street, Woodley Park Main Street, Bladensburg Road Main Street and the South Dakota/Riggs Road Main Street. The Committee looks forward to working with the agency to ensure the creation of the Bladensburg Road Main Street. The Committee believes that additional outreach to potential grantees may assist in this effort.

**Commercial Clean Teams Program:** DSLBD’s Commercial Clean Team program provides grants to Clean Teams to remove litter and snow, recycle items collected from sidewalks and gutters, landscaping and maintenance of streets in their designated area. The Committee received a great deal of testimony during the agency’s performance and budget oversight hearings about the importance of the program. Clean Teams provide necessary services to neighborhoods to ensure they are aesthetically pleasing, which in turn makes neighborhoods more inviting, and ultimately, helps businesses thrive. Clean Teams also provide stable job opportunities that contribute to the economic development of all District residents. The Fiscal Year 2020 proposed budget for the program is approximately \$4.725,000, which represents a \$187,000 decrease over the Fiscal Year 2019 approved budget. The Committee believes that this program is an essential workforce development tool and has added \$300,000 to support the program.

**Minority and Women-Owned Business Assessment:** The Committee is disappointed the agency failed to adhere to the completion and submission of the minority and women-owned program assessment pursuant to DC Official Code §2-214.01. The Committee urges the agency to complete this assessment and looks forward to receiving the comprehensive study required in the Fiscal Year 2019 budget before the end of this fiscal year.

**Healthy Food Programs:** The Healthy Food Programs is housed in the Commercial Revitalization Division and has a Fiscal Year 2020 proposed budget of approximately \$86,000, which represents a \$37,000 decrease from the approved fiscal year 2019 budget of \$123,000. The Healthy Food Programs facilitates increased supply and demand for healthy foods in accordance with the Food, Environment and Economic Development D.C. Act by providing technical assistance regarding the purchase, marketing, and maintenance of healthy foods in the District's food deserts. While funding for this program has been reduced, the Committee looks forward to the continued development of this program.

## **2. COMMITTEE RECOMMENDATIONS**

### **a. Fiscal Year 2020 Operating Budget Recommendations**

The Committee recommends adoption of the Fiscal Year 2020 operating budget for the Department of Small and Local Business and Development, as proposed by the Mayor, with the following modifications:

1. *Recognize* \$89,426 in personnel costs from current Program 1000, Activity (1080), in the following amounts: CSG 11 (Regular Pay-Cont Full Time) by \$73,906 and CSG 14 (Fringe Benefits-Current Personnel) by \$15,520.
2. *Sweep* \$268,121 from the Streetscape Loan Relief Fund.
3. *Increase* Program 4000 (Commercial Revitalization), Activity 4030 (Main Streets), CSG 50 (Subsidies and Transfers) by approximately \$40,000 to the H Street Main Street for repairing and programming at Starburst Plaza.
4. *Increase* Program 4000 (Commercial Revitalization), Activity 4040 (Commercial Clean Teams), CSG 50 (Subsidies and Transfers), by approximately, \$50,000 to expand the Fort Lincoln Clean Team from 33<sup>rd</sup> Drive N.E. to New York Avenue Service Road to South Dakota Avenue, N.E., approximately \$100,000 for the creation of the Trinidad Residential Clean Team Beginning at Florida Ave, NE and West Virginia Ave, NE and Montello Ave, NE to Mt. Olivet Rd, NE; and Mt. Olivet Rd back down Trinidad Ave; and approximately \$150,000 for the creation of a Roving Ward 5 Clean Team to provide services to areas on a rolling basis.
5. *Increase* Program 3000 (Business Opportunity and Access to Capital), Activity 3050 (Access to Capital), CSG 50 (Subsidies and Transfers) by \$169,111 for the Access to Capital Program.
6. *Accept* \$166,120 from the Committee on Human Services to support 2 FTEs for the Lower Georgia Avenue Clean Team, 1 FTE for the Mid-City Clean Team, and enhancement for equipment and supplies for the Lower Georgia Avenue Clean Team. *Increase* CSG 50 (Subsidies and Transfers). Program 4000 (Commercial Revitalization), Activity 4040 (Commercial Clean Teams) by \$166,120. Approximately \$47,380 for 1 FTE for the Mid-City Clean Team, approximately \$104,875 for 2 FTEs, supplies and Cost-of-

Living Adjustment increase for existing FTEs, and approximately \$14,370 for equipment for the Lower Georgia Avenue Clean Team.

7. *Accept* \$200,000 from the Committee on Human Services to create a U Street Main Street.
8. *Accept* \$62,000 from the Committee on Human Services to fund Section 4 of the Bill 22-223, the “Public Restrooms Facilities Installation and Promotion Act of 2017”.
9. *Accept* \$432,000 from the Committee on Transportation and the Environment for several Main Streets. *Increase* Program 4000 (Commercial Revitalization), Activity 4030 (Main Streets), CSG 50 (Subsidies and Transfers) by approximately \$200,000 for the Cleveland Park Main Street, \$200,000 for the Glover Park Main Street, \$20,000 for the Van Ness Main Street expansion, and \$12,000 to Woodley Park Main Street.
10. *Accept* \$48,000 from the Committee on Finance and Revenue for 1FTE for the Mid-City Clean Team. *Increase* CSG 50 (Subsidies and Transfers), Program 4000 (Commercial Revitalization), Activity 4040 (Commercial Clean Teams) by \$48,000.

**b. Policy Recommendations**

1. The Committee recommends aggressively utilizing the authority granted in the law to consistently go after bad actors. This includes utilizing enforcement mechanisms against agencies that fail to spend 50% of their expendable budget with Small Business Enterprises (SBE).
2. The Committee recognized several areas where the agency is out of compliance pursuant to DC Official Code § 2-218.01 *et seq.* The agency should develop a plan to ensure full compliance with reporting requirements.
3. DSLBD currently has five vacancies. The Committee recommends DSLBD hire personnel for all vacancies as quickly as possible.

**E. OFFICE OF CABLE TELEVISION, FILM, MUSIC, AND ENTERTAINMENT (E10)**

AGENCY	FY 2018 ACTUALS	FY 2019 APPROVED	FY 2020 PROPOSED	COMMITTEE VARIANCE	COMMITTEE APPROVED
<b>Office of Cable Television, Film, Music, and Entertainment</b>					
LOCAL FUND	\$ 2,060,263.67	\$1,689,613	\$1,699,338	\$0.00	\$1,699,338
OPERATING INTRA-DISTRICT FUNDS	\$2500	\$0.00	\$0.00	\$0.00	\$0.00
SPECIAL PURPOSE REVENUE FUNDS (O'TYPE)	\$15,720,385	\$14,677,625	\$14,905,251	\$0.00	\$14,905,251
<b>TOTAL</b>	<b>\$15,249,642</b>	<b>\$14,677,625</b>	<b>\$14,905,251</b>	<b>\$0.00</b>	<b>\$14,905,251</b>
<b>Office of Cable Television, Film, Music, and Entertainment</b>					
LOCAL FUND	6.51	7.00	6.00	0.00	6.00



OPERATING INTRA-DISTRICT FUNDS	0.00	0.00	0.00	0.00	0.00
SPECIAL PURPOSE REVENUE FUNDS (O'TYPE)	42.79	44.00	46.00	0.00	46.00
<b>TOTAL</b>	<b>49.30</b>	<b>51.00</b>	<b>52.00</b>	<b>0.00</b>	<b>52.00</b>

**1. COMMITTEE ANALYSIS AND COMMENTS**

**a. Agency Mission and Overview**

In 2015, the Office of Cable Television and the Office of Motion Picture and Television combined to establish the Office of Cable Television, Film, Music and Entertainment (OCTFME or the Office). OCTFME’s mission is to produce and broadcast programming for the District of Columbia’s public, educational, and government access (PEG) cable channels; regulate the District of Columbia’s cable television service providers; provide customer service for cable subscribers; and support a sustainable creative economy and labor market in the District of Columbia. Statutorily, the Office carries out its mission by oversight of cable television services, which includes: regulating cable service, cable service providers, and the cable television industry; protecting and promoting the public interest in cable service; and executing the policies and provisions of the cable television laws and regulations of the District.<sup>40</sup> OCTFME further completes its mission by producing content for the government and educational channels, managing those channels and producing video content for District government agencies and residents. OCTFME fosters the development of an entertainment industry in the District by marketing and promoting the District to the entertainment industry as a prime location for productions and events; stimulating employment and business opportunities related to the entertainment industry; creating a workforce-development program for the training of District residents on entertainment industry skillsets; serving as a clearinghouse for information regarding government requirements affecting the entertainment industry within the District; assisting producers and companies in securing permits and other appropriate services connected with the entertainment industry, including television shows and films; and facilitating cooperation from the District government, the federal government, and private sector groups in the location and production of entertainment industry projects, including television shows and films.<sup>41</sup>

The Office has three divisions: (1) Agency Management; (2) the Television Division; and (3) the Film Division. The Cable Television Division must oversee matters related to the regulation of the cable television industry.<sup>42</sup> The Television Division is responsible for Originated Programming, Fee for Service Programming, and Franchise Regulation. The Franchise Regulation division is responsible for cable company oversight services for District cable subscribers, allowing them to receive cable television services

<sup>40</sup> The “Office of Cable Television, Film, Music, and Entertainment Amendment Act of 2015, effective Oct. 22, 2015 (D.C. Law 4-142, § 101, as added Oct. 9, 2002, D.C. Law 14-193; D.C. Official Code §34-1252.01(1)).

<sup>41</sup> D.C. Official Code §34-1252.01(2),(3).

<sup>42</sup> D.C. Official Code §34-1252.01(d-1)(1).

that follow District and federal laws and regulations.<sup>43</sup> The Film Division is responsible for marketing, promotions and production support. The Film Division administers the D.C. Film, Television, and Entertainment Rebate Fund and assist filmmakers and work towards ensuring that the District is perceived as “film-friendly”.

**b. Mayor’s Proposed Fiscal Year 2020 Operating Budget**

The Mayor’s proposed Fiscal Year 2020 operating budget for OCTFME is \$14,05,251, which is 1.6% increase from the Fiscal Year 2019 approved budget of \$14,677,625. This funding supports 52 Full Time Equivalents (FTEs), which is an increase of 2% over the 51 FTEs in the approved Fiscal Year 2019 budget.

**Local Funds:** The Mayor’s proposed Fiscal Year 2020 local funds allocation is approximately \$1,699,000 which represents a \$9,000 increase from the Fiscal Year 2019 approved local funds budget of \$1,690,000.

**Special Purpose Revenue Funds:** The Mayor’s proposed Fiscal Year 2020 Special Purpose Revenue funds allocation is approximately \$13,206,000 which is a \$218,000 increase from the Fiscal Year 2019 approved Special Purpose Revenue budget of \$12,988,000.

**Federal Funds:** The Mayor’s proposed Fiscal Year 2020 does not contain any federal funds.

**Intra-District Funds:** The Mayor’s proposed Fiscal Year 2020 does not contain any intra-district funds.

**Committee Analysis and Comments**

**Proposed Increases:** The Fiscal Year 2020 proposed budget has a net increase of \$49,251 in nonpersonal services (NPS) that results primarily from the realignment of the budget to anticipated subsidies and transfers in the OCTFME Film division. The funding supports activities associated with the D.C. Film, Television, and Entertainment (Rebate Fund) administered by agency’s Film Division. The Rebate Fund provides incentives to eligible members of the film and entertainment industry who operate within the District. Furthermore, the Special Purpose Revenue fund has a net increase of \$161,963 to align the Fixed Costs with projected estimates in the Agency Management Division. Lastly, there is a net increase of \$78,424 and 1.0 FTE to provide appropriate staffing compliment and align salary and Fringe Benefits with projected costs to achieve the agency’s programmatic priorities.

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<sup>43</sup>FY 2018 Proposed Budget and Financial Plan, Vol. 2, Office of Cable Television, Film, Music, and Entertainment (CIO), available at [https://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/ci\\_fte\\_chapter\\_2018a.pdf](https://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/ci_fte_chapter_2018a.pdf).

**Proposed Decreases:** In Local funds, the Fiscal Year 2020 proposed budget includes a decrease of \$39,526 and 1.0 FTE resulting primarily from the reallocation of an FTE in the Agency Management Division to align agency resources with program goals and priorities. In Special Purpose Revenue (SPR) funds, the proposed budget includes a net decrease of \$22,485 in non-personal services resulting primarily from a decrease in funding for equipment purchases.

**Enhancements:** In SPR funds, the proposed budget includes an increase of \$124,772 and 1.0 FTE resulting primarily from the allocation of a contractual position to a permanent position in the Agency Management Division. The additional position will serve as the Chief of Staff and promote organizational efficiency and effectiveness by focusing on the coordination and management of daily administrative and operational activities within the agency. This increase is offset by a corresponding net decrease of \$124,772 in professional services and fees in the agency's Television Division. This action is required to provide the necessary staffing requisite to sustain the Agency's operations and to achieve agency's goals and program priorities.

**Cable Franchise Agreements:** There are three cable service providers in the District: Comcast, Starpower Communications (RCN), and Verizon. The Office of Cable Television, Film, Music and Entertainment is responsible for negotiating and monitoring the three Franchise Agreements that govern the terms between the District and each cable service provider.<sup>44</sup> The current Verizon Franchise Agreement was negotiated and signed in 2014 and will expire in 2024. As explained above, OCTFME is responsible for ensuring that cable companies abide by the Franchise Agreement terms. During the agency's performance oversight hearing, Director Gates testified that one of the top priorities of the regulatory team is to protect the rights of cable consumers.<sup>45</sup> Many rights of the District cable subscribers are defined in the Franchise Agreements and as such, protecting the rights of cable consumers' means that OCTFME must regularly ensure that cable providers are abiding by the terms. As of December 4, 2018, the Council unanimously approved the District's Franchise Agreement with Comcast and RCN. During the bud and as of March 14, 2019, Director Gates during the budget oversight hearing that these Franchise Agreements were full executed.<sup>46</sup> The Franchise Agreements for both RCN and Comcast with the District will run for 10 years consecutively.

**Cable Franchise Fee Fund:** The Office of Cable Television, Film, Music and Entertainment maintains the Cable Franchise Fee Fund, which is a Special Purpose Revenue fund that contains the District's Franchise fee of each cable operator.<sup>47</sup> The

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<sup>44</sup> D.C. Official Code §34-1252.02(5), (7) ("Negotiate, on behalf of the District, franchise agreements and other agreements necessary for the implementation of this chapter;"; "Monitor and enforce cable operator compliance with the provisions of this chapter, regulations promulgated pursuant to this chapter, franchise agreements, and any other agreements entered into with the District pursuant to this chapter or pursuant to a franchise agreement;").

<sup>45</sup> Performance Oversight Hearing before the D.C. Council Comm. on Bus., Council Period 23 (February 27, 2019) (written testimony of Director Angie Gates – Office of Cable Television, Film, Music, and Entertainment).

<sup>46</sup> Budget Oversight Hearing before the D.C. Council Comm. on Bus., Council Period 23 (April 10, 2019) (written testimony of Director Angie Gates – Office of Cable Television, Film, Music, and Entertainment).

<sup>47</sup>D.C. Code § 34-1256.01(a) ("A cable operator shall pay to the District a franchise fee of at least 5% of its annual gross revenues. The amount of the franchise fee shall be set forth in the franchise agreement."); D.C. Official Code § 34-1256.03.

Council has utilized remaining funds in the Cable Franchise Fee fund for the past three years.<sup>48</sup> The estimated fund balance for the Fiscal Year 2017 for the Cable Franchise Fee fund was \$6.7 million however as of FY19, the balance in the Special Purpose Revenue fund for the Cable Franchise Fee was \$0. Since the District renewed its Franchise Agreement with Comcast and RCN and it was fully executed as of March 14, 2019, the Committee anticipates that the Cable Franchise Fee Fund will be replenished.

***D.C. Film, Television and Entertainment Rebate Fund and General Support:*** During the agency’s budget oversight hearing, Director Gates testified that the D.C. Film, Television and Entertainment Rebate Fund was an important part of OCTFME’s creative economy support and that it had made “a positive financial impact on the District’s local economy.”<sup>49</sup> Director Gates stated that since the fund was reactivated in Fiscal Year 2016, OCTFME had awarded approximately \$5.8 million to 32 qualifying projects according to D.C. Official Code § 2-1204.11a, including 15 local production companies.<sup>50</sup> The 32 projects have produced an estimate of \$16.3 million in direct District spend and an estimated economic impact of \$24.5 million.<sup>51</sup> In addition, the projects have created an estimate of 694 District resident job hires and paid \$3 million in wages to District residents.<sup>52</sup> For Fiscal Year 2020, the Mayor’s proposed budget includes \$2 million to support the Film Rebate Fund.<sup>53</sup>

The public witnesses’ testimony provided during OCTFME’s performance and budget oversight hearings were favorable. The public witnesses generally testified about how helpful the agency was in providing support and opportunities in the television, film, music and entertainment industries. One witness testified that OCTFME has come to their assistance countless times, in providing assistance in job postings, permit acquisitions, and networking.<sup>54</sup>

**c. Mayor’s Proposed Fiscal Year 2020 Capital Budget**

There is no capital budget for the Office of Cable Television, Film, Music, and Entertainment in Fiscal Year 2020.

**2. COMMITTEE RECOMMENDATIONS**

**a. Fiscal Year 2020 Operating Budget Recommendations**

The Committee recommends adoption of the Fiscal Year 2020 budget for the Office of Cable Television, Film, Music and Entertainment, as proposed by the Mayor.

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<sup>48</sup> The “Fiscal Year 2016 Budget Support Act of 2015”, effective Oct. 22, 2015, (D.C. Law 21-0036); the “Fiscal Year 2016 Second Revised Budget Request Emergency Adjustment Act of 2016”, expired on Sep. 13, 2016, (Act A21-0415).

<sup>49</sup> *Supra*, at note 86.

<sup>50</sup> *Id.*

<sup>51</sup> *Id.*

<sup>52</sup> *Id.*

<sup>53</sup> *Id.*

<sup>54</sup> Budget Oversight Hearing before the D.C. Council Comm. on Bus., Council Period 23 (April, 10 2019) (written testimony of Michael Holstein – Chief Content Officer, The Content Farm).



**b. Fiscal Year 2020 Policy Recommendations**

1. The Committee recommends that OCTFME continue to analyze residents' cable service provider options by neighborhood instead of only by ward. This analysis should consider the Franchise Agreements between the District and each cable service provider. Once the analysis is complete, the Committee would appreciate a detailed report of OCTFME's findings.
2. The Committee recommends that OCTFME continue to market its programs, such as the D.C. Film, Television, and Entertainment Rebate fund throughout the District.

**F. ALCOHOLIC BEVERAGE REGULATION ADMINISTRATION (LQ0)**

AGENCY	FY 2018 ACTUALS	FY 2019 APPROVED	FY 2020 PROPOSED	COMMITTEE VARIANCE	COMMITTEE APPROVED
<b>Alcoholic Beverage Regulation Administration - FUND</b>					
SPECIAL PURPOSE REVENUE FUNDS (O'TYPE)	\$6,624,924.33	\$8,006,696	\$8,257,929	\$0.00	\$8,257,929
DEDICATED TAXES	\$955,348.58	\$1,292,000	\$1,384,968	\$0.00	\$1,384,968
<b>TOTAL</b>	<b>\$7,580,273</b>	<b>\$9,298,696</b>	<b>\$9,642,897</b>	<b>\$0.00</b>	<b>\$9,642,897</b>
<b>Alcoholic Beverage Regulation Administration - FTE</b>					
SPECIAL PURPOSE REVENUE FUNDS (O'TYPE)	55.49	57.00	59.00	0.00	59.00
<b>TOTAL</b>	<b>55.49</b>	<b>57.00</b>	<b>59.00</b>	<b>0.0</b>	<b>59.0</b>

**1. COMMITTEE ANALYSIS AND COMMENTS**

**a. Agency Mission and Overview**

The mission of the Alcoholic Beverage Regulation Administration (ABRA) is to support the public's health, safety and welfare through the control and regulation of the sale and distribution of alcoholic beverages.<sup>55</sup> ABRA issues and renews licenses that permit qualified businesses to sell and serve alcoholic beverages.<sup>56</sup> ABRA also monitors compliance with Alcoholic Beverage Control Board (ABC) laws and takes appropriate enforcement action when a licensee violates these laws. When appropriate, ABRA recommends new laws regulating the manufacture, distribution, and sale of alcoholic beverages in the District.<sup>57</sup> ABRA also offers educational resources to help licensees prohibit the sale of alcohol to underage individuals.<sup>58</sup> ABRA is dedicated to enriching the health, safety and welfare of residents patronizing more than 2,000 ABC-licensed establishments in the District.<sup>59</sup> Accordingly, ABRA educates ABC establishments on

<sup>55</sup> Mission Statements and Services ABRA. ABRA, <https://abra.dc.gov/node/735712> (last visited April 11, 2019).

<sup>56</sup> About ABRA, ABRA, <https://abra.dc.gov/page/about-abra> (last visited April 11, 2019).

<sup>57</sup> *Id.*

<sup>58</sup> *Id.*

<sup>59</sup> *Id.*

compliance with ABC laws, policies and procedures.<sup>60</sup> ABRA is comprised of four divisions including licensing, enforcement, adjudication, and administrative.<sup>61</sup>

**Licensing:** The licensing division “processes applications, issues licenses and provides information to the public about the licensing process.”<sup>62</sup> The licensing personnel reviews and proposes modifications to licensing processes, regulations, and licensing fees. For Fiscal Year 2018, ABRA: (1) received 826 temporary and one-day substantial change license applications, that were all processed and issued permits within 15 days or less; (2) processed and issued 3,451 renewal licenses or permits, and (3) exceeded its 90% target rate to process temporary or one-day substantial change application within 15 days by 100%. Through its licensing division, ABRA was able to generate \$5,695,917 for FY18 which is \$1,995,917 above its FY18 target. The licensing division also processes Extended Hours applications which allows the Agency to grant eligible businesses the permission to sell and serve alcoholic beverages for 24 hours during public holidays or until 4 a.m. on non-public holidays. As of February 14, 2019, 219 licensees were registered with ABRA as part of the Extended Holiday Hours program. This was a slight increase from the 207 licenses registered with the Agency exactly a year ago. ABRA also offered two training sessions in May 2018 to licensees to explain upcoming changes to the Extended Holiday Hours program as a result of the Omnibus Alcoholic Beverage Regulation Amendment Act of 2018, which became law on October 30, 2018. ABRA had a successful fiscal year meeting and exceeding its licensing goals.

**Enforcement:** The enforcement division enforces compliance with the District’s alcoholic beverage laws and regulations.<sup>63</sup> ABRA investigators “conduct routine inspections, investigate consumer complaints such as violations of settlement agreements, investigate alleged incidents in or around ABC establishments, and conduct operations to prevent the sale and service of alcohol to minors.”<sup>64</sup> Investigators submit their findings to the ABC for disposition.<sup>65</sup> In Fiscal Year 2018, the enforcement division was successful in conducting 10,852 regulatory inspections and investigations, and 1,027 compliance checks for underage drinking. ABRA continued its partnership with District colleges and universities as part of its DC Double Check 101 program to reduce underage drinking. For Fiscal Year 2020, the proposed budget includes \$68,000 for the Agency to contract with a vendor who will provide minors that will be trained by the Agency and will assist investigators in enforcing underage drinking laws.<sup>66</sup> On November 5, 2018, ABRA for the first time received the National Liquor Law Enforcement Association’s (NLLEA) “Alcohol Law Enforcement Agency of the Year Award.”<sup>67</sup> The award recognizes an alcoholic beverage regulation agency in the country that has maintained “agency effectiveness,” implemented innovative programs, and through technology or community

<sup>60</sup> *Id.*

<sup>61</sup> ABRA Divisions, ABRA, available at <https://abra.dc.gov/page/abra-divisions> (last visited April 11, 2019).

<sup>62</sup> *Id.*

<sup>63</sup> *Id.* Citing DC Official Code Title 25 and DC Municipal Regulations Title 23.

<sup>64</sup> ABRA Divisions, ABRA, available at <https://abra.dc.gov/page/abra-divisions>.

<sup>65</sup> *Id.*

<sup>66</sup> Budget Oversight Hearing before the D.C. Council Comm. on Bus., Council Period 23 (April, 10 2019) (written testimony of Director Fred Moosally – Alcoholic Beverage Regulation Agency).

<sup>67</sup> *Id.*

outreach, has modeled training programs or practices that help bolster alcohol enforcement.<sup>68</sup> ABRA has previously been recognized by the NLLEA for the outstanding work of certain employees within the agency, however, for the first time, it was recognized as an agency for its outstanding performance.<sup>69</sup>

**Adjudication:** Adjudication personnel supports the ABC Board by preparing weekly hearing agendas, notifying the necessary parties of upcoming hearings, facilitating staff settlements, and publishing Board decisions on the ABRA website.<sup>70</sup> Adjudication staff “monitor[s] the status of protest hearings, settlement agreements[,] and establish[es] security plans.”<sup>71</sup> For Fiscal Year 2018 and the First Quarter of 2019, the Board issued 962 orders including over 140 settlement orders. This represented an 18% increase from Fiscal Year 2017 and all the orders were drafted by the adjudicatory staff, in the Office of General Counsel.

The adjudication division works very closely with the ABRA’s Office of General Counsel.<sup>72</sup> This collaboration has resulted in: (1) managing the enforcement and protest case load within the Board; and (2) resolving enforcement cases through staff settlement instead of Board hearings.<sup>73</sup> As of February 21, 2019, the Board had a manageable enforcement caseload of 72 cases open and pending cases, and 11 open and pending protest cases.<sup>74</sup> As for mediation services, the Office of the General Counsel plays a significant role in reducing the Board’s caseload.<sup>75</sup> The Office has mediated 32 of the 42 cases between October 1, 2017 and January 31, 2019 and the cases have either been settled or resolved prior to a scheduled protest hearing.<sup>76</sup> The adjudication division works very closely with the Office of General Counsel to meet and/or exceed its goals and it did so for Fiscal Year 2018.

**Administrative Services Division:** Administrative Services Division “provides administrative and operational support to critical agency components such as procurement, payroll, human resources, performance management and information technology.”<sup>77</sup> The records management section which is a component of the Administrative Services Division, researches and offers document and database information to the Board, licensees, Advisory Neighborhood Commissions (ANCs), and members of the public.<sup>78</sup> The records management section is also responsible for providing certification services, replying to requests for and tracking Freedom of Information Act (FOIA), and responding to subpoena requests.<sup>79</sup> The Administrative Services Division includes ABRA’s public affairs and

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<sup>68</sup> Alcohol Law Enforcement Agency of the Year Award, National Liquor Law Enforcement Association, available at <http://www.nllca.org/Awards-2017.html>

<sup>69</sup> *Supra*, at note 12.

<sup>70</sup> ABRA Divisions, ABRA, available at <https://abra.dc.gov/page/abra-divisions>.

<sup>71</sup> *Id.*

<sup>72</sup> *Id.*

<sup>73</sup> *Supra*, at note 12.

<sup>74</sup> *Id.*

<sup>75</sup> *Id.*

<sup>76</sup> *Id.*

<sup>77</sup> *Id.*

<sup>78</sup> *Id.*

<sup>79</sup> *Id.*

community outreach teams.<sup>80</sup> These teams provide training to ANCs, community associations, and ABC licensees.<sup>81</sup> For Fiscal Year 2018, the division conducted three community training courses geared toward community associations with ABRA.<sup>82</sup> The last training session was held in February 2019 for newly elected and existing Advisory Neighborhood Commissioners regarding the Agency's existing protest and enforcement processes.<sup>83</sup> A total of 81 Commissioners attended the sessions throughout the fiscal year.

**b. Mayor's Proposed Fiscal Year 2020 Operating Budget**

**Proposed Operating Budget Summary**

The Mayor's proposed Fiscal Year 2020 operating budget for ABRA is \$9,642,897, an increase of \$344,201 or 3.7%, from the Fiscal Year 2018 approved budget of \$9,298,696. This funding supports 59 FTEs, which represents a 3.5% change from the FY19 approved budget. The Mayor's proposed budget for ABRA is comprised of \$1,384,968 in Dedicated Taxes and \$8,357,929 in Special Purpose Revenue funds.

***Dedicated Taxes:*** The Mayor's proposed FY20 operating budget for ABRA includes \$1,384,968, which is an increase of \$92,968 from ABRA's FY19 budget. The dedicated taxes help to fund the Reimbursable Detail Subsidy Program which is a subsidy program that pays off-duty Metropolitan Police Department ("MPD") officers 65% of the total costs incurred by licensees for the officers to work reimbursable detail outside of licensed establishments.

***Local Funds:*** The Mayor's proposed FY19 budget for ABRA includes no local funds.

***Special Purpose Revenue Funds:*** The Mayor's proposed FY20 budget for ABRA includes \$8,357,929, a \$231,418 or 7.2% increase from FY19.

***Intra-District Funds:*** The Mayor's proposed FY20 budget for ABRA includes no intra-district funds.

***Private Donations:*** The Mayor's proposed FY20 budget for ABRA includes no private donations.

**Committee Analysis and Comments**

The Committee supports and recommends approval of the proposed Fiscal Year 2020 budget for ABRA, with the following modifications. The Fiscal Year 2020 budget for ABRA is \$9,642,897, which represents a \$344,201 or 3.5% increase from Fiscal Year

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<sup>80</sup> *Id.*

<sup>81</sup> *Id.*

<sup>82</sup> Performance Oversight Hearing before the D.C. Council Comm. on Bus., Council Period 23 (March 26, 2019) (written testimony of Director Fred Moosally – Alcoholic Beverage Regulation Agency).

<sup>83</sup> *Id.*



2019 budget. ABRA's budget would increase in personal services to accommodate increases in multiple programs to support projected salaries and fringe benefits, and in nonpersonal services to cover annual licensing and office buildout contracts.<sup>84</sup>

ABRA's Fiscal Year 2020 proposed budget also includes \$1,385,000 to continue to support funding of for the Reimbursable Detail Subsidy Program.<sup>85</sup> The proposed budget this budget cycle is \$92,968 more than Fiscal Year 2019 budget.<sup>86</sup> The subsidy program reimburses the Metropolitan Police Department ("MPD") for 65% of the total costs incurred by licensees for off-duty MPD officers to work reimbursable details outside of licensed establishments.<sup>87</sup> This program helps to further the mission and objectives of both MPD and ABRA. The eligible hours for reimbursements are between the hours of 11:30 p.m. and 5:00 a.m., seven nights a week.<sup>88</sup> The program ensures there is compliance with District laws and regulations, and creates a safe and secure environment for residents, businesses, and patrons.

***Alcoholic Beverage Control Board:*** The Committee recommends and will monitor the progress of efforts between ABRA and the Office of Cable Television, Film, Music, and Entertainment to stream and archive Alcoholic Beverage Control Board (ABC Board) hearings and meetings. The ABC Board is an independent body that meets once each week to adjudicate, administer, and enforce alcoholic beverage laws.<sup>89</sup> No progress on this effort has been reported to date.

***Special Purpose Revenue:*** ABRA is primarily funded by Special Purpose Revenue. The District defines "Special Purpose Revenue" as "funds used to account for proceeds from specific revenue sources (other than expendable trusts, special assessments, or major capital projects) that are legally restricted to expenditures for specified purposes."<sup>90</sup> To be clear, Special Purpose Revenue is often interchangeably referred to as "O-type" or "other-type" revenue.<sup>91</sup> However, it is not interchangeable with "dedicated taxes" which is distinctly different from Special Purpose Revenue.<sup>92</sup> As stated earlier, the

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<sup>84</sup> Fiscal Year 2020 Proposed Budget and Financial Plan, Vol. 2, Alcoholic Beverage Regulation Agency (LQ0-3), available at [https://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/DC\\_OCFO\\_Budget\\_Vol\\_2.pdf](https://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/DC_OCFO_Budget_Vol_2.pdf).

<sup>85</sup> *Supra*, at note 12.

<sup>86</sup> *Id.*

<sup>87</sup> *Id.*

<sup>88</sup> *Id.*

<sup>89</sup> ABC Board, ABRA, <https://abra.dc.gov/page/abc-Board> (last visited April 11, 2019).

<sup>90</sup> Jeffrey S. DeWitt, *District of Columbia Special-Purpose Revenue Funds Report*, Office of Revenue Analysis. Available at <https://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/Special-Purpose%20Report%202015.pdf> (2015).

<sup>91</sup> *Id.* Citing Government of the District of Columbia, *FY 2015 Proposed Budget and Financial Plan: Keeping the Promises*, Executive Summary, August 7, 2014, Appendix B-8.

<sup>92</sup> Per the OCFO's report cited above:

There are three other types of revenue that are often confused with special-purpose revenue funds and are not covered in this report: These revenue types are as follows:

- Dedicated taxes are broad-based taxes (or portions thereof) that are dedicated by law to certain purposes, such as sales tax revenue that supports the convention center. In recent years, several special-purpose revenue funds were reclassified as dedicated taxes because they draw from broad-based revenue streams and fund programs in multiple agencies.
- Enterprise funds are budget and accounting units created for particular agencies, such as the Water and Sewer Authority, which are intended to operate like businesses and to be entirely self-sustaining.

dedicated taxes for FY20 will support the Reimbursable Detail Subsidy Program. The Special Purpose Revenue fund however will support all of ABRA’s FTEs and Agency operations. The Special Purpose Revenue fund budget for this fiscal year is \$8,357,929, which represents an increase of \$231,418 and 2 additional FTEs. ABRA does not receive local funds.

**2. COMMITTEE RECOMMENDATIONS**

**a. Fiscal Year 2020 Operating Budget Recommendations**

The Committee recommends adoption of the FY20 operating budget for the ABRA, as proposed by the Mayor.

**b. Fiscal Year 2020 Policy Recommendations**

1. ABRA should continue to work collectively with MPD and DCRA on the Noise Task Force.
2. ABRA should continue to support the enforcement of underage drinking laws in conjunction with MPD. The partnership with District colleges and universities in the DC Double Check 101 program should continue to discourage underage drinking and to educate more minors and businesses about the consequences of underage drinking.
3. The Committee recommends using a more transparent and accurate method to determine its Fiscal Year targets. The agency’s Fiscal Year 2020 targets are identical to Fiscal Year 2019 and Fiscal Year 2018 without explanation. This is problematic since the fiscal actuals for each year are significantly and consistently higher than the targets.<sup>93</sup>
4. To maximize transparency, the Committee requests a follow-up report on ABRA’s potential partnership with OCTFME to stream and archive hearings and meetings.

<b>G. PUBLIC SERVICE COMMISSION (DH0)</b>						
<i>AGENCY</i>	<i>FY 2018 ACTUALS</i>	<i>FY 2019 APPROVED</i>	<i>FY 2020 PROPOSED</i>	<i>COMMITTEE VARIANCE</i>	<i>COMMITTEE APPROVED</i>	
<b>Public Service Commission</b>						
SPECIAL PURPOSE REVENUE FUNDS (O'TYPE)	\$13,559,651	\$15,163,455	\$15,692,793	0.00	\$15,692,793	

• General-purpose non-tax revenues are fines and fees that flow into the general fund without being restricted to a particular agency or program.

<sup>93</sup> FY 2020 Proposed Budget and Financial Plan, Vol. 2. Alcoholic Beverage Regulation Agency. B-159 (2019).

	FEDERAL GRANT FUND	\$401,932	\$565,555	\$581,000	0.00	\$581,000
	PRIVATE DONATIONS	\$7,547	\$22,000	\$12,000	0.0	\$12,000
	<b>TOTAL</b>	<b>\$13,969,130</b>	<b>\$15,751,010</b>	<b>\$16,285,793</b>	<b>\$0.00</b>	<b>\$16,285,793</b>
<b>Public Service Commission</b>						
	FEDERAL GRANT FUND	3.10	3.69	3.49	0.0	3.49
	SPECIAL PURPOSE REVENUE FUNDS (OTYPE)	73.19	81.92	82.12	0.00	82.12
	<b>TOTAL</b>	<b>76.29</b>	<b>85.61</b>	<b>85.61</b>	<b>0.00</b>	<b>85.61</b>

**1. COMMITTEE ANALYSIS AND COMMENTS**

**a. Agency Mission and Overview**

The mission of the Public Service Commission (PSC) is to serve the public interest by ensuring that financially healthy electric, natural gas, and telecommunications companies provide safe, reliable, and quality services at reasonable rates for District of Columbia residential, business, and government customers.

The Public Service Commission regulates public utilities operating in the District of Columbia by issuing orders in formal proceedings that may include written comments or testimony, hearings, studies, and investigations; ensuring fair and appropriate utility prices; fostering competition by licensing utility service providers and supervising the competitive bidding process; ensuring that utility providers meet various environmental regulations and standards by operating in ways that conserve natural resources and preserve environmental quality; and resolving disputes among consumers and utility service providers.

**b. Mayor’s Proposed Fiscal Year 2020 Operating Budget**

**Proposed Operating Budget Summary**

The Mayor’s proposed Fiscal Year 2020 operating fund budget for the Public Service Commission (PSC) is \$16,285,793 an increase of \$534,873 from Fiscal Year 2019, or 3.4%. This funding supports 85.6 full time equivalents (FTEs), which represents no change from the Fiscal Year 2019 approved level.

***Special Purpose Revenue Funds:*** The Mayor’s proposed Special Purpose Revenue Funds budget is \$15,693,000 an increase of \$530,000 or 3.5% from the Fiscal Year 2019 approved budget of \$15,163,000. The proposed funding by special purpose revenue funds support 82.1 FTEs, an increase of 0.2 FTEs over Fiscal Year 2019 approved level.

***Federal Grant Funds:*** The Mayor’s proposed federal grant funds budget is \$581,000, an increase of \$15,000 or 2.7% from the Fiscal Year 2019 approved budget of

\$566,000. The proposed funding by federal grant funds support 3.5 FTEs, a decrease of 0.2 FTEs over the Fiscal Year 2019 approved level.

***Private Donations:*** The Mayor's proposed private donation budget is \$12,000, a decrease of \$10,000 or 45.4% from the Fiscal Year 2019 approved budget. There are no full-time equivalents supported by private donations budget.

### **Committee Analysis and Comments**

Special Purpose Revenue Funds remain the funding source for approximately 98% of the Commission's budget. Pursuant to D.C. Code Section 34-912, this revenue comes from assessments on Pepco, Washington Gas, Verizon, and all competitive electric, natural gas, and telecommunications service providers licensed by the Commission to do business in the District. The Mayor's proposed Fiscal Year 2020 budget includes an increase of approximately \$535,000. This increase is attributable to: 1) \$185,000 in labor expenses; 2) 271,000 in other services and charges; and 3) \$79,000 in all other expenses, including facilities, telecommunications services, and rent. Special Purpose Revenue Funds come from assessments on Pepco, Washington Gas Light (WGL), Verizon, and all other competitive electric, natural gas and telecommunications service providers licensed by the Commission.

***Grid Modernization:*** The PSC is engaged in several cases of note. MEDSIS, Formal Case No. 1130, is the program designed to consider how to modernize the energy distribution system in the District. The goal of MEDSIS is to transition into a consumer-centric, clean energy system while maintaining affordability, safety and reliability. In August 2018, the initiative entered Phase 2, which established six working groups designed to create a roadmap for the District's grid modernization efforts. The approved working groups, composed of stakeholders, are: 1) Data and Information Access and Alignment, 2) Non-wire Alternatives to Grid Investments, 3) Future Rate Design, 4) Customer Impact, 5) Microgrids and 6) Pilot Projects. The Commission expects to release a final report near the end of May and hold a town hall to review the final report in mid-June. The Committee looks forward to the recommendations included in the report as well as the agency's plan for implementing those recommendations.

In additional to the MEDSIS Initiative, the Commission issues two orders related to the District's clean energy objectives. The Commission's recent Formal Case 1017 order on the biennial review of Pepco's Standard Offer Service includes a provision to incorporate a separate 5% long-term renewable energy power purchase agreement for new renewable energy facilities into the annual SOS process, as soon as practicable. The second order pertains to a Pepco Transportation Electrification initiative in Formal Case 1130. The Commission conditionally approved a specific number of Pepco's recommended programs on a pilot basis. The Committee looks forward to the implementation of these initiatives, which will bring the District closer to its 100% renewable energy goal.

***DC PLUG:*** Pepco and the District have partnered on the DC PLUG initiative, a multi-year program designed to migrate vulnerable overhead distribution lines



underground. The first phase of the program was recently affirmed by the D.C. Court of Appeals, and PEPCO and DDOT are slated to begin construction in Spring 2019 in the American University Park and Friendship Heights communities. Thereafter, construction is expected to proceed to the Hawthorne, Barnaby Woods, Chevy Chase and Friendship Heights areas. The Committee will follow the progress of this program as construction begins.

***Project Pipes:*** WGL’s Project Pipes seeks to replace failing gas lines and faulty mechanical couplings in order to remediate leaks. The Project Pipes plan will encompass approximately \$1 billion of expenditures over 40 years. At the agency’s budget oversight hearing, Chairman Phillips testified that PSC plans to publish a procedural schedule for the regulatory review of the second five-year plan by the end of May 2019. The Committee looks forward to reviewing this publication.

***Capital Grid Project:*** Pepco’s Capital Grid Project, Formal Case No. 1144, aims to update and enhance energy infrastructure. The project involves rebuilding two substations, repurposing one substation, replacing aging underground cabling, constructing 10 new miles of transmission cabling and construction of a new load-driven substation in the Mt. Vernon neighborhood. The Capital Grid project is proposed to last ten years and cost District ratepayers \$1 billion. PSC plans to complete its regulatory review process in two phases. The first phase will encompass all facets of the project except for Mt. Vernon, and the second phase will focus on the Mt. Vernon substation.

***Utility Discount Programs:*** PSC is currently working with the Department of Energy and the Environment (DOEE) to improve their Utility Discount Programs. PSC recently approved the DOEE administrative budget for the costs associated with administering the Utility Discount Programs and has taken note of the declining enrollment in some of the discount programs. To ensure that word about the programs is getting to eligible District residents, the agency is implementing a series of new outreach events called “Taking It To The Streets” to supplement their ongoing regular visits to civic associations, ANCs, senior facilities, and other meetings. The Committee applauds the agency’s proactive efforts to reach eligible residents.

***Community Engagement:*** To increase community engagement and inform the public about the work of the Commission, the Commission has rebranded their logo to mirror the D.C. Flag and convey a more modern image. Additionally, Chairman Phillips has created an Office of External Affairs, which will be responsible for creating strategic communications plans for major projects. The office will also be responsible for quarterly newsletters and a campaign to attract more subscribers to their email list. Finally, the office will be responsible for fielding press and stakeholder inquiries. The Committee applauds this new effort and looks forward to additional efforts that will inform residents about the important work taking place at the Commission.

## **2. COMMITTEE RECOMMENDATIONS**

### **a. Fiscal Year 2020 Operating Budget Recommendations**

The Committee recommends approval of the FY 2020 operating budget for the Public Service Commission, as proposed by the Mayor.

**b. Fiscal Year 2020 Policy Recommendations**

The Committee makes no policy recommendations.

**H. OFFICE OF PEOPLE’S COUNSEL (DJ0)**

<i>AGENCY</i>		<i>FY 2018 ACTUALS</i>	<i>FY 2019 APPROVED</i>	<i>FY 2020 PROPOSED</i>	<i>COMMITTEE VARIANCE</i>	<i>COMMITTEE APPROVED</i>
<b>Office of the People's Counsel</b>						
	SPECIAL PURPOSE REVENUE FUNDS (O'TYPE)	\$8,007,384	\$8,970,586	\$9,314,748	\$0.00	\$9,314,748
	LOCAL FUND	\$0.00	\$775,069	\$689,246	\$0.00	\$689,246
	<b>TOTAL</b>	<b>\$8,007,384</b>	<b>\$9,745,655</b>	<b>\$10,003,994</b>	<b>\$0.00</b>	<b>\$10,003,994</b>
<b>Office of the People's Counsel</b>						
	SPECIAL PURPOSE REVENUE FUNDS (O'TYPE)	41.19	44.4	45.4		45.4
	<b>TOTAL</b>	<b>41.19</b>	<b>44.4</b>	<b>45.4</b>	<b>0.00</b>	<b>45.4</b>

**1. COMMITTEE ANALYSIS AND COMMENTS**

**a. Agency Mission and Overview**

The mission of the Office of the People's Counsel ("OPC" or "Office") is to advocate for the provision of safe and reliable quality utility service and equitable treatment at rates that are just, reasonable, and nondiscriminatory; assist individual consumers in disputes with utility providers; provide technical assistance, education and outreach to consumers and ratepayers, community groups, associations and the Consumer Utility Board; and provide legislative analysis and information to the Council of the District of Columbia on matters relating to utilities. The Office’s mission further includes consideration of the District’s economy and promotion of the environmental sustainability of the District.

OPC is a party to all utility-related proceedings before the D.C. Public Service Commission and represents the interests of District ratepayers before local and federal regulatory agencies and courts. The Office assists individual consumers in disputes with utility companies about billing or services and provides consumer education and outreach to community groups and associations on emerging issues impacting the quality, reliability and affordability of their utility services and associated environmental issues. The Office provides technical assistance to consumers, the Consumer Utility Board (CUB), as well as

other District community groups. OPC also provides legislative analysis for, assistance to, and testimony before, the District Council on utility matters.

**b. Mayor's Proposed Fiscal Year 2020 Operating Budget**

**Proposed Operating Budget Summary**

The Mayor's proposed fiscal year 2020 operating budget for the Office of the People's Counsel (OPC) is \$10,003,994, an increase of \$258,339, or 2.7%, from the fiscal year 2019 approved budget of \$9,745,655. This funding supports 53.4 FTEs, which represents no change from the fiscal year 2019 approved budget. The proposed budget is comprised \$689,246 in Local funds, and \$9,314,748 in Special Purpose Revenue funds. The Special Purpose Funds come from assessments on Pepco, Washington Gas, Verizon, and authorized competitive providers and subsequently are recovered from District ratepayers.

**Committee Analysis and Comments**

Over the past year, OPC has focused on five areas: 1) keeping rates affordable; 2) ensuring safe and reliable service; 3) educating consumers and enhancing customer engagement; 4) advocating for adoption of sustainable energy resources throughout all eight wards; and 5) empowering consumers through strategic alliances.

**Rate Affordability:** OPC has achieved significant success in keeping utility rates affordable. Through litigation and settlement with Pepco, OPC was able to realize a \$24.1 million rate decrease as well as a 9-month moratorium on rate case filings. In December 2017, Pepco filed a rate case requesting \$66.2 million. That same month, the "Tax Cuts and Jobs Act of 2017" was signed into law, reducing Pepco's 2018 tax obligations that they collect from ratepayers. With the passage of the new law, consumers were entitled to a refund of the money that was collected from them under the old tax rates. OPC engaged in settlement discussions, which resulted in a settlement agreement that included a \$24.1 million rate decrease and a 9-month moratorium on rate case filing. The settlement included an \$8 million increase to the residential Customer Rate Credit that OPC secured in the Pepco Merger. The combined benefit of the reduction and the customer credit resulted in a four-year freeze on residential customer bills.

During the agency's performance oversight hearing, People's Counsel, Sandra Mattavous-Frye, also noted that OPC participated in a working group convened by the Public Service Commission (PSC) to develop eligibility criteria for an experimental rate class designed to reduce bills for seniors and disabled consumers receiving the Homestead deduction and the senior citizens/disabled property tax deduction. PSC approved the recommendation and eligible applicants saw a rate reduction from \$15.09 to \$7.50 a month.

**Altagas/WGL Merger:** On April 24, 2017, Alta Gas and WGL Holdings, Inc. filed an application seeking PSC approval of AltaGas' acquisition of WGL for \$4.5 billion. PSC determined it was not in the public interest and evidentiary hearings were held in December 2017. OPC engaged in settlement discussions with WGL and other parties, and on May 8, 2018, parties to the case filed a unanimous settlement agreement with PSC containing 85 commitments. PSC approved the merger on June 29, 2018, and AltaGas and WGL closed

the transaction on July 6, 2018. People’s Counsel Sandra Mattavous-Frye highlighted several key provisions during the agency’s performance oversight hearing. These include: 1) \$20.5 million in rate credits for Washington Gas’ residential customers; 2) \$4.2 million for energy-efficient initiatives, \$1.5 million in supplemental funding for Washington Area Fuel Fund, and \$6 million for workforce development initiatives; 3) a two-year rate case moratorium; 4) new reporting requirements on its pipeline replacement efforts; and 5) the development of a 10 MW energy storage or a renewable resource, and a requirement that AltaGas file a long-term business plan on how to support the District’s environmental and climate goals.

OPC continues to monitor WGL’s compliance with merger commitments, including the development of protocols for moving meters from inside to the outside of property located in both historic and non-historic areas. Additionally, OPC is monitoring the companies’ financial health and recently filed a motion requesting a hearing for the companies to explain their financial status.

***DC Water Jurisdiction:*** The “DC Water Consumer Protection Amendment Act of 2018” grants OPC authority to represent District residents in matters related to DC Water. To prepare for their new role, the agency has sought guidance from other consumer advocates and water industry representatives to understand the fundamental of water advocacy. Additionally, the agency has conducted research to identify the primary issues specific to District water consumers, prepared to hire staff, and created an outreach and education plan. The Committee looks forward to the implementation of this legislation, as well as the consumer advocacy that will assist District customers with their DC Water-related concerns.

***Resilient Network:*** OPC has been active in several cases dealing with the remediation and updating of utility infrastructures, including: WGL’s ProjectPipes to replace its ancient, failing gas lines throughout the city and faulty mechanical couplings to remediate leakages; Pepco’s “Capital Grid Project,” that is proposed to last ten years and cost \$1 billion; and Pepco-DDOT’s DC Powerline Undergrounding Program (DC-PLUG) to place poor performing overhead power lines underground. OPC also continues to monitor Verizon’s transition from a cooper wire network to its deployment of a fiber optic network. The Committee appreciates OPC’s efforts to promote a resilient District of Columbia.

***Environment, Energy and Climate Change:*** OPC continues to focus on conservation, energy efficiency and distributed energy resources. During fiscal year 2018, OPC launched a new study on community solar, designed to provide data needed to ensure compliance with the Clean Energy Act. OPC also undertakes initiatives to enhance consumer education. During fiscal year 2018, OPC published “DC Consumer’s Guide to Going Solar,” and this year OPC is creating the “Energy Affordability Hub,” which will be a publicly-available educational learning lab on energy efficiency and technology. OPC is also fully staffed and involved on all six MEDSIS working groups. The Committee applauds OPC’s efforts to ensure that modernized grid delivery benefits all ratepayers, including low-income consumers.



**Consumer Education and Customer Engagement:** The Consumer Services Division (CSD) conducted over 268 outreach meetings in fiscal year 2018 to share information about consumer rights in the provision of utility services, energy efficiency and sustainability, renewable energy concepts, and consumer empowerment. Additionally, OPC launched the Utility Consumer Advocacy Network (UCAN) to bring new consumer voices to the table and to assist with identifying important community issues. OPC has also expanded the number of social service agencies they meet with on an annual basis and enhanced their partnership with DC Public Schools and the Department of Parks and Recreation to increase total outreach by 35% over Fiscal Year 2017. The Committee appreciates this effort and looks forward to continued outreach and engagement in fiscal year 2020.

**Space Acquisition Needs:** The proposed budget for the fiscal year 2020 includes the addition of 8 dedicated FTEs. Because OPC’s office space is at full capacity, it may need to acquire additional space. OPC anticipates having more definitive information concerning these needs by the end of the fourth quarter of fiscal year 2019. The Committee recommends that OPC continue to monitor this issue to determine the best course of action for fiscal year 2020.

**1. COMMITTEE RECOMMENDATIONS**

**a. Fiscal Year 2020 Operating Budget Recommendations**

The Committee recommends approval of the FY 2020 operating budget for the Office of the People’s Counsel, as proposed by the Mayor.

**b. Fiscal Year 2020 Policy Recommendations**

The Committee makes no policy recommendations.

**I. DEPARTMENT OF INSURANCE, SECURITIES AND BANKING (SR0)**

AGENCY	FY 2018 ACTUALS	FY 2019 APPROVED	FY 2020 PROPOSED	COMMITTEE VARIANCE	COMMITTEE APPROVED
<b>Department of Insurance, Securities and Banking - FUND</b>					
LOCAL FUND	\$149,540	\$0.00	\$0.00	\$0.00	\$0.00
SPECIAL PURPOSE REVENUE FUNDS (O'TYPE)	\$21,813,559	\$28,565,477	\$30,015,320	-\$680,566	\$29,334,754
FEDERAL GRANTS	\$566,515	\$0.00	\$139,000	\$0.00	\$139,000
OPERATING INTRADISTRICT	\$127,648	\$125,000	\$133,000	\$0.00	\$133,000
<b>TOTAL</b>	<b>\$22,529,614</b>	<b>\$28,565,477</b>	<b>\$30,154,320</b>	<b>-\$680,566</b>	<b>\$29,473,754</b>
<b>Department of Insurance, Securities and Banking - FTE</b>					
SPECIAL PURPOSE REVENUE FUNDS (O'TYPE)	125.01	150.00	150.00	-6.00	144.00
<b>TOTAL</b>	<b>125.01</b>	<b>150.0</b>	<b>150.0</b>	<b>-6.00</b>	<b>144.00</b>

## **1. COMMITTEE ANALYSIS AND COMMENTS**

### **a. Agency Mission and Overview**

The Department of Insurance, Securities, and Banking (DISB) was established by the Consolidation of Financial Services Amendment Act of 2004.<sup>94</sup> The legislation merged two District departments, the Department of Banking and Financial Institutions, and the Department of Insurance and Securities Regulation. The newly created department was renamed the Department of Insurance, Securities, and Banking. The mission of DISB is two-fold: (1) Protect consumers by providing equitable, thorough, efficient, and prompt regulatory supervision of the financial services companies, firms, and individuals operating in the District of Columbia; and (2) Develop and improve market conditions to attract and retain financial services firms to the District of Columbia.<sup>95</sup>

DISB is a complex department and through these divisions, it regulates and protects the fidelity of the District's financial market. DISB operates through the following 9 divisions<sup>96</sup>:

1. Insurance;
2. Securities;
3. Enforcement;
4. Banking;
5. Risk Finance;
6. Market Examinations;
7. Compliance;
8. Agency Management; and
9. Agency Financial Operations.

*Insurance Bureau:* The Insurance Bureau “monitors the financial solvency of District insurance companies and Health Maintenance Organizations (HMO); issues licenses to insurance companies, insurance producers, and related entities; and resolves consumer complaints”.<sup>97</sup> The Insurance Bureau is also responsible for approving the rates and policy forms of insurance products marketed in the District.<sup>98</sup> Finally, the Insurance Bureau monitors underwriting, policy holder services, claims, marketing, producer licensing, and the complaint handling processes of licensed insurers, which maintains the strength and viability of the District's insurance market.<sup>99</sup>

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<sup>94</sup> Consolidation of Financial Services Amendment Act of 2004, effective June 11, 2004 (D.C. Law 15-166; D.C. Official Code § 31-101 *et seq.*).

<sup>95</sup> About DISB, DISB, available at <https://disb.dc.gov/page/about-disb> (last visited April 14, 2019).

<sup>96</sup> FY 2020 Proposed Budget and Financial Plan, Vol. 2, Department of Insurance, Securities, and Banking, B-185 (2019).

<sup>97</sup> *Id.*

<sup>98</sup> *Id.*

<sup>99</sup> *Id.*

Securities Bureau: The Securities Bureau “oversees the regulatory activities of stock brokerage and investment firms in the District to proactively protect District residents against malpractice and fraud by securities professionals”.<sup>100</sup>

Enforcement Bureau: The Enforcement Bureau identifies and enforces against entities and individuals engaged in deceptive financial activity and investigates compliance complaints.<sup>101</sup>

Banking Bureau: The Banking Bureau regulates the activities of depository and non-depository financial institutions within the District and conducts timely financial examinations to create a fair financial market for District consumers and businesses.<sup>102</sup>

Risk Finance Bureau: The Risk Finance Bureau also inspects and approves licensing applications captive insurance companies and regulates captive insurers and risk retention groups that operate or intend to conduct business in the District.<sup>103</sup>

Market Examination Bureau: The Market Examinations Bureau administers on-site examinations of all domiciled insurance companies. It also audits District-based investment advisers and broker-dealers, District-chartered banks, and non-depository financial services institutions. Additionally, the Market Examination Bureau monitors solvency of financial firms and develops regulations based on extensive analysis of the financial services market.<sup>104</sup>

Compliance Analysis Bureau: The Compliance Analysis Bureau conducts research and analysis of industry to develop best practices. It also integrates information from the Market Examinations Bureau with other bureaus to identify and define significant market influences in each industry.<sup>105</sup>

Agency Management: Agency Management is the administrative arm of DISB. Finally, Agency Financial Operations supports District agencies by providing comprehensive and efficient financial management services.<sup>106</sup>

**b. Mayor’s Proposed Fiscal Year 2020 Operating Budget**

**Proposed Operating Budget Summary**

The Mayor’s proposed Fiscal Year 2020 operating budget for DISB is \$30,287,320 which represents a 5.6% increase over its Fiscal Year 2019 approved budget of

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<sup>100</sup> *Id.*

<sup>101</sup> *Id.*

<sup>102</sup> *Id.*

<sup>103</sup> FY 2020 Proposed Budget and Financial Plan, Vol. 2, Department of Insurance, Securities, and Banking, B-186 (2019).

<sup>104</sup> *Id.*

<sup>105</sup> *Id.*

<sup>106</sup> FY 2020 Proposed Budget and Financial Plan, Vol. 2, Department of Insurance, Securities, and Banking, B-187 (2019).

\$28,690,477. The budget is comprised of \$30,015,320 in Special Purpose Revenue funds, \$133,000 in Intra-District funds, and \$139,000 in Federal Grants. The Mayor's Fiscal Year 2020 DISB budget proposes 150.0 FTEs, which is a 0 percent increase from Fiscal Year 2019.

**Local Funds:** The Mayor's proposed Fiscal Year 2020 budget for DISB includes no Local funds.

**Special Purpose Revenue Funds:** The Mayor's proposed Fiscal Year 2020 budget for DISB includes \$30,015,320 in Special Purpose Revenue funds, which is a \$1,450,000 or 5.1% increase from DISB's Fiscal Year 2019 budget.

**Federal Grant Funds:** The Mayor's proposed Fiscal Year 2020 budget for DISB includes \$139,000 Federal Grant funds, which is a \$139,000 or 100 percent increase from DISB's Fiscal Year 2019 budget.

**Intra-District Funds:** The Mayor's proposed Fiscal Year 2018 budget for DISB includes \$133,000 in Intra-District funds, which is a 6.4% increase from DISB's Fiscal Year 2019 budget.

**Private Donations:** The Mayor's proposed Fiscal Year 2019 budget for DISB includes no Private Donations.

### **Committee Analysis and Comments**

**Investment in Small Business Resources:** DISB has many small business resources, a summary of those programs is outlined below<sup>107</sup>;

The State Small Business Credit Initiative (SSBCI) or the District of Columbia Business Capital Program (DC BizCAP) encourages and develops District small businesses through three business-serving programs: Collateral Support<sup>108</sup>, Loan Participation<sup>109</sup> and Innovation Finance.<sup>110</sup> The current funding level for the DC BizCAP program is \$13.2 million with \$8,168,350 funding balance for Collateral Support, \$2,000,000 for Loan Participation Program, and \$3,000,000 for Innovation Finance Program.<sup>111</sup> Since Fiscal Year 2017, DISB has issued approximately \$120,707 to District

<sup>107</sup>Small Business Resources, DISB, [disb.dc.gov/service/small-business-resources](http://disb.dc.gov/service/small-business-resources) (last visited April 13, 2019). DISB also provides Disaster Planning for Small Businesses, Introduction to Business Owner's Policy: A Package Solution and an Introduction to Liability Insurance.

<sup>108</sup> This program offers small businesses with funds to deposit in any participating bank, credit union or community development financial institution to provide the necessary collateral to finance business activities.

<sup>109</sup> This DISB resource provides small business loan support where the business qualifies for a loan but the business cannot meet the conditions of the lender.

<sup>110</sup> This program focuses on investing in District start-ups and emerging companies that are interested in alternative funding sources.

<sup>111</sup>Memorandum from Stephen C. Taylor, Commissioner to Kenyan R. McDuffie, Chair of the Committee on Business and Economic Development (Apr. 22, 2019) (on file with the Committee).



small businesses under Collateral Support Program and \$0 under Loan Participation and Innovation Finance Programs. The Committee expressed dissatisfaction with the Agency’s consistency in disbursing these loans for these fiscal years and it requested additional information after the budget hearing took place. DISB provided the charts below:

**Table 1: Businesses that Applied and/or Received Funding under the DC BizCAP program for FY17, FY18, and FY19, to date**

DC BizCAP Application			
	FY 2017	FY 2018	FY 2019 to date
Number of business that applied	2	0	1
Number receiving loans	2	1 (loan modification)	1
Number of SBEs/CBEs	1	0	1

**Table 2: Funds Disbursed under each DC BizCAP Program for FY17, FY18, and FY19, to date**

DC BizCAP Application			
	FY 2017	FY 2018	FY 2019 to date
Cash Collateral Support Program	\$95,707	\$0	\$25,000
Loan Participation Program	\$0	\$0	\$0
Innovation Finance Program	\$0	\$0	\$0

**Table 3: Collateral Support Program (CSP) Since the Inception of the Program (2010)**

Name of Business	Program	DISB Investment Loan	Outside Investment Loan	Ward	Description
<b>Collateral Support Program (CSP)</b>					
Forney Enterprises, Inc.	CSP	\$922,500	\$922,500	5	DC-based construction
Broughton Construction Company, LLC	CSP	\$900,000	\$900,000	7	DC-based construction company
W.H. Bacon Funeral Home, Inc.	CSP	\$645,000	\$645,000	1	Local family-owned funeral home
Absolute Builders, Inc.	CSP	\$72,000	\$72,000	5	DC-based construction
Baked By Yael, Inc.	CSP	\$212,500	\$212,500	3	Woman-owned bakery shop

Big City Foods III, LLC (Carolina Kitchen)	CSP	\$120,000	\$120,000	5	Minority-owned soul food restaurant operating in Home Depot Plaza on Rhode Island Avenue
JoonHokim, Inc. (Popeye's Chicken)	CSP	\$139,177	\$139,177	2	Fast food restaurant located in the 14th Street
JPN Masonry	CSP	\$483,000	\$483,000	3	DC-based construction
Ivy and Coney	CSP	\$100,000	\$100,000	6	Local sports bar located in the Shaw neighborhood
Savage and Associates	CSP	\$125,000	\$125,000	4	Minority and woman- owned law firm operating in DC
Elite Physical Therapy	CSP	\$60,500	\$60,500	3	Woman-owned physical therapy center located on Wisconsin Avenue
First Choice Masonry	CSP	\$982,272	\$982,272	5	Minority-owned, DC- based construction
Jubilee Housing, Inc.	CSP	\$450,000	\$450,000	1	501(c)(3) non-profit organization that provides affordable housing and supportive services for low income citizens in Adams Morgan
Union Kitchen	CSP	\$350,000	\$350,000	5	Combination of kitchens, grocery stores, and a distribution company servicing other food businesses
Hot Yoga Ivy City LLC	CSP	\$65,500	\$65,500	5	Minority and woman-owned start-up yoga studio in Ivy City
Solar Solution	CSP	\$1,250,000	\$1,250,000	4	DC-based solar power and installation company
Swatch Room	CSP	\$150,000	\$150,000	6	DC-based interior design firm located in Shaw

David's Star Child Development	CSP	\$25,000	\$25,000	1	Minority and woman-owned childcare center
Ice Cream Jubilee	CSP	\$75,000	\$75,000	6	Minority and woman-owned ice cream store
VOW Transportation	CSP	\$20,707	\$20,707	6	Transportation services for seniors and the disabled
Lydia's House	CSP	\$75,000	\$75,000	8	Nonprofit dedicated to Growing Children, Strengthening Families and Changing Neighborhoods
Somewhere International, LLC	CSP	\$25,000	\$25,000	6	Combination retail/café business
<b>Totals</b>	<b>CSP</b>	<b>\$7,248,906</b>	<b>\$7,248,906</b>		
<b>Grand Total (CSP)</b>					<b>\$14,497,812</b>

**Table 4: Loan Participation Program (LPP) Since the Inception of the Program (2010)**

Name of Business	Program	DISB Investment Loan	Outside Investment Loan	Ward	Description
<b>Loan Participation Program (LPP)</b>					
Washington Area Community Investment Fund	LPP	\$250,000	\$250,000	5	Local CDFI
<b>Totals</b>	<b>LPP</b>	<b>\$250,000</b>	<b>\$250,000</b>		
<b>Grand Total</b>			<b>\$500,000</b>		

**Table 5: Innovation Finance Program (IFP) Since the Inception of the Program (2010)**

Name of Business	Program	DISB Investment Loan	Outside Investment Loan	Ward	Description
<b>Innovation Finance Program (IFP)</b>					
GoodWorld	IFP	\$485,000	\$485,000	2	Social media payments company going to market in the charitable giving space

Rasa Indian Grill	IFP	\$100,000	\$100,000	6	Fast casual Indian-themed restaurant with its first location opening in the Waterfront area
Misfit Juicery	IFP	\$250,000	\$250,000	5	Socially-themed company focusing on fighting food waste by producing healthy fresh-pressed juice products from reclaimed fruits and vegetables that would otherwise be discarded
<b>Totals</b>	<b>IFP</b>	<b>\$885,000</b>	<b>\$885,000</b>		
<b>Grand Total (IFP)</b>					<b>\$1,770,000</b>

1. The District of Columbia-Only Securities Offerings Exemption exempts District businesses from securities registration requirements to encourage capital formation and streamline equity investing.<sup>112</sup>
2. The Certified Capital Company Program (CAPCO) assists small businesses by investing in private equity or through debt financing.<sup>113</sup>
3. The Microloan Program issues start-up capital, up to \$25,000, to Certified Business Enterprises that lack the requisite capital to grow.<sup>114</sup>
4. Insure U for Small Businesses is an online source for small businesses that provides helpful insurance information in several industry sectors including worker's compensation, business property and liability, commercial auto, group health and disability, group life, key person life, and home-based businesses.<sup>115</sup>
5. DC Health Link permits small business owners, employing less than 50 employees, to evaluate and select health insurance plans that aligns with the small business' budget and the employee's health needs.<sup>116</sup>

The Committee considers these programs to be important to the viability and solvency of small businesses in the District. Ensuring that these programs are well publicized, utilized and accessible is paramount. The Committee will continue to monitor the success of this business initiative and the impact this program and the other small business resources has on them. While this calls into question the consistency of the program, the Committee notes that the investment in the community is not meager.

<sup>112</sup> Small Business Resources, DISB, [disb.dc.gov/service/small-business-resources](http://disb.dc.gov/service/small-business-resources) (last visited April 13, 2019).

<sup>113</sup> *Id.*

<sup>114</sup> *Id.*

<sup>115</sup> *Id.*

<sup>116</sup> *Id.*



**Foreclosures:** During DISB’s budget oversight hearing, the Committee discussed foreclosures and the rate of foreclosures in the District. DISB agreed to provide additional information to the Committee on this matter. DISB, in the post-hearing responses submitted the following chart<sup>117</sup>.

**Table 6: Foreclosure Prevention Services Activities and Outcomes**

HCS/DISB Foreclosure Prevention Services	Calendar Year 2015 (January - December)	Calendar Year 2016 (January) - December)	Calendar Year 2017 (January - March)	Calendar Year 2018 (January – December)
# judicial cases filed	1,675 <sup>1</sup>	958 <sup>2</sup>		-- <sup>3</sup>
#r of judicial hearings HCS helped with	2,583	6,156		1,989
# of households HCS served	445	442		99
#of legal referrals	236	273		57
#of DISB Complaints filed by HCS	32	34		2
# of DISB mediations assisted by HCS	4	4		2
# of hotline calls	858	873		233
# of outreach letters sent	1,536	1,684		516
# of Positive Outcomes/Foreclosures Prevented through HCS intervention	103	177		41

**Initiatives:** For Fiscal Year 2020, the Agency allocated \$265,000 to fund the Financially Fit DC. Financially Fit DC, launched in Fiscal Year 2017 provides important financial education tools and resources to residents. It also enables residents to personalize resources for maintenance of everyday finances.<sup>118</sup> Furthermore, it provides guidance on short-term needs and encourages residents to develop strategies to attain long-term goals.<sup>119</sup> The purpose of this program is to enable residents to attain and maintain financial freedom.<sup>120</sup> Following the budget oversight hearing, the Committee asked DISB to provide a detailed budget breakdown for the program. For the first time since the inception of the

<sup>117</sup> Memorandum from Stephen C. Taylor, Commissioner to Kenyan R. McDuffie, Chair of the Committee on Business and Economic Development (April 23, 2019) (on file with the Committee).

<sup>118</sup> Welcome to Financially Fit DC, Financially Fit DC, <https://welcome.financiallyfitdc.com/> (last visited April 13, 2019).

<sup>119</sup> *Id.*

<sup>120</sup> *Id.*

Financially Fit DC program, there is a line item in the budget in the amount of \$265,000 to support the program. During the previous years, the program has largely been supported by reprogramming. The Agency made this amendment due to the Committee's recommendations during the Fiscal Year 2019 budget cycle.

***District's Opportunity Accounts Program:*** DISB also allocated \$400,000, \$50,000 more than Fiscal Year 2019 for the District's Opportunity Accounts Program. This initiative is intended to provide low income District residents with the opportunity to open Individual Development Accounts (i.e., bank accounts) and receive matching funds from the District, federal and private sources. As noted by DISB, the accounts promote savings, which along with matching funds, can be used to purchase a home, pay educational expenses or open a business.

***Health Care Reform:*** The Committee remains vigilant of DISB's collaboration with the Health Benefit Exchange Authority. DISB noted that the Department continues to play a significant part in the administration of the Patient Protection and Affordable Care Act (42 U.S.C. § 18001 et seq. (2010)). As such, the Committee will continue to provide oversight as DISB prepares for the rate review process for plans to be offered in FY 2020. The Committee also encourages the Agency to aggressively monitor and evaluate federal activities which could challenge the ACA and health insurance landscape in the District.

***Public Bank:*** The Committee understands the significance of continuing to improve the banking market in the District. Not only to ensure that banks are operating with fidelity, but for the purpose of identifying unconventional ways to achieve common goals. To that end, the Committee is interested in DISB's study and recommendations for establishing a public bank in the District. A public bank is: "A bank owned by the people through their representative government and operated in the public interest."<sup>121</sup> They are different from private banks in that for private banks they are owned primarily by shareholders while for public banks, they are owned primarily by a local or federal government for the public's interest.<sup>122</sup>

Through this study, the Committee hopes to evaluate the conclusions and compare options based on the economic, social, and environmental goals. In Fiscal Year 2018, the Committee engaged local bank representatives to discuss the viability of a public bank in the District. During the budget oversight hearing in 2018, Commissioner Taylor acknowledged that the Feasibility Study was underway and would be completed in Fiscal Year 2019. The Committee looks forward to the results and recommendations of the study.

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<sup>121</sup> HUB Public Banking, *Public Banks: The Basics*, <https://hubpublicbanking.org/what-is-a-public-bank/public-banks-the-basics/> (last visited April 13, 2019).

<sup>122</sup> *Id.*

## **1. COMMITTEE RECOMMENDATIONS**

### **a. Fiscal Year 2020 Operating Budget Recommendations**

The Committee recommends adoption of the Fiscal Year 2020 operating budget for the Department of Insurance, Securities and Banking, as proposed by the Mayor, with the following modifications:

1. *Recognize* \$ 99,699.09 in personnel costs from current Program 2000 (Securities), Activity 2010 (Insurance Products), in the following amounts: CSG 11 (Regular Pay-Cont Full Time) by \$82,327.90 and CSG 14 (Fringe Benefits-Current Personnel) by \$17,371.19.
2. *Recognize* \$ 66,883.08 in personnel costs from current Program 3000 (Securities), Activity 3010 (Corporate Finance), in the following amounts: CSG 11 (Regular Pay-Cont Full Time) by \$55,229.63 and CSG 14 (Fringe Benefits-Current Personnel) by \$11,653.45.
3. *Recognize* \$99,699.09 in personnel costs from current Program 2000 (Insurance), Activity 2010 (Insurance Products), in the following amounts: CSG 11 (Regular Pay-Cont Full Time) by \$82,327.90 and CSG 14 (Fringe Benefits-Current Personnel) by \$17,371.19.
4. *Recognize* \$105,890.83 in personnel costs from current Program 8000 (Market Examination), Activity 8020 (Securities Exams), in the following amounts: CSG 11 (Regular Pay-Cont Full Time) by \$87,440.82 and CSG 14 (Fringe Benefits-Current Personnel) by \$18,450.01.
5. *Recognize* \$127,561.94 in personnel costs from current Program 3000 (Securities), Activity 3030 (Securities Licensing), in the following amounts: CSG 11 (Regular Pay-Cont Full Time) by \$105,336.04 and CSG 14 (Fringe Benefits-Current Personnel) by \$22,225.90.
6. *Recognize* \$ 142,877.89 in personnel costs from current Program 3000 (Securities), Activity 3030 (Securities Licensing), in the following amounts: CSG 11 (Regular Pay-Cont Full Time) by \$117,983.39 and CSG 14 (Fringe Benefits-Current Personnel) by \$24,894.50.

### **b. Fiscal Year 2020 Policy Recommendations**

For Fiscal Year 2020, the Committee recommends the following:

1. DISB should identify ways to engage District based businesses to participate in its DC BizCAP program. Furthermore, the Committee recommends taking an innovative and streamlined approach to reducing barriers and expanding its outreach efforts in Fiscal Year 2020.

2. DISB should finalize and release the report for the Public Bank Feasibility Study.
3. DISB should finalize the Ombudsman Bill of Rights and make it available to the public.

## **J. DEPARTMENT OF FOR-HIRE VEHICLES (TC0)**

<i>AGENCY</i>	<i>FY 2018 ACTUALS</i>	<i>FY 2019 APPROVED</i>	<i>FY 2020 PROPOSED</i>	<i>COMMITTEE VARIANCE</i>	<i>COMMITTEE APPROVED</i>
<b>Department of For-Hire Vehicles</b>					
LOCAL FUNDS	\$4,463,888	\$5,924,444	\$5,895,397	0.00	\$5,895,397
OPERATING INTRADISTRICT FUNDS	\$899,008.87	\$0.00	\$830,000	0.00	\$830,000
SPECIAL PURPOSE REVENUE FUNDS (O'TYPE)	\$8,626,090	\$11,675,365	\$13,760,351	-\$234,092	\$13,526,259
<b>TOTAL</b>	<b>\$12,795,255</b>	<b>\$13,834,181</b>	<b>\$17,570,762</b>	<b>\$234,092</b>	<b>\$17,599,809</b>
<b>Department of For-Hire Vehicles</b>					
SPECIAL PURPOSE REVENUE FUNDS (O'TYPE)	58.30	71.00	72.00	-2.0	70.00
<b>TOTAL</b>	<b>58.30</b>	<b>71.00</b>	<b>72.00</b>	<b>-2.0</b>	<b>70.00</b>

### **1. COMMITTEE ANALYSIS AND COMMENTS**

#### **a. Agency Mission and Overview**

The mission of the Department of For-Hire Vehicles (DFHV or Agency) is to protect the public interest by regulating the vehicle-for-hire industry to allow citizens and visitors of the District of Columbia to have safe, affordable, and accessible transportation options. DFHV provides licensing, adjudication, enforcement, and Lost and Found service for approximately 100,000 drivers, over 60 taxicabs companies/associations, and over 20 limousine companies, as well as residents and visitors who use public and private vehicle-for-hire services in the District.

For Fiscal Year 2020, DFHV has three objectives: 1) To ensure that passengers have safe and excellent riding experiences; 2) To ensure economic viability and expand economic opportunities within the for-hire vehicle industry; and 3) To create and maintain highly efficient, transparent, and responsive District government.<sup>123</sup>

#### **b. Mayor's Proposed Fiscal Year 2020 Operating Budget**

##### **Proposed Operating Budget Summary**

<sup>123</sup> FY 2020 Proposed Budget and Financial Plan, Vol. 4, Department of For-Hire Vehicles, F-67 (2019).



The Mayor's proposed Fiscal Year 2020 gross budget is \$20,485,748 which represents a \$2,885,939, or 19% increase over its Fiscal Year 2019 approved gross budget of \$17,599,809. This budget includes 72 FTEs, which is an increase of 1.4% over the 71 FTEs in the approved Fiscal Year 2019 budget.

**Local Funds:** The Mayor's Fiscal Year 2020 proposed local funds budget is \$5,895,397, representing a decrease of 29,000 or 0.5% from the Fiscal Year 2019 approved budget of \$5,924,000. The Agency's staff is completely funded by Special Purpose Revenue ("O" type) funds therefore, the Local Funds budget would not be supporting any FTEs.

**Special Purpose Revenue Funds:** The Mayor's Fiscal Year 2020 proposed Special Purpose Revenue funds budget for DFHV is \$13,760,351 which represents an increase of \$2,085,00, or 17.9% increase over its Fiscal Year 2019 approved Special Purpose Revenue budget of \$11,675,000. This budget supports 72 FTEs, which represents an increase of 1 FTE, or 1.4% over the Fiscal Year 2019 approved level.

**Federal Resources:** There are no federal resources identified in the Mayor's Fiscal Year 2020 proposed DFHV budget.

**Intra-District Funds:** The Mayor's Fiscal 2020 proposed intra-District fund budget is \$830,000, in the Operations program. The fund would support the Memorandum of Understanding with the Child and Family Services Agency for the Children Transportation Services Project.

#### **Committee Analysis and Comments**

**Passenger Safety and Excellent Riding Experiences:** In Fiscal Year 2020, the agency will focus on improving passenger safety and riding experience in the following divisions:

**Enforcement:** This division provides enforcement, compliance, and oversight of public vehicle-for-hire companies; performs field inspections 24/7 and issues notices of infractions to violators; conducts training courses for license applicants; and provides refresher courses for existing license holders to ensure behavioral standards and adherence to District laws and DFHV regulations. For FY2018, the Enforcement division inspected 12,143 vehicles exceeding its FY2017 achievement of 10,397, and conducted 12,252 safety inspections exceeding its FY2017 achievement of 10,702.<sup>124</sup> During the Performance Oversight Hearing on February 13, 2019, the Committee expressed to the Agency some concerns that have been reported by the taxicab drivers and operators regarding the disparity in the number of infractions issued to taxicabs compared to the Transportation Network Companies (TNC) like Uber, Lyft, and Via. The Committee expressed that more often than not, taxicabs are pulled over by vehicle inspection officers and issued more infractions compared to their TNC counterparts. The Agency in response took some corrective steps to address this issue. According to Acting Director, David Do, the Agency had instituted a three step escalation process that vehicle inspection officers must adhere

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<sup>124</sup> FY 2020 Proposed Budget and Financial Plan. Vol. 4, Department of For-Hire Vehicles, F-70 (2019).

to.<sup>125</sup> First, there is a verbal warning is issued, then a written warning, and lastly an infraction is issued.<sup>126</sup> Acting Director Do stated that this will likely minimize the unpleasant interactions between a vehicle inspection officer and taxicab drivers or operators that often result to infractions that may not be substantiated.<sup>127</sup> This three step escalation process will take at least three interactions with various vehicle inspection officers before an infraction is issued.<sup>128</sup> For Fiscal Year 2020, the Agency will be working to improve its interactions with taxicabs while still ensuring that passengers are afforded safe and reliable services.

*Client Services:* This division provides customer services to passengers, drivers, and companies. Client services program contains two main activities such as the driver services, and company services.<sup>129</sup> Driver Service activity accepts applications for driver licensing and vehicle registration for for-hire vehicle applicants and issues new licenses and renewals for for-hire vehicle applicants.<sup>130</sup> As for company services, this activity accepts and reviews operating authority applications, fleet licensing, and registered agent transactions.<sup>131</sup> The goal of this division is to ensure that all for-hire vehicles on District roads have the appropriate licensing and authority to transport District residents and visitors before operating on District roads.<sup>132</sup>

*Company Audit:* The goal of this division is to ensure that as the Agency implements and administers the laws and regulations relating to the for-hire industry, that it also complies to the laws and regulations that govern the agency.<sup>133</sup> To meet this requirement, the Agency institutes internal audits that enables it: (a) comply with applicable laws, regulations, policies and practices; (b) safeguard against programmatic fraud, waste, abuse, and mismanagement; and (c) promote transparency and consistency in the agency's processes and operational activities.<sup>134</sup>

*Outreach and Public Information:* This division ensures that the Agency communicates with groups, organizations, and individuals to inform them of Agency procedures and regulations, and also to solicit feedback that will enhance public awareness of Agency activities.<sup>135</sup>

*Resolve Complaints:* This division processes the complaints the Agency receives from for-hire vehicle operators and passengers and ensure that the complaints are resolved in a reasonable and timely fashion.<sup>136</sup> The Agency achieves this goal by: (a) documenting

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<sup>125</sup> Budget Oversight Hearing before the D.C. Council Comm. on Bus., Council Period 23 (February 13, 2019) (oral testimony of Acting Director David Do – Department of For-Hire Vehicles).

<sup>126</sup> *Id.*

<sup>127</sup> *Id.*

<sup>128</sup> *Id.*

<sup>129</sup> FY 2020 Proposed Budget and Financial Plan, Vol. 4, Department of For-Hire Vehicles, F-65 (2019).

<sup>130</sup> *Id.*

<sup>131</sup> *Id.*

<sup>132</sup> *Id.*

<sup>133</sup> *Id.*

<sup>134</sup> *Id.*

<sup>135</sup> *Id.* at F-67.

<sup>136</sup> *Id.*

complains; (b) investigating the validity of the complaint; (c) conducting mediation/resolution conferences for parties to determine effective remedies to their disputes; and (d) preparing notices of infractions for unresolved complaints.<sup>137</sup>

***Economic Viability and Opportunities:*** In Fiscal Year 2020, DFHV will continue its goal of ensuring economic viability and expanding economic opportunities for the vehicle-for-hire industry. One of its primary missions this budget cycle is to eliminate transportation barriers for District residents and visitors, and to bridge the gaps of transportation equity that affect the District’s low-income and disabled residents.<sup>138</sup> On December 4, 2018, the Council passed by a unanimous vote, B22-0066, the “Omnibus District of Columbia Department of For-Hire Vehicles Amendment Act of 2018.” The bill which was effective as law on March 15, 2019 will allow private for-hire vehicle operators or companies to apply for grants from the Agency to: (a) make their vehicles wheelchair accessible/friendly for disabled passengers; (b) offset rental costs for accessible vehicles; and (c) support individuals, companies, and operators who intend to begin or grow a for-hire business in the District. With this provision, wheelchair accessible public transportation vehicles will not only be restricted to taxicab companies or Washington Metropolitan Area Transit Authority (WMATA) vehicles, but also private for-hire vehicles like Uber, Lyft, and Via. In addition, the Agency may use the grants to provide free disability sensitivity training to taxicab and private for-hire vehicle operators at no cost. continue its FY19 pilot program that offers Micro Transit services in specific areas in Wards 4 and 5, and continue its Taxi-to-Rail services that provides residents in Wards 7 and 8 ride services to and from the eight Metro stations. For FY20, DFHV’s budget for grants to help address transportation inequities is \$500,000.

***Transport DC:*** From its inception in Fiscal Year 2015, the Transport DC program has been a success in the District. Transport DC provides shared-rides, and door to door service for individuals who have disabilities or would have otherwise relied on MetroAccess.<sup>139</sup> Transport DC provides unrestricted rides for the first 15 days of the month and for employment and medical services for the remainder of the month.<sup>140</sup> Transport DC passengers pay \$5 each one-way ride and they may pay by cash, credit card, or debit card.<sup>141</sup> For FY20, the proposed budget for Transport DC is \$5,677,568. The proposed budget also reflects a recurring budget of \$2,000,000 to support the Transport DC program.<sup>142</sup> Below are the charts the agency provided as a result of the Committee’s follow up questions after the budget hearing.

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<sup>137</sup> *Id.*

<sup>138</sup> Budget Oversight Hearing before the D.C. Council Comm. on Bus., Council Period 23 (February 13, 2019) (written testimony of Acting Director David Do – Department of For-Hire Vehicles).

<sup>139</sup> Transport DC, DFHV, available at <https://dfhv.dc.gov/service/transport-dc> (last visited April 12, 2019).

<sup>140</sup> *Id.*

<sup>141</sup> *Id.*

<sup>142</sup> FY 2020 Proposed Budget and Financial Plan, Vol. 4, Department of For-Hire Vehicles, F-66 (2019).

**Breakdown of Transport DC Expenditure for FY17, FY18, and FY19, to date**

Fiscal Year	Expenditure
FY17	\$4,218,498.26
FY18	\$4,463,888.00
FY19 (rides through 3/31)	\$2,970,038.00

**Breakdown of the Transport DC Expenditure Program for FY17, FY18, and FY19, to date**

Fiscal Year	Budget	Funding Source	Additions and Enhancements
FY17	\$4,225,404.00	\$4,037,272 – Local Source \$218,132.00 – Public Vehicle for Hire Consumer Service Fund	This included a \$2,932,000 budget transfer from DDOT to DFHV.
FY18	\$4,818,397.00	\$4,818,397 – Local Source	The FY18 budget included an increase of \$200,000 and a reprogramming of \$723,000 from DPW to DFHV’s Transport DC budget.
FY19	\$6,125,397.00	\$5,924,443.99 – Local Source \$200,953.01 - Public Vehicle for Hire Consumer Service Fund	The FY19 budget included an increase of \$2,000,000 and Council added one-time funding of \$230,000 (\$29,046.99 in Local Fund and \$200,953.01 Special

**2. COMMITTEE RECOMMENDATIONS**

**a. Fiscal Year 2020 Operating Budget Recommendations**

The Committee recommends adoption of the Fiscal Year 2020 operating budget of the Department of For-Hire Vehicles, as proposed by the Mayor, with the following modifications:

1. *Recognize* \$ 141,593.18 in personnel costs from current Program 1000 (Agency Management), Activity 1040 (Office of Information and Technology Support), in the following amounts: CSG 11 (Regular Pay-Cont Full Time) by \$109,254 and CSG 14 (Fringe Benefits-Current Personnel) by \$32,339.18.
2. *Recognize* \$ 109,175.16 in personnel costs from current Program 1000 (Agency Management), Activity (Performance Management), in the



following amounts: CSG 11 (Regular Pay-Cont Full Time) by \$84,240.09 and CSG 14 (Fringe Benefits-Current Personnel) by \$24,935.07.

**b. Fiscal Year 2020 Policy Recommendations**

1. The Committee recommends that the agency repeal rules or regulations that create an undue burden for new drivers joining the taxicab industry or for existing taxicab drivers to remain in the industry.
2. The Committee recommends that the agency explore ridesharing options for Transport DC passengers.
3. The Committee recommends that the agency review its vintage rule and compare its implication on taxicabs versus Transportation Network Companies (TNCs).

**III. TRANSFERS TO OTHER COMMITTEES**

In addition to the changes recommended for agencies within its jurisdiction, the Committee has worked with other committees to identify funding needs and recommends transfers to support programs in those other committees as described below.

**OFFICE OF THE ATTORNEY GENERAL**

The Committee recommends transferring \$3,037,278 in one-time funding to the Committee on the Judiciary to fund violence prevention and intervention initiatives within the Cure Violence Program.

**OFFICE OF HUMAN RIGHTS**

The Committee recommends transferring \$255,000 in recurring funding to the Committee on Government Operations to fully fund Bill 22-14, the "Employment Protections for Victims of Domestic Violence Amendment Act of 2018".

**UNIFORM PER STUDENT FUNDING FORMULA**

The Committee recommends transferring \$150,000 in recurring funding to the Committee on Education to increase the at-risk weight of the Uniform Per Student Funding Formula.

**DEPARTMENT OF HUMAN SERVICES**

The Committee recommends transferring \$22.260 in recurring funding for the wrap-around services associated with 3.5 units of Permanent Supportive Housing (PSH) for individuals.

**DC HOUSING AUTHORITY**

The Committee recommends transferring \$77,740 in recurring funding for the for the housing costs associated with 3.5 units of Permanent Supportive Housing (PSH) for individuals.

**DEPARTMENT OF PARKS AND RECREATION**

The Committee recommends transferring \$250,000 in one-time funding for lighting at the Langdon Dog Park.

**DEPARTMENT OF PARKS AND RECREATION**

The Committee recommends transferring \$3.51 million in one-time capital funding for the full scope of renovation in DPR project QL201C (Arboretum Recreation Center), including a half court gym.

**DEPARTMENT OF HEALTH**

The Committee recommends transferring \$75,000 in recurring funding for the Healthy Steps Program within Bill 22-203, the “Birth-to-Three for All DC Act of 2018”.

**DEPARTMENT ON AGING AND COMMUNITY LIVING**

The Committee recommends transferring \$25,000 in recurring funding for Bill 22-286, the “Senior Strategic Plan Amendment Act of 2018.”

**COMMISSION ON ARTS AND HUMANITIES**

The Committee recommends transferring \$250,000 in one-time funding to create a statute of a native Washingtonian woman pursuant to Bill 23-233, the “Diverse Washingtonians Commemorative Works Amendment Act of 2019”.

**IV. BUDGET SUPPORT ACT RECOMMENDATIONS**

On Wednesday, March 20, 2019, Chairman Mendelson introduced, on behalf of the Mayor, the “Fiscal Year 2020 Budget Support Act of 2019” (Bill 23-0209). The bill contains 14 subtitles for which the Committee has provided comments. The Committee also recommends the addition of 5 new subtitles.

**A. RECOMMENDATIONS ON MAYOR’S PROPOSED SUBTITLES**

The Committee provides comments on the following subtitles of the “Fiscal Year 2020 Budget Support Act of 2019”:

1. Title I, Subtitle C. Captive Insurance Agency Fund

2. Title II, Subtitle C. Bryant Street Tax Increment Financing
3. Title II, Subtitle D. Chemonics Tax Abatement
4. Title II, Subtitle E. Creative and Open Space Modernization Tax Rebate
5. Title II, Subtitle F. Deputy Mayor for Planning and Economic Development Grant-Making Authority for the DC Chamber of Commerce
6. Title II, Subtitle G. Great Streets Grants
7. Title II, Subtitle H. New Communities Bond Issuances
8. Title II, Subtitle I. Office of Cable Television, Film, Music, and Entertainment Establishment Act Amendment
9. Title III, Subtitle C. Emergency and Non-Emergency Telephone Calling Systems Funding
10. Title VI, Subtitle C. Appeals of Final Decisions of the Department of For-Hire Vehicles
11. Title VI, Subtitle D. Department of For-Hire Vehicles Consumer Service Fund Reporting
12. Title VI, Subtitle G. CleanEnergy DC Implementation
13. Title II, Subtitle P. Office of Public Private Partnerships
14. Title II, Subtitle R. Walter Reed Acquisition Authority

**1. TITLE I, SUBTITLE C. CAPTIVE INSURANCE AGENCY FUND**

**a. Purpose, Effect, and Impact on Existing Law**

The Captive Insurance Agency operates the medical captive insurance program, which provides medical malpractice insurance coverage to non-profit health centers for whom the costs of insurance on the private market would be excessive. In order to operate the program in an actuarially sound manner, the Office of Risk Management (ORM) must set aside approximately \$3 million each year as reserves against potential claims. This amount of funding was budgeted in FY19, with the intent that it would be deposited into the Captive Trust Fund, which is a non-lapsing fund that pays for the costs of operating the medical captive insurance program. By depositing the money into the Fund, the reserve would be continually available to pay claims under the program, regardless of fiscal year. However, the law that establishes the Fund only authorizes certain sources of funds (such as insurance premiums) to be deposited into the Fund, and therefore to be carried over from year to year. The \$3 million budgeted in FY19 is not a listed source. In order for the \$3 million to be deposited into the Fund and to carry over regardless of fiscal year, the statute that establishes the Fund must therefore be amended.

**b. Committee Reasoning**

The Committee reasons that the creation of a Special Purpose Revenue fund within the Agency is necessary because it enables the District to:

1. Better track the amount of insurance proceeds it receives;

2. Pay for the replacement or repair of damaged or destroyed District property without drawing on sources that are budgeted for other purposes or from the Contingency Reserve Fund;
3. Repair or replace damaged or destroyed District real or personal property without unnecessary delay;
4. Better track the amounts expended for restoration or replacement of the District real or personal property; and
5. Have greater control over when, where, and how to use its insurance proceeds.

There is no fiscal impact associated with this subtitle. Monies derived from insurance proceeds that would otherwise be deposited into the General Fund would now be diverted to the Special Purpose Revenue fund created by this subtitle.

**c. Section-by-Section Analysis**

Sec. 1021. States the short title.

Sec. 1022. Amends D.C. Official Code § 1-307.91 to create a non-lapsing Special Purpose Revenue fund that will allow insurance deposits paid due to damaged or destroyed District real or personal property to be deposited into the Special Purpose Revenue fund instead of the General Fund.

Sec. 1023. Provides the effective date.

**d. Legislative Recommendations for Committee of the Whole**

Sec. 1021. Short title.

This subtitle may be cited as the “Captive Insurance Agency Fund Amendment Act of 2019”.

Sec. 1022. Section 12(c) of the District of Columbia Medical Liability Captive Insurance Agency Establishment Act of 2008, effective July 18, 2008 (D.C. Law 17-196; D.C. Official Code § 1-307.91(c)), is amended as follows:

(a) Paragraph (2) is amended by striking the word “and” at the end.

(b) Paragraph (3) is amended by striking the period at the end and inserting the phrase “; and” in its place.

(c) A new paragraph (4) is added to read as follows:



“(4) Such amounts as may be appropriated into the Fund.”.

~~Sec. 1023. Applicability.~~

~~This subtitle shall apply as of October 1, 2019.~~

**2. TITLE II, SUBTITLE C. BRYANT STREET TAX INCREMENT FINANCING**

**a. Purpose, Effect, and Impact on Existing Law**

This subtitle will extend the time for the District to issue tax increment financed bonds for the Bryant Street TIF Area by one year (to March 1, 2020) and will clarify the District’s ability to refund bonds under the original Bryant Street TIF Act.

**b. Committee Reasoning**

In 2016, the Council approved the Mayor’s proposal to authorize the issuance of up to \$24 million in tax increment financing (“TIF”) bonds to support the Bryant Street development project on Rhode Island Avenue, NE. Under the existing law, the authority to issue the TIF bonds will expire on March 1, 2019. Existing law inadvertently prohibits the District from issuing refunding bonds after the expiration date. Moreover, due to project delays, the District will be unable to issue the TIF bonds before the expiration of the authority. The Committee believes it is important to extend this authority to prevent project delays. Additionally, the Council approved similar emergency legislation at the February 5, 2019 legislative meeting.

**c. Section-by-Section Analysis**

Sec. 2021. States the short title.

Sec. 2022. Extends the authority to issue bonds from March 1, 2019 to March 1, 2020; creates authority for the District to refund bonds under the original Bryant Street TIF Act.

**d. Legislative Recommendations for Committee of the Whole**

Sec. 2021. Short title.

This subtitle may be cited as the “Bryant Street Tax Increment Financing Amendment Act of 2019”.

Sec. 2022. The Bryant Street Tax Increment Financing Act of 2016, effective April 7, 2017 (D.C. Law 21-262; D.C. Official Code § 2-1217.37a *et seq.*), is amended as follows:

(a) Section 2 (D.C. Official Code § 2-1217.37a) is amended as follows:

(1) Paragraph (7) is amended by striking the phrase “(including refunding Bonds, notes, and other obligations)”.

(2) Paragraph (9) is amended by striking the word “Bonds” and inserting the phrase “Bonds and Refunding Bonds” in its place.

(3) Paragraph (11) is amended by striking the word “Bonds” and inserting the phrase “Bonds and Refunding Bonds” in its place.

(4) Paragraph (15) is amended by striking the word “Bonds” and inserting the phrase “Bonds and Refunding Bonds” in its place.

(5) A new paragraph (17A) is added to read as follows:

“(17A) “Refunding Bonds” means the District of Columbia bonds, notes, or other obligations, in one or more series, authorized to be issued pursuant to this act to refund the Bonds.”

(b) Section 3(b) and (c) (D.C. Official Code § 2-1217.37b(b) and (c)) is amended by striking the word “Bonds” wherever it appears and inserting the phrase “Bonds and Refunding Bonds” in its place.

(c) Section 4(d) (D.C. Official Code § 2-1217.37c(d)) is amended as follows:

(1) Paragraph (2) is amended by striking the word “Bonds” and inserting the phrase “Bonds and Refunding Bonds” in its place.

(2) Paragraph (3) is amended by striking the phrase “March 1, 2019, if no Bonds are issued.” and inserting the phrase “March 1, 2020, if no Bonds are issued (excluding Refunding Bonds).” in its place.

(d) Section 5(c) and (d) (D.C. Official Code § 2-1217.37d(c) and (d)) is amended by striking the word “Bonds” wherever it appears and inserting the phrase “Bonds and Refunding Bonds” in its place.

(e) Sections 6 through 14 (D.C. Official Code §§ 2-1217.37e, 2-1217.37f, 2-1217.37g, 2-1217.37h, 2-1217.37i, 2-1217.37j, 2-1217.37k, 2-1217.37l, and 2-1217.37m) are amended by striking the word “Bonds” wherever it appears and inserting the phrase “Bonds and Refunding Bonds” in its place.

(f) Section 15 (D.C. Official Code § 2-1217.37n) is amended by striking the phrase “shall expire on March 1, 2019;” and inserting the phrase “(excluding Refunding Bonds) shall expire on March 1, 2020;” in its place.

### **3. TITLE II, SUBTITLE D. CHEMONICS TAX ABATEMENT**

#### **a. Purpose, Effect, and Impact on Existing Law**

This subtitle would extend the term of the period of the real property tax abatement for Chemonics International, a private international development company that works in large part with the U.S. Agency for International Development, from eight years to nine years. The Local Jobs and Tax Incentive Amendment Act of 2018 provides a real property tax abatement to Chemonics of up to \$650,000 annually. The tax incentive was proposed to ensure that a major corporate citizen, Chemonics, remained in the District.

#### **b. Committee Reasoning**

The Committee recommends inclusion of this subtitle. The tax abatement provided in the legislation lasts for eight years. However, the eight-year period was a drafting error. The intent of DMPED and Chemonics was for the abatement to last for nine years, and nine years is in the length of time included in the incentive agreement that is currently being negotiated between the District and Chemonics. In reviewing the hearing testimony for the legislation, the Committee was also able to confirm that both DMPED and the

Chemonics team intended for the abatement to last nine years. Therefore, the Committee recommends that the Committee of the Whole move forward with this subtitle.

**c. Section-by-Section Analysis**

Sec. 2031. States the short title.

Sec. 2032. Extends period of abatement for Chemonics International from eight years to nine years.

**d. Legislative Recommendations for Committee of the Whole**

Sec. 2031. Short title.

This subtitle may be cited as the “Chemonics Tax Abatement Act of 2019”.

Sec. 2032. Section 47-4670(a)(1) of the District of Columbia Official Code is amended by striking the date “October 1, 2030” and inserting the date “October 1, 2031” in its place.

**4. TITLE II, SUBTITLE C. CREATIVE AND OPEN SPACE  
MODERNIZATION TAX REBATE**

**a. Purpose, Effect, and Impact on Existing Law**

This subtitle would amend the Creative and Open Space Modernization (COSM) tax rebate program to allow for business improvements completed by a qualified high technology company’s (QHTCs) building owner on behalf of the company to be included in the calculation of eligible rebate amount.

**b. Committee Reasoning**

Under the program, a company in the District can qualify for a tax rebate of up to \$1,000,000 per year (for a maximum of five years) if the company signs a lease of at least 50,000 square feet and provides a public benefit that has a material, positive impact on the District, such as providing low-income residents with reduced-price products or services and providing economic opportunities, training, or jobs for District residents. The tax rebate is based on the amount of tenant improvements the company makes to its leased space, to assist companies with improving their place of business or purchasing and installing heavy equipment that will be used at the business location.

However, as the law is currently written, improvements to the place of business for the company must be completed by the company - tenant improvements completed by the



property owner are not eligible to be included in the calculation of rebate. Frequently, tenant improvements are completed by the building owner, making the program incentive less effective. While the Committee appreciates this issue, the Committee believes that there must be a comprehensive assessment of this incentive program outside of the budget process. It is unclear, at this juncture, whether this program truly enhances economic development in the District or provides existing entities with unnecessary tax benefits. Therefore, the Committee recommends striking this subtitle and encourages the agency to conduct a wholesale review of this program.

c. **Section-by-Section Analysis**

Sec. 2041. States the short title.

Sec. 2042. Allows improvements completed by a property owner under the Creative and Open Space Modernization (COSM) tax rebate program to be eligible for calculation of the associated rebate.

d. **Legislative Recommendations for Committee of the Whole**

Sec. 2041. Short title.

~~This subtitle may be cited as the “Creative and Open Space Modernization Tax Rebate Amendment Act of 2019”.~~

Sec. 2042. ~~Section 47-4665(a)(8) and (9) of the District of Columbia Official Code are amended to read as follows:~~

~~“(8) “Qualified occupant improvement” means an improvement to eligible premises made pursuant to a lease, sublease, or purchase and sale agreement by an occupant or a directly related entity, or a property owner, landlord, or directly related entity of eligible premises, that is substantially completed no later than one year after occupancy commencement.~~

~~“(9) “Total value of qualified occupant improvements” means the total amount expended to make qualified occupant improvements.”.~~

**5. TITLE II, SUBTITLE F. DEPUTY MAYOR FOR PLANNING AND ECONOMIC DEVELOPMENT GRANT-MAKING AUTHORITY FOR THE DC CHAMBER OF COMMERCE**

**a. Purpose, Effect, and Impact on Existing Law**

This subtitle would provide authority to DMPED to issue grants to the DC Chamber of Commerce to assist DMPED in meeting its business development goals and objectives.

**b. Committee Reasoning**

For the past three fiscal years, DMPED has issued a contract to the Chamber to provide support the District's Business Development, Economic Intelligence data strategy and engagement support. According to DMPED, having a contract with the Chamber has constrained the Chamber's ability to fully support DMPED by narrowing its scope of work, outcomes, and timelines. While the Committee understands the flexibility associated with grants, the Committee has also expanded the Deputy Mayor's grantmaking authority over the past few fiscal years. This expansion includes authority to issue grants for projects related to the redevelopment of the St. Elizabeths East Campus and the Walter Reed Redevelopment Site. The Committee, generally, has concerns about eroding the transparency and accountability that exist within the contracting process. Additionally, the agency has not provided enough rationale to the Committee to explain why the scope of work cannot be completed during the contract period. Therefore, the Committee recommends striking this subtitle.

**c. Section-by-Section Analysis**

Sec. 2051. States the short title.

Sec. 2052. Allows the Deputy Mayor for Planning and Economic Development to issue grants to the DC Chamber of Commerce.

**d. Legislative Recommendations for Committee of the Whole**

~~Sec. 2051. Short title.~~

~~This subtitle may be cited as the "Deputy Mayor for Planning and Economic Development Grant Making Authority Amendment Act of 2019".~~

~~Sec. 2052. Section 2032(d) of the Deputy Mayor for Planning and Economic Development Limited Grant Making Authority Act of 2012, effective September 20, 2012 (D.C. Law 19-168; D.C. Official Code § 1-328.04(d)), is amended as follows:~~

~~— (a) Paragraph (2) is amended by striking the phrase “; and” and inserting a semicolon in its place.~~

~~— (b) Paragraph (3) is amended by striking the semicolon at the end and inserting the phrase “; and” in its place.~~

~~— (c) A new paragraph (4) is added to read as follows:~~

~~— “(4) Funds to the DC Chamber of Commerce for activities that support the business and economic development goals of the District.”.~~

## **6. TITLE II, SUBTITLE G. GREAT STREETS GRANTS**

### **a. Purpose, Effect, and Impact on Existing Law**

This subtitle would extend the time period during which the Mayor may make grants from the H Street Retail Priority Area Grant Fund through September 30, 2020.

### **b. Committee Reasoning**

The H Street Retail Priority Area Grant Fund was established in 2011 to make certain investments in the H Street Great Streets corridor. As part of the FY16 BSA, the authorized uses of the fund were expanded to include issuing grants to support revitalization activities in any of the Great Streets corridors. The authority to issue grants to other Great Streets corridors expired at the end of FY18. (The authority originally expired at the end of FY16. The authority was extended to the end of FY17 in the FY17 BSA and to the end of FY18 in the Great Streets Technical Amendment Act of 2018.) The Committee is striking this subtitle, as this fund no longer receives annual allocations. Additionally, the remaining balance in the fund has been redirected by the Committee for violence prevention and intervention efforts in the District.

### **c. Section-by-Section Analysis**

Sec. 2061. States the short title.

Sec. 2062. Extends the time period during which the Mayor may make grants from the H Street Retail Priority Area Grant Fund through September 30, 2020.

### **d. Legislative Recommendations for Committee of the Whole**

~~Sec. 2061. Short title.~~

~~This subtitle may be cited as the “Great Streets Grant Authority Abatement Act of 2019”;~~

~~Sec. 2062. Section 3(e)(3) of the H Street, N.E., Retail Priority Area Incentive Act of 2010, effective April 8, 2011 (D.C. Law 18-354; D.C. Official Code § 1-325.172(e)(3)), is amended by striking the date “September 30, 2018” and inserting the date “September 30, 2020” in its place.~~

## 7. TITLE II, SUBTITLE H. NEW COMMUNITIES BONDS ISSUANCES

### a. Purpose, Effect, and Impact on Existing Law

This subtitle will allow the Mayor to issue income-tax-secured bonds to support the New Communities Initiative as part of the same issuance the District uses for income-tax-secured bonds for other capital projects.

### b. Committee Reasoning

Under existing law, the Mayor may issue income-tax-secured bonds to provide financing for the New Communities Initiative. As currently written, however, the law requires that the New Communities bonds be issued separately and independently from income-tax-secured bonds issued to support other capital projects. The separate transactions require the District to procure multiple bond counsels and financial advisers which increases costs due to the duplication of certain documents and services.

Grouping the New Communities bonds with other income-tax-secured bond issuances will allow the District to reduce issuance expenses, allow the District to receive more favorable interest rates, and generate larger bond proceeds. The Council approved the emergency and temporary versions of this subtitle in the Fall of 2018. The Committee recommends that the Committee of the Whole move forward with this subtitle.

### c. Section-by-Section Analysis

Sec. 2071. States the short title.

Sec. 2072. Allows the Mayor to issue income-tax secured bonds for the New Communities Initiative as part of the same issuance of income tax-secured bonds for other projects.

### d. Legislative Recommendations for Committee of the Whole

Sec. 2071. Short title.



This subtitle may be cited as the “New Communities Bond Authorization Amendment Act of 2019”.

Sec. 2072. Section 203(e)(2) of the Housing Production Trust Fund Act of 1988, effective October 20, 2005 (D.C. Law 16-33; D.C. Official Code § 42-2812.03(e)(2)), is amended as follows:

(a) Strike the phrase “separate and independent” and insert the phrase “a separate series of” in its place.

(b) Strike the phrase “not as a part of an income tax secured revenue bond” and insert the phrase “not combined into a single series with income tax secured revenue bonds” in its place.

## **8. TITLE II, SUBTITLE I. OFFICE OF CABLE TELEVISION, FILM, MUSIC, AND ENTERTAINMENT ESTABLISHMENT ACT AMENDMENT**

### **a. Purpose, Effect, and Impact on Existing Law**

This subtitle makes technical changes to the existing law that were not previously addressed in legislation consolidating the former Office of Cable Television (“OCT”) and the Office Motion Pictures and Television Development (“MPTD”) into the Office of Cable Table Television, Film, Music, and Entertainment (“OCTFME”). For instance, the subtitle includes “direct expenditure” as an eligibility requirement for applicants who have applied for the DC Film, Television, and Entertainment Rebate Fund (“Film Rebate Fund”). Furthermore, the subtitle clarifies the statutory authority of OCTFME consistent with the Agency’s current administration of the Film Rebate Fund in that the Office of the Director would be the direct administrator of the Fund.

### **b. Committee Reasoning**

The Committee recommends inclusion of this subtitle, because it would amend the OCTFME Establishment Act<sup>143</sup> to fully capture the scope of OCTFME’s statutory authority by referencing the authority to administer the Film Rebate Fund and to issue film and television production permits pursuant to the Film DC Economic Incentive Act of 2006<sup>144</sup>. This change will affirm OCTFME’s broader authority to administer the Film

<sup>143</sup> Office of Cable Television, Film, Music, and Entertainment Amendment Act of 2015, effective October 9, 2002 (D.C. Law 14-193; D.C. Official Code § 34-1251.01 *et seq.*)

<sup>144</sup> Effective March 3, 2010 (D.C. Law 18-111; D.C. Official Code § 2-1204.11 *et. seq.*)

Incentive Fund and issue film and television production permits. Additionally, it amends the Film Incentive Act to:

1. Remove certain inaccurate section references and language to preserve the distinct treatment between production incentives and infrastructure incentives;
2. Incorporate “direct District expenditures” as an item of expenditure that must be estimated by production company applicants and that will be considered in determining whether to issue a rebate award, and the amount of a rebate award;
3. Add a definition for “direct District expenditure” that includes all qualified production expenditures, and qualified personnel expenditures made to District resident above-the-line and below-the-line crew members; and
4. Replace the reference to the former MPTD special account with the current OCTFME special account.

**c. Section-by-Section Analysis**

Sec. 2081. States the short title.

Sec. 2082. Amends D.C. Official Code § 34-1252.01(a)(3)), to clarify the Office of the Director as the administrating body over the D.C. Rebate Fund.

Sec. 2083. Amends D.C. Official Code § 2-1204.11 *et. seq.* to include “direct expenditure” as part of the eligibility requirement for candidates seeking the D.C. Rebate Fund.

**d. Legislative Recommendations for Committee of the Whole**

Sec. 2081. Short title.

This subtitle may be cited as the “Office of Cable Television, Film, Music, and Entertainment Amendment Act of 2019”.

Sec. 2082. Section 201(a)(3) of the Office of Cable Television, Film, Music, and Entertainment Amendment Act of 2015, effective October 9, 2002 (D.C. Law 14-193; D.C. Official Code § 34-1252.01(a)(3)), is amended as follows:

- (a) Subparagraph (E) is amended by striking the phrase “; and” and inserting a semicolon in its place.

(b) Subparagraph (F) is amended by striking the period at the end and inserting the phrase “; and” in its place.

(c) New subparagraphs (G) and (H) are added to read as follows:

“(G) Administering the Film, Television, and Entertainment Rebate Fund established by section 2 of the Film DC Economic Incentive Act of 2006, effective March 14, 2007 (D.C. Law 16-290; D.C. Official Code § 2-1204.11); and

“(H) Issuing, upon delegation of authority from the Mayor, motion picture and television production permits authorized by section 2d of the Film DC Economic Incentive Act of 2006, effective March 3, 2010 (D.C. Law 18-111; D.C. Official Code § 2-1204.11d).”.

Sec. 2083. The Film DC Economic Incentive Act of 2006, effective March 3, 2010 (D.C. Law 18-111; D.C. Official Code § 2-1204.11 *et. seq.*) is amended as follows:

(a) Section 2 (D.C. Official Code § 2-1204.11) is amended as follows:

(1) Subsection (b) is amended as follows:

(A) The lead in language is amended by striking the phrase “sections 2a, 2b, 2c, 2d, 2e, and 3” and inserting the phrase “sections 2a, 2c, and 3” in its place.

(B) Paragraph (3A) is amended by striking the semicolon at the end and inserting the phrase “; and” in its place.

(C) Paragraph (4) is amended by striking the phrase “; and” and inserting a period in its place.

(D) Paragraph (5) is repealed.

(2) Subsection (c) is amended by striking the phrase “section 2b” and inserting the phrase “sections 2b, 2c, and 3” in its place.

(b) Section 2a (D.C. Official Code § 2-1204.11a) is amended as follows:

(1) Subsection (b)(4) is amended by striking the phrase “and total investment in qualified film and digital media infrastructure projects in the District associated with an identified qualified production” and inserting the phrase “direct District expenditures” in its place.

(2) Subsection (d)(3)(B), (C), and (D) is amended to read as follows:

“(B) Estimated qualified personnel expenditures;

“(C) Estimated qualified job training expenditures; and

“(D) Estimated direct District expenditures.”.

(c) Section 2c (D.C. Official Code § 2-1204.11c) is amended by adding a new paragraph (2A) to read as follows:

“(2A) “Direct District expenditure” means a qualified production expenditure, or a qualified personnel expenditure made to a District resident who is an above-the-line or below-the-line crew member.”

(d) Section 2d(e) (D.C. Official Code § 2-1204.11d(e)) is amended by striking the phrase “section 2e” and inserting “section 203 of the Office of Cable Television, Film, Music, and Entertainment Amendment Act of 1981, effective October 9, 2002 (D.C. Law 14-193; D.C. Official Code § 34-1252.03)” in its place.

**9. TITLE III, SUBTITLE C. EMERGENCY AND NON-EMERGENCY TELEPHONE CALLING SYSTEMS FUNDING**

**a. Purpose, Effect, and Impact on Existing Law**

The subtitle imposes an 80-cent per room, per night tax on hotel rooms and suite stays in the District. Proceeds from the tax will be deposited into the Emergency and Non-Emergency Number Telephone Calling Systems Fund to support the Office of Unified Communication’s 911 system. The 911 system includes all the 911 emergency and 311 non-emergency call center operations and related technology. The subtitle amends the



Emergency and Non-Emergency Telephone Calling Systems Fund Act of 2000, effective October 19, 2000 (D.C. Law 13-172; D.C. Official Code 34-1802). Beginning in FY2020, the tax increase is estimated to generate approximately \$7.2 million annually in order to cover a projected deficit in funding for the OUC systems.

**b. Committee Reasoning**

The capacity and technological challenges faced by the Office of Unified Communication's 911 system have been well documented.<sup>145</sup> The Committee also acknowledges the testimony provided by the OUC Director during the Committee on Judiciary and Public Safety's Budget Oversight Hearing that OUC is vulnerable to fail to fulfill its mission without immediate investment. As such, the Committee emphasizes the importance of investing in modernizing the OUC's systems. However, as the Hotel Association of Washington, DC (HAWDC) noted in their April 5<sup>th</sup> testimony during the Committee on Finance and Revenue's Budget Oversight Hearing, this tax would constitute the third consecutive tax imposed on hotel guests. The Committee is also concerned with instituting an additional tax on hotels to pay for these investments, especially when considering that the hotel tax rate has already risen from 14.5 percent in 2017 (fiscal year 2018) to 14.95 percent in 2018 (fiscal year 2019). Therefore, the Committee recommends striking the language instituting the tax on hotels and encourages the Committee of the Whole to identify an alternative funding source to fund the OUC systems.

**c. Section-by-Section Analysis**

- Sec. 3021. States the short title.
- Sec. 3022. Creates a definition for "hotel" and imposes on hotels an emergency and non-emergency calling system tax of \$0.80 per room or suite rental, per night; requires each local exchange carrier to submit a monthly report to the Mayor about the tax imposed.

**d. Legislative Recommendations for Committee of the Whole**

~~Sec. 3021. Short title.~~

~~— This subtitle may be cited as the "Emergency and Non-Emergency Number Telephone Calling Systems Funding Amendment Act of 2019".~~

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<sup>145</sup> <http://www.fox5dc.com/news/local-news/confusion-in-dc-911-center-leads-to-another-delayed-response-to-fire-in-the-district>

~~Sec. 3022. The Emergency and Non-Emergency Telephone Calling Systems Fund Act of 2000, effective October 19, 2000 (D.C. Law 13-172; D.C. Official Code § 34-1801 *et seq.*), is amended as follows:~~

~~(a) Section 602 (D.C. Official Code § 34-1801) is amended by adding a new paragraph (3A) to read as follows:~~

~~“(3A) “Hotel” means a building or part of a building in which not fewer than 30 habitable rooms or suites are reserved primarily for transient guests who rent the rooms or suites on a daily basis. For the purposes of this paragraph, the term “transient” shall have the meaning set forth in D.C. Official Code § 47-2001(v-2).”~~

~~(b) Section 604 (D.C. Official Code § 34-1803) is amended as follows:~~

~~(1) A new subsection (a-1) is added to read as follows:~~

~~“(a-1) There is imposed upon all hotels, as defined in section 602(3A), an emergency and non-emergency calling system tax. Starting on October 1, 2019, the amount of the tax shall be \$0.80 per room or suite rental, per night. The amount of the tax shall be adjusted annually by increasing the prior year’s tax by the annual increase in the Consumer Price Index for All Urban Consumers for the Washington-Arlington-Alexandria, DC-MD-VA-WV Metropolitan Statistical Area (or such successor metropolitan statistical area that includes the District) for the preceding calendar year, and then rounding to the nearest penny. The adjusted amount of the tax shall take effect on October 1 of each year.”~~

~~(2) Subsection (b) is amended to read as follows:~~

~~“(b) On a monthly basis, each local exchange carrier shall submit to the Mayor the tax imposed under subsection (a) of this section and each hotel shall submit to the Mayor the tax imposed under subsection (a-1) of this section.”~~

~~(3) Subsection (c) is amended by striking the word “tax” and inserting the word “taxes” in its place.~~

~~(4) Subsection (d) is amended by striking the word “carrier” and inserting the phrase “carrier and hotel” in its place.~~

## **10. TITLE VI, SUBTITLE C. APPEALS OF FINAL DECISIONS OF THE DEPARTMENT OF FOR-HIRE VEHICLES**

### **a. Purpose, Effect, and Impact on Existing Law**

This subtitle clarifies that final decisions from the Department of For-Hire Vehicles are appealable to the D.C. Court of Appeals and not the Office of Administrative Hearing (OAH). Appeals of the agency’s final decisions have traditionally been heard directly by the D.C. Court of Appeals however, a recent D.C. Court of Appeals Order, *Classic Cab, Company v. District of Columbia Dep’t of For-Hire Vehicles*, No. 18-AA-1081 (D.C. 2018) left it an open question on whether a party must appeal the agency’s final decision to OAH before filing with the D.C. Court of Appeals. This subtitle clarifies that the agency’s final decision can be appealed directly to the D.C. Court of Appeals.

### **b. Committee Reasoning**

The Committee reasons that an appeal of DFHV’s final decisions first to the OAH before the D.C. Court of Appeals creates an unnecessary level of administrative review, imposes a burden on the OAH, and frustrate litigants who are seeking immediate relief on their cases. The Office of Administrative Hearings, created by the Council in 2001, is an independent agency that provides “centralized adjudication services” for several agencies listed in D.C. Official Code § 2-1831.03, including DFHV. DFHV also has an adjudicatory body called the Office of Hearing Examiners (OHE) that hears and adjudicate cases filed against the agency, with the exception of consumer complaints. By statute, some cases are first adjudicated at OHE and others are first adjudicated at OAH. The Committee reasons that DFHV’s final agency decisions that are adjudicated at OHE and reviewed by the Director, should be appealed straight to the D.C. Court of Appeals because they have already received administrative review. Additionally, the Committee believes that it will streamline current processes for DFHV and relieve OAH of an additional caseload.

### **c. Section-by-Section Analysis**

Sec. 6021. States the short title.

Sec. 6022. Repeals provision requiring cases to be heard before OAH before filing with D.C. Court of Appeals.

**d. Legislative Recommendations for the Committee of the Whole**

Sec. 6021. Short title.

This subtitle may be cited as the “Department of For-Hire Vehicles Appeals Efficiency Amendment Act of 2019”.

Sec. 6022. Section 8(f) of the District of Columbia Taxicab Commission Establishment Act of 1985, effective March 25, 1986 (D.C. Law 6-97; D.C. Official Code § 50-301.07(f)), is repealed.

**11. TITLE VI, SUBTITLE C. DEPARTMENT OF FOR-HIRE VEHICLES  
CONSUMER SERVICE FUND REPORTING**

**a. Purpose, Effect, and Impact on Existing Law**

The Public Vehicles For-Hire Consumer Service Fund is the Agency’s revolving, segregated, non-lapsing fund which consists primarily of funds collected from taxicab passenger surcharges and funds collected from the issuance and renewal of public vehicle-for-hire licenses. This subtitle changes the required frequency of the Agency’s revenue reports on the Public Vehicles For-Hire Consumer Service Fund to the Council from monthly to quarterly.

**b. Committee Reasoning**

The Committee reasons that the nature or subject matter of the Public Vehicles For-Hire Consumer Service Fund report does not necessarily require monthly reporting because there is little variability in the reports from month to month and they have traditionally generated little to no feedback from the executive branch or the Council. Monthly reporting also imposes an administrative burden on the Agency and the Executive Office of the Mayor to prepare. The Committee reasons that a quarterly report is sufficient to provide an overview of the monies in the fund. The quarterly report must be submitted to the Council on the 15<sup>th</sup> day of every fourth month.



**c. Section-by-Section Analysis**

Sec. 6031. States the short title.

Sec. 6032. Amends the Consumer Service Fund reporting requirement from monthly to quarterly.

**d. Legislative Recommendations for the Committee of the Whole**

Sec. 6031. Short title.

This subtitle may be cited as the “Department of For-Hire Vehicles Consumer Service Fund Reporting Amendment Act of 2019”.

Sec. 6032. Section 20a(k) of the Department of For-Hire Vehicles Establishment Act of 1985, effective May 10, 1988 (D.C. Law 7-107; D.C. Official Code § 50-301.20(k)), is amended by striking the phrase “monthly revenue reports on the Fund by the 15th of every month” and inserting the phrase “a quarterly revenue report on the Fund by the 15<sup>th</sup> of the month following the end of each quarter” in its place.

**12. TITLE VI. SUBTITLE G. CLEANENERGY DC IMPLEMENTATION**

**a. Purpose, Effect, and Impact on Existing Law**

This subtitle allows the District to fund some portions of the “CleanEnergy DC Omnibus Amendment Act of 2018” with money from the Sustainable Energy Trust Fund.

**b. Committee Reasoning**

The Committee recommends inclusion of this subtitle so that the “CleanEnergy DC Omnibus Amendment Act of 2018” to ensure that the legislation is fully funded. Additionally, the Committee believes that inclusion in the Budget Support Act is necessary in order to achieve the District’s commitment to reach 100% renewable energy by 2032.

**c. Section-by-Section Analysis**

Sec. 6061. States the short title.

Sec. 6022. Amends Sustainable Energy Trust Fund to allow funding to be used for implementation of the transportation emission reduction initiative required

by section 6(j)(1A) of the District of Columbia Traffic Act, 1925, and for the implementation of the energy retrofit program included in the CleanEnergy DC Omnibus Amendment Act of 2018.

**d. Legislative Recommendations for the Committee of the Whole**

Sec. 6061. Short title.

This subtitle may be cited as the “CleanEnergy Implementation Amendment Act of 2019”.

Sec. 6062. Section 210(c)(12)(A) of the Clean and Affordable Energy Act of 2008, effective October 22, 2008 (D.C. Law 17-250; D.C. Official Code § 8-1774.10(c)(12)(A)), is amended as follows:

(a) Sub-subparagraph (ii) is amended by striking the phrase “; and” and inserting a semicolon in its place.

(b) Sub-subparagraph (iii) is amended by striking the period at the end and inserting a semicolon in its place.

(c) New sub-subparagraphs (iv) and (v) are added to read as follows:

“(iv) Support the implementation of the transportation emission reduction initiative required by section 6(j)(1A) of the District of Columbia Traffic Act, 1925, approved March 3, 1925 (43 Stat. 1121; D.C. Official Code § 50-2201.03(j)(1A)), including by covering the costs incurred by other District agencies to implement the initiative; and

“(v) Support the implementation of the energy retrofit program required by section 303(1) of the CleanEnergy DC Omnibus Amendment Act of 2018, effective March 22, 2019 (D.C. Law 22-257; 66 DCR 1344), including by covering the costs incurred by other District agencies to implement the program.”.

Sec. 6063. Section 601 of the CleanEnergy DC Omnibus Amendment Act of 2018, effective March 22, 2019 (D.C. Law 22-257; 66 DCR 1344), is repealed.

**13. TITLE II, SUBTITLE P. OFFICE OF PUBLIC-PRIVATE PARTNERSHIPS**

**a. Purpose, Effect, and Impact on Existing Law**

This subtitle allows transfers the funding for the Office of Public-Private Partnerships (OP3) from the Office of the City Administrator to the Office of the Deputy Mayor for Planning and Economic Development (DMPED).

**b. Committee Reasoning**

The Committee recommends inclusion of this subtitle to align the statutory provision regarding the structural location of OP3 within the District government with the proposed Fiscal Year 2020 budget for OP3.

**c. Section-by-Section Analysis**

Sec. 2151. States the short title.

Sec. 2152. Transfers the funding of OP3 from the Office of the City Administrator to DMPED.

**d. Legislative Recommendations for the Committee of the Whole**

Sec. 2151. Short title.

This subtitle may be cited as the Office of Public-Private Partnerships Amendment Act of 2019"

Sec. 2152. Section 102(a) of the Public-Private Partnership Act of 2014, effective March 11, 2015 (D.C. Law 20-228; D.C. Official Code § 2-272.01(a)), is amended by striking the phrase "Office of the City Administrator" and inserting the phrase "Office of the Deputy Mayor for Planning and Economic Development" in its place.

## 14. TITLE II. SUBTITLE R. WALTER REED ACQUISITION AUTHORITY

### a. Purpose, Effect, and Impact on Existing Law

This subtitle allows DMPED to implement Capital Project EB0-CHN19, which provides funding to support the establishment of Children's Research and Innovation Campus at Walter Reed.

### b. Committee Reasoning

In Fiscal Year 2019 DMPED plans to execute a purchase and sale agreement and license agreement to acquire air rights on the Children's National Research and Innovation Campus at the former Walter Reed Army campus. The air rights will include two levels of structured parking in an improved parking garage. According to DMPED, in exchange for access to the parking spaces during business hours, Children's will provide all maintenance and operation of the District owned parking. Under the Walter Reed Omnibus Act, the Mayor has the authority to purchase portions of the Former Walter Reed Site. The Mayor is now seeking authority to acquire additional portions of the site and this subtitle would provide that authority. The Committee recommends striking this subtitle. While the Committee appreciates the rationale provided by DMPED, the agency has not made a compelling case for why this authority is needed in the Budget Support Act. The Committee, in the interest of full transparency and accountability, believes that this subtitle should be introduced as a free-standing bill to provide an opportunity for public comment and engagement.

### c. Section-by-Section Analysis

Sec. 2171. States the short title.

Sec. 2172. Defines the parameters of the Walter Reed site and provides the Mayor with procurement and leasing authority.

### d. Legislative Recommendations for the Committee of the Whole

~~Sec. 2171. Short title.~~

~~This subtitle may be cited as the "Walter Reed Development Omnibus Amendment Act of 2019".~~

~~Sec. 2172. The Walter Reed Development Omnibus Act of 2016, effective May 18, 2016 (D.C. Official Code § 2-1227.01 *et seq.*), is amended as follows:~~



~~(a) Section 2 (D.C. Official Code § 2-1227.01) is amended by adding a new paragraph (19) to read as follows:~~

~~“(19) “Walter Reed Site” means the approximately 110.1 acres of land located in the area bounded by Fern Street, N.W., and Alaska Avenue, N.W., to the north, 16th Street, N.W., to the west, Aspen Street, N.W., to the south and Georgia Avenue, N.W., to the east, and identified in Figure A-01: Site Boundaries and Areas in the Walter Reed Reuse Plan, as defined in paragraph (18) of this section.”~~

~~(b) A new section 7a is added to read as follows:~~

~~“Sec. 7a. Additional Walter Reed Site acquisition and procurement authority.~~

~~“(a) The Mayor may acquire by purchase, exchange, donation, assignment, bequest, or otherwise, real property located in the Walter Reed Site.~~

~~“(b)(1) The provisions of the District of Columbia Motor Vehicle Parking Facility Act of 1942, approved February 16, 1942 (56 Stat. 90; D.C. Official Code § 50-2601 *et seq.*), shall not apply to the acquisition by the Mayor of property located on the Walter Reed Site or the use of such property as a parking facility.~~

~~“(2) The provisions of the Procurement Practices Reform Act of 2010, effective April 8, 2011 (D.C. Law 18-371; D.C. Official Code § 2-351.01 *et seq.*), shall not apply to any contract the Mayor may enter into with Children’s National at Walter Reed, LLC, or an affiliate thereof, for the operation and maintenance of property acquired pursuant to this section.”~~

## **B. RECOMMENDATIONS FOR NEW SUBTITLES**

The Committee on Business and Economic Development recommends the following new subtitles to be added to the “Fiscal Year 2020 Budget Support Act of 2019”:

## **1. THE STREETScape LOAN RELIEF FUND AMENDMENT**

### **a. Purpose, Effect, and Impact on Existing Law**

This subtitle amends DC Official Code 1-325-191, to allow the Department of Small and Local Business Development (DSLBD) the authority to issue loans or grants to eligible businesses experiencing financial distress.

### **b. Committee Reasoning**

Since 2013, DSLBD has received only seven Streetscape Loan applications - six in 2013 and one in 2016. Prior to 2013, the Department received just thirty-two applications for loan relief. Currently, no loans are being dispersed and the remaining Fund balance was swept by the FY 2017 Budget Support Act of 2017, Subtitle (IX)(A) - Designated Fund Transfer Act of 2016," which swept the remaining balance of approximately \$1.5 million.

Amending the existing law will allow the Department to begin deploying available funds to support small businesses that are in need. Studies show the urgent need to increase small business access to capital through diverse means. Small businesses experience a higher return on investment and grow at higher rates when receiving grants compared to loans.<sup>146</sup> During the Budget Oversight Hearing, Director Whitfield also spoke to the immediate positive impact administering grants would have on the small business community.

### **c. Section-by-Section Analysis**

Sec. XXXX. States the short title.

Sec. XXXX. Amends DC Official Code § 1-325-191 to change the name of the Streetscape Loan Relief Fund to the Streetscape Business Development Fund and to allow for the issuance of both loans and grants.

### **d. Legislative Recommendations for the Committee of the Whole**

Sec. XXX1 Short title.

This subtitle may be cited as the "Streetscape Business Development Relief Fund Amendment Act of 2019".

Sec. XXX2. Streetscape Business Development Relief Fund.

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<sup>146</sup>Colleen Dailey and Miriam Savad. "Addressing Small Business Challenges in the District of Columbia." Commissioned by the Small Business Policy Project Steering Committee, March 2013; BluePath Labs LLC. "District of Columbia CBE Capacity and Availability Study." September 2016.

Section 603 of the Streetscape Fund Amendment Act of 2010, effective April 8, 2011 (D.C. Law 18-370; D.C. Official Code §1-325.191), is amended as follows:

(a) The section heading is amended to read as follows: “Sec. 603. Streetscape Business Development Relief Fund.”.

(b) Subsection (a) is amended as follows:

(1) Strike the phrase “Streetscape Loan Relief Fund (“Fund”)” and insert the phrase “Streetscape Business Development Relief Fund (“Fund”)” in its place.

(2) Strike the phrase “loans in” and insert the phrase “loans or issue grants in” in its place.

(c) Subsection (c) is amended to read as follows:

“(c) If the District undertakes a streetscape construction, capital infrastructure or rehabilitation project, the Mayor, in the Mayor’s sole discretion, may make interest-free loans or issue grants from the Fund to any individual or entity that operates a retail business inside or adjoining the streetscape construction, capital infrastructure or rehabilitation project. To obtain a loan or grant, a retail business shall submit an application in the form and with the information that the Mayor shall require. The Mayor shall determine the terms and conditions of each loan or grant based upon the application submitted by the retail business; provided, that the term of a loan or grant pursuant to this section shall not exceed 5 years after the termination of the streetscape construction, capital infrastructure or rehabilitation project.”.

**e. Fiscal Impact**

There is no fiscal impact associated with this subtitle.

## 2. COMMISSION ON FASHION ARTS AND EVENTS APPROVAL AMENDMENT

### a. Purpose, Effect, and Impact on Existing Law

This subtitle amends the “Commission on Fashion Arts and Events Establishment Act of 2008” to make nominees to the Commission on Fashion Arts and Events (CFAES) deemed approved instead of disapproved.

### b. Committee Reasoning

The Committee believes these nominees should be deemed approve like other boards and commissions within the agency’s purview. Additionally, the Committee believes that making the nominees deemed approved will streamline current processes and allow a smoother transition when a member’s term is ending.

### c. Section-by-Section Analysis

Sec. XXX1. States the short title.

Sec. XXX2. Amends DC Official Code § 13-652(a) to deem CFAES nominees approved instead of disapproved and provides conforming amendments.

### d. Legislative Recommendations for the Committee of the Whole

Sec. 2XX1. Short title.

This subtitle may be cited as the “Commission on Fashion, Arts and Events Approval Process Amendment Act of 2019”.

Sec. 2XX2. Section 3(a) of the Commission on Fashion Arts and Events Establishment Act of 2008, effective April 15, 2008 (D.C. Law 17-148; D.C. Official Code § 3-652(a)), is amended:

(a) By striking the phrase “in accordance with section 2(e)” and inserting the phrase “in accordance with 2(f)” in its place.

Sec. 2XX3. Section 2 of the Confirmation Act of 1978, effective March 3, 1979 (D.C. Law 2-142; D.C. Official Code § 1-523.01), is amended as follows:

(a) Subsection (e)(30) is repealed.



(b) Subsection (f) is amended as follows:

(1) Paragraph (64) is amended by striking the word “and”.

(2) Paragraph (65) is amended by striking the period and inserting a semicolon in its place.

(3) Paragraph (66) is amended by striking the period and inserting the phrase “; and” in its place.

(4) A new paragraph (67) is added to read as follows:

“(67) Commission on Fashion Arts and Events, established by section 2 of the Commission on Fashion Arts and Events Establishment Act of 2008, effective April 15, 2008 (D.C. Law 17-148; D.C. Official Code § 3-651).”

**e. Fiscal Impact**

There is no fiscal impact associated with this subtitle.

**3. UNION MARKET TAX INCREMENT FINANCING AMENDMENT**

**a. Purpose, Effect, and Impact on Existing Law**

This subtitle amends, the “Union Market Tax Increment Financing Act of 2017” to clarify the District’s ability to refund bonds under the Act.

**b. Committee Reasoning**

The original legislation identified a certain date after which bonds could not be issued without new authorizing legislation to promote better debt capacity planning. Including a sunset clause prevents a situation where debt capacity must be reserved indefinitely for a project even though the project may no longer be viable, or the underlying real estate economics have fundamentally changed. However, the sunset clauses within the original act could be interpreted to disallow refunding bonds. Therefore, this subtitle makes clear refunding bonds should not be subject to the sunset clauses.

**c. Section-by-Section Analysis**

Sec. XXX1. States the short title.

Sec. XXX1. Creates a definition for refunding bonds and clarifies that the authority to issue refunding bonds shall be subject to the March 1, 2027 sunset clause.

**d. Legislative Recommendations for the Committee of the Whole**

Sec. XXX1. Short title.

This subtitle may be cited as the Union Market Tax Increment Financing Amendment Act of 2019"

Sec. XXX2. The Union Market Tax Increment Financing Act of 2017, effective March 16, 2018 (D.C. Law 22-58; D.C. Official Code § 2-1217.36e *et seq.*), is amended as follows:

(a) Section 2 (D.C. Official Code § 2-1217.36e) is amended by adding a new paragraph (18A) is added to read as follows:

“(18A) “Refunding bonds” means the District of Columbia bonds, notes, or other obligations, in one or more series, authorized to be issued pursuant to this act to refund the Bonds.”.

(b) Section 14 (D.C. Official Code § 2-1217.36q) is amended to read as follows:

“Sec. 14. Expiration of issuance authority.

“The authority to issue the Bonds, excluding refunding bonds, shall expire on March 1, 2027 if no Bonds have been issued; provided, that the expiration of the authority shall have no effect on any Bonds issued prior to the expiration date or on the District’s ability to issue refunding bonds on a future date.”.

**e. Fiscal Impact**

There is no fiscal impact associated with this subtitle.

#### 4. RHODE ISLAND TAX INCREMENT FINANCING AMENDMENT

##### a. Purpose, Effect, and Impact on Existing Law

This subtitle amends, the “Rhode Island Avenue Tax Increment Financing Act of 2019” to clarify the District’s ability to refund bonds under the Act.

##### b. Committee Reasoning

The original legislation identified a certain date after which bonds could not be issued without new authorizing legislation to promote better debt capacity planning. Including a sunset clause prevents a situation where debt capacity must be reserved indefinitely for a project even though the project may no longer be viable, or the underlying real estate economics have fundamentally changed. However, the sunset clauses within the original act could be interpreted to disallow refunding bonds. Therefore, this subtitle makes clear refunding bonds should not be subject to the sunset clauses.

##### c. Section-by-Section Analysis

Sec. XXX1. States the short title.

Sec. XXX2. Creates a definition for refunding bonds and clarifies that the authority to issue refunding bonds shall be subject to the September 30, 2029 sunset clause.

##### d. Legislative Recommendations for the Committee of the Whole

Sec. XXX1. Short title.

This subtitle may be cited as the Rhode Island Tax Increment Financing Amendment Act of 2019"

Sec. XXX2. The Rhode Island Avenue (RIA) Tax Increment Financing Act of 2018, effective March 22, 2019 (D.C. Law 22-263; D.C. Official Code § 2-1217.39a *et seq.*), is amended as follows:

(a) Section 2 (D.C. Official Code § 2-1217.39a) is amended adding a new paragraph (18A) is added to read as follows:

“(18A) “Refunding bonds” means the District of Columbia bonds, notes, or other obligations, in one or more series, authorized to be issued pursuant to this act to refund the Bonds.”.

(b) Section 15 (D.C. Official Code § 2-1217.39n) is amended to read as follows:

“Sec. 15. Expiration of issuance authority.

“(a) The authority to issue the Class A and Class B Bonds, excluding refunding bonds, shall expire on September 30, 2025, if no Class A Bonds have been issued; provided, that the expiration of the authority shall have no effect on any Class A or Class B Bonds issued prior to the expiration date or on the District’s ability to issue refunding bonds on a future date.

“(b) The authority to issue the Class B Bonds, excluding refunding bonds, shall expire on September 30, 2029, if no Bonds have been issued; provided, that the expiration of the authority shall have no effect on any Bonds issued prior to the expiration date or on the District’s ability to issue refunding bonds on a future date.”.

**e. Fiscal Impact**

There is no fiscal impact associated with this subtitle.

**5. RETAIL PRIORITY AREA AMENDMENT**

**a. Purpose, Effect, and Impact on Existing Law**

This subtitle would clarify the location of businesses eligible to receive retail development project grants within the 14th and U Street, N.W./Adams Morgan/Mt. Pleasant Retail Priority Area.

**b. Committee Reasoning**

The Committee is expanding the 14th and U Street, N.W./Adams Morgan/Mt. Pleasant Retail Priority Area to include additional businesses in these areas. This will allow for additional businesses to take advantage of Great Streets funding.



**c. Section-by-Section Analysis**

Sec. XXXX. States the short title.

Sec. XXXX. Amends Section 4(m) of the Retail Incentive Act of 2004 to expand the 14th and U Street, N.W./Adams Morgan/Mt. Pleasant Retail Priority Area.

**d. Legislative Recommendations for the Committee of the Whole**

Sec. XXX1. Short title.

This subtitle may be cited as the “Retail Priority Area Amendment Act of 2019”.

Sec. 2XX2. Section 4(m) of the Retail Incentive Act of 2004, effective September 8, 2004 (D.C. Law 15-185; D.C. Official Code § 2-1217.73(m)), is amended by striking the phrase “Park Road, N.W.; thence southeast on Park Road, N.W., to 14th Street, N.W.; thence north on 14th Street, N.W., to Spring Road, N.W.; thence southeast on Spring Road, N.W., to 13th Street, N.W.; thence south on 13th Street, N.W., to Monroe Street, N.W.; thence South on 11th Street, N.W., to Kenyon Street, N.W.; thence west on Kenyon Street, N.W. to 13th. Street, N.W.; thence south on 13th Street, N.W. to V Street, N.W.; thence east on V Street, N.W., to 11th Street, N.W.; thence south on 11th Street, N.W.. to the point of beginning” and inserting the phrase “Lamont Street, N.W.; thence west on Lamont Street N.W., to 17th Street N.W.; then north on 17th Street N.W., to Piney Branch Road N.W.; thence northeast on Piney Branch Road N.W., to 16th Street N.W.; thence south on 16th Street N.W., to Spring Road N.W.; thence east on Spring Road N.W., to 10th Street N.W.; then south on 10th Street N.W., to Monroe Street N.W.; thence southeast on Monroe Street N.W., to Sherman Avenue N.W.; thence south on Sherman Avenue N.W., to Barry Place N.W.; thence west on Barry Place N.W. to 11th Street N.W.; thence south on 11th Street N.W., to the point of beginning” in its place.

e. **Fiscal Impact**

There is no fiscal impact associated with this subtitle.

6. **SUBJECT TO APPROPRIATIONS REPEAL AMENDMENT**

a. **Purpose, Effect, and Impact on Existing Law**

This This subtitle would repeal laws subject to appropriate that are funded in the Committee's Fiscal Year 2020 budget report.

b. **Committee Reasoning**

The Committee is including this subtitle for legislative and budgetary consistency.

c. **Section-by-Section Analysis**

Sec. XXX1. States the short title.

Sec. XXX2. Repeals the subject to appropriations clause for Law 22-301.

Sec. XXX3. Repeals the subject to appropriations clause for Law 22-295.

Sec. XXX4. Repeals the subject to appropriations clause for section 4 of Law 22-280.

Sec. XXX5. Repeals the subject to appropriations clause for Law 22-281.

d. **Legislative Recommendations for the Committee of the Whole**

Sec. XXX1. Short title.

This subtitle may be cited as the "Subject to Appropriations Repeal Amendment Act of 2019".

Sec. XXX2. Section 3 of the Hyacinth's Place Equitable Real Property Tax Relief Act of 2018, effective April 11, 2019 (D.C. Law 22-301; 66 DCR 2028), is repealed.

Sec. XXX3. Section 3 of the Economic Development Return on Investment Accountability Amendment Act of 2018, effective April 11, 2019 (Law 22-0295) is repealed.

Sec. XXX4. Section 5(a) of the Public Restroom Facilities Installation and Promotions Act of 2018, effective April 11, 2019 (D.C. Law 22-280; 66 DCR 1595), is

amended by striking the phrase “This act shall apply” and inserting the phrase “Section 4 of this act shall apply” in its place.

Sec. XXX5. Section 4 of the Employment Protections for Victims of Domestic Violence, Sexual Offenses, and Stalking Amendment Act of 2018, effective April 11, 2019 (Law 22-0281) is repealed.

**e. Fiscal Impact**

There is no fiscal impact associated with this subtitle.

## **V. COMMITTEE ACTION AND VOTE**

On Wednesday, May 1, 2019, at X:XX a.m. in Room 500 of the John A. Wilson Building, the Committee met to consider and vote on the Mayor’s proposed Fiscal Year 2020 budget for the agencies under its jurisdiction, the provisions of the Fiscal Year 2020 Budget Support Act of 2019 referred to the Committee for comment, and the Committee’s Budget Report. Chairperson Kenyan McDuffie called the meeting to order and determined the existence of a quorum with Councilmembers \_\_\_\_\_.

Chairperson McDuffie then provided a brief overview of the draft report and summarized the Committee’s recommendations and comments. After an opportunity for discussion, Chairperson McDuffie then moved the Report with leave for staff to make technical, conforming, and editorial changes. The Members voted \_\_\_\_ to approve the recommendations.

## **VI. ATTACHMENTS**

- A. Budget Support Act Subtitles
- B. Budget Director Certification
- C. Wednesday, April 03, 2019 Fiscal Year 2020 Budget Oversight Hearing Witness List and Testimony.
- D. Monday, April 08, 2019 Fiscal Year 2020 Budget Oversight Hearing Witness List and Testimony.
- E. Wednesday, April 10, 2019 Fiscal Year 2020 Budget Oversight Hearing Witness List and Testimony.