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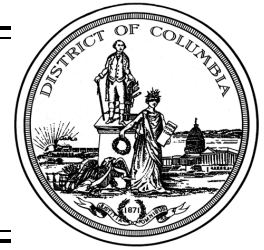
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## COMMITTEE ON BUSINESS AND ECONOMIC DEVELOPMENT

KENYAN R. MCDUFFIE, CHAIRPERSON  
FISCAL YEAR 2019 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 Business and Economic Development

**DATE:** May 3, 2018

**SUBJECT:** Report and Recommendations of the Committee on Business and Economic Development on the Fiscal Year 2019 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 2019 (“FY 2019”) 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 2019 Budget Support Act of 2018, as proposed by the Mayor.

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# I. SUMMARY

## A. FISCAL YEAR 2019 AGENCY OPERATING BUDGET SUMMARY TEST

<i>Fund Type</i>	<i>FY 2017 Actual</i>	<i>FY 2018 Approved</i>	<i>FY 2019 Proposed</i>	<i>Sum of Committee Variance</i>	<i>Committee Approved</i>
<b><i>Captive Insurance Agency</i></b>					
Local	1,869,042	2,122,921	2,094,954.41		2,094,954.41
Dedicated Taxes					
Special Purpose Revenue	0.00	197,400	210,811		210,811
Federal Payments					
Federal Grants					
Private Grant					
Intra-District	132,147.00	0.00	0.00		
<b>Gross Funds</b>	<b>2,001,189</b>	<b>2,320,321</b>	<b>2,305,765</b>		<b>2,305,765</b>
<b><i>Office of the Deputy Mayor for Planning and Economic Development</i></b>					
Local	16,461,025	13,000,026	20,582,627	-100,000	20,482,627
Dedicated Taxes					
Special Purpose Revenue	14,902,534	32,096,268	20,819,241		20,819,241
Federal Payments					
Federal Grants	3,134,583	1,249,638	0.00		0.00
Private Grant					
Intra-District	834,003	0.00	0.00		0.00
<b>Gross Funds</b>	<b>35,332,145</b>	<b>46,345,932</b>	<b>41,401,867</b>	<b>-100,000</b>	<b>41,301,867</b>
<b><i>Department of Small and Local Business Development</i></b>					
Local	10,554,032	14,631,912	13,925,149	+695,925	14,621,074
Dedicated Taxes					
Special Purpose Revenue					
Federal Payments					
Federal Grants	432,568	457,446	468,424		468,424
Private Grant					
Intra-District	1,126,013	0.00	0.00		0.00
<b>Gross Funds</b>	<b>12,112,613</b>	<b>15,089,358</b>	<b>14,393,573</b>	<b>+695,925</b>	<b>15,089,498</b>
<b><i>Office of Cable Television, Film, Music, and Entertainment</i></b>					
Local	4,180,660	1,661,771	1,689,613		1,689,613
Dedicated Taxes					
Special Purpose Revenue	11,377,875	11,095,000	12,988,012		12,988,012
Federal Payments					
Federal Grants					
Private Grant					

<i>Fund Type</i>	<i>FY 2017 Actual</i>	<i>FY 2018 Approved</i>	<i>FY 2019 Proposed</i>	<i>Sum of Committee Variance</i>	<i>Committee Approved</i>
Intra-District	0.00	0.00	0.00		0.00
<b>Gross Funds</b>	<b>15,558,535</b>	<b>12,756,771</b>	<b>14,677,625</b>		<b>14,677,625</b>
<b><i>Alcoholic Beverage Regulation Administration</i></b>					
Local	0.00	0.00	0.00		0.00
Dedicated Taxes	1,047,683	1,170,000	1,292,000		1,292,000
Special Purpose Revenue	6,199,271	7,485,315	8,006,696		8,006,696
Federal Payments					
Federal Grants					
Private Grant					
Intra-District					
<b>Gross Funds</b>	<b>7,246,954</b>	<b>8,655,315</b>	<b>9,298,6956</b>		<b>9,298,696</b>
<b><i>Public Service Commission</i></b>					
Local					
Dedicated Taxes					
Special Purpose Revenue	12,845,460	13,988,791	15,163,455		15,163,455
Federal Payments					
Federal Grants	475,476	588,616	565,555		565,555
Private Grant	10,276	22,000	22,000		22,000
Intra-District	0.00	0.00	0.00		0.00
<b>Gross Funds</b>	<b>13,331,212</b>	<b>14,599,407</b>	<b>15,751,010</b>		<b>15,751,010</b>
<b><i>Office of the People's Counsel</i></b>					
Local					
Dedicated Taxes					
Special Purpose Revenue	7,900,848	8,062,744	8,970,586		8,970,586
Federal Payments					
Private Grant					
Intra-District		8,062,744	8,970,586		8,970,586
<b>Gross Funds</b>	<b>7,900,848</b>	<b>8,062,744</b>	<b>8,970,586</b>		<b>8,970,586</b>
<b><i>Department of Insurance, Securities, and Banking</i></b>					
Local	0.00	200,000	0.00		0.00
Dedicated Taxes					
Special Purpose Revenue	19,667,800	27,965,625	28,565,477		28,565,477
Federal Payments					
Federal Grants	145,405	457,172	0.00		0.00
Private Grant					
Intra-District	119,920	125,000	125,000		125,000
<b>Gross Funds</b>	<b>19,933,125</b>	<b>28,747,797</b>	<b>28,690,477</b>		<b>28,690,477</b>
<b><i>Department of For-Hire Vehicles</i></b>					
Local	4,000,366	4,095,397	5,895,397	+29,047	5,924,444
Dedicated Taxes					

<i><b>Fund Type</b></i>	<i><b>FY 2017 Actual</b></i>	<i><b>FY 2018 Approved</b></i>	<i><b>FY 2019 Proposed</b></i>	<i><b>Sum of Committee Variance</b></i>	<i><b>Committee Approved</b></i>
Special Purpose Revenue	8,493,809	9,538,784	11,675,365		11,675,365
Federal Payments					
Federal Grants					
Private Grant					
Intra-District	301,079	200,000.00	0.00		0.00
<b>Gross Funds</b>	<b>12,795,255</b>	<b>13,834,181</b>	<b>17,570,762</b>	<b>+29,047</b>	<b>17,599,809</b>
<b><i>Business Improvements District Transfer</i></b>					
Local					
Dedicated Taxes					
Special Purpose Revenue	27,403,7534	47,000,000.00	55,000,000		55,000,000.00
Federal Payments					
Federal Grants					
Private Grant					
Intra-District					
<b>Gross Funds</b>	<b>27,403,754</b>	<b>47,000,000.00</b>	<b>55,000,000</b>		<b>55,000,000</b>

## B. FISCAL YEAR 2019 AGENCY FULL-TIME EQUIVALENT

<i>Fund Type</i>	<i>FY 2017 Actual</i>	<i>FY 2018 Approved</i>	<i>FY 2019 Proposed</i>	<i>Sum of Committee Variance</i>	<i>Committee Approved</i>
<b><i>Captive Insurance Agency</i></b>					
Local	0.00	1.00	4.00		4.00
Dedicated Taxes					
Special Purpose Revenue	0.00	1.00	0.00		0.00
Federal Payments					
Federal Grants					
Private Grant					
Intra-District					
<b>Total</b>	<b>0.00</b>	<b>2.00</b>	<b>4.00</b>		<b>4.00</b>
<b><i>Office of the Deputy Mayor for Planning and Economic Development</i></b>					
Local	66.13	68.17	68.00		68.00
Dedicated Taxes					
Special Purpose Revenue	9.00	15.00	17.00		17.00
Federal Payments					
Federal Grants	2.50	2.00	0.00		0.00
Private Grant					
Intra-District	0.00	0.00	0.00		0.00
<b>Total</b>	<b>77.63</b>	<b>85.17</b>	<b>85.00</b>		<b>85.00</b>
<b><i>Department of Small and Local Business Development</i></b>					
Local	46.3	51.01	51.01	-1.0	50.01
Dedicated Taxes					
Special Purpose Revenue					
Federal Payments					
Federal Grants	3.00	3.00	3.00		3.00
Private Grant					
Intra-District	0.00	0.00	0.00		0.00
<b>Total</b>	<b>49.30</b>	<b>54.01</b>	<b>54.01</b>	<b>-1.0</b>	<b>53.01</b>
<b><i>Office of Cable Television, Film, Music, and Entertainment</i></b>					
Local	6.00	7.00	7.00		7.00
Dedicated Taxes					
Special Purpose Revenue	42.50	41.94	44.00		44.00
Federal Payments					
Federal Grants					
Private Grant					
Intra-District	0.00	0.00	0.00		0.00
<b>Total</b>	<b>48.5</b>	<b>48.94</b>	<b>51.0</b>		<b>51.0</b>
<b><i>Alcoholic Beverage Regulation Administration</i></b>					
Local	0.00	0.00	0.00		0.00

<i><b>Fund Type</b></i>	<i><b>FY 2017 Actual</b></i>	<i><b>FY 2018 Approved</b></i>	<i><b>FY 2019 Proposed</b></i>	<i><b>Sum of Committee Variance</b></i>	<i><b>Committee Approved</b></i>
Dedicated Taxes	0.00	0.00	0.00		0.00
Special Purpose Revenue	51.11	57.00	57.00		
Federal Payments					
Federal Grants					
Private Grant					
Intra-District					
<b>Total</b>	<b>51.11</b>	<b>57.00</b>	<b>57.00</b>		<b>57.00</b>
<b><i>Public Service Commission</i></b>					
Local					
Dedicated Taxes					
Special Purpose Revenue	79.72	80.52	81.92		81.92
Federal Payments					
Federal Grants	3.60	4.09	3.69		3.69
Private Grant					
Intra-District	0.00	0.00	0.00		0.00
<b>Total</b>	<b>83.32</b>	<b>84.61</b>	<b>85.61</b>		<b>85.61</b>
<b><i>Office of the People's Counsel</i></b>					
Local					
Dedicated Taxes					
Special Purpose Revenue	41.19	44.40	45.40		45.40
Federal Payments					
Federal Grants					
Private Grant					
Intra-District					
<b>Total</b>	<b>41.19</b>	<b>44.40</b>	<b>45.40</b>		<b>45.40</b>
<b><i>Department of Insurance, Securities, and Banking</i></b>					
Local					
Dedicated Taxes					
Special Purpose Revenue	124.56	149.60	150.0		150.0
Federal Payments					
Federal Grants	0.00	0.00	0.00		0.00
Private Grant					
Intra-District					
<b>Total</b>	<b>124.56</b>	<b>149.6</b>	<b>150.0</b>		<b>150.0</b>
<b><i>Department For-Hire Vehicles</i></b>					
Local	0.00	0.00	0.00		0.00
Dedicated Taxes					
Special Purpose Revenue	55.01	71.00	73.00	-2.0	71.00
Federal Payments					

<i>Fund Type</i>	<i>FY 2017 Actual</i>	<i>FY 2018 Approved</i>	<i>FY 2019 Proposed</i>	<i>Sum of Committee Variance</i>	<i>Committee Approved</i>
Federal Grants					
Private Grant					
Intra-District	0.00	0.00	0.00		0.00
<b>Total</b>	<b>55.01</b>	<b>71.00</b>	<b>73.00</b>	<b>-2.0</b>	<b>71.00</b>
<b>Business Improvements Districts Transfers</b>					
Local					
Dedicated Taxes					
Special Purpose Revenue	0.00	0.00	0.00		0.00
Federal Payments					
Federal Grants					
Private Grant					
Intra-District					
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>		<b>0.00</b>

## C. FY 2019 - 2024 AGENCY CAPITAL BUDGET SUMMARY

Project No.	Project Title	Scenario	Unspent Allotment	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	6-year total
Office of Cable Television, Film, Music, and Entertainment (C10)										
BP102C	Small Capital Projects	Mayor's Submission	1,000,000	0.00	0.00	0.00	0.00	0.00	0.00	1,000,000
		Committee Markup (Fund 301)	-1,000,000	0.00	0.00	0.00	0.00	0.00	0.00	-1,000,000
		Committee Markup (Fund 314)	1,000,000							1,000,000
C10 Total			1,000,000	0.00	0.00	0.00	0.00	0.00	0.00	1,000,000
Office of the Deputy Mayor for Planning and Economic Development (EB0)										
AMS11C	McMillan Site Redevelopment	Available	208,405	0.00	0.00	0.00	0.00	0.00	0.00	208,405
		FY18-23 Approved CIP	0.00	0.00	5,000,000	5,000,000	0.00	0.00	0.00	10,000,000
		Mayor's Submission	0.00	17,835,635					36,401,706	54,237,341
		Committee Markup	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AMS11C Total			208,405	17,835,635	5,000,000	5,000,000	0.00	0.00	36,401,706	64,445,746
ASC13C	Skyland Shopping Center	Mayor's Submission	3,758,206	0.00	0.00	0.00	0.00	0.00	0.00	3,758,206.00
		Committee Markup	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ASC13C Total			3,758,206	0.00	0.00	0.00	0.00	0.00	0.00	3,758,206
AW001A	NH-1304(10) Suitland Pkwy- MLK Ave	Mayor's Submission	542,998.84	0.00	0.00	0.00	0.00	0.00	0.00	542,998.84
		Committee Markup	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AW001A Total			542,999	0.00	0.00	0.00	0.00	0.00	0.00	542,998.84
AWR01C	Saint Elizabeths E Campus Infrastructure	Available	12,911,320	0.00	0.00	0.00	0.00	0.00	0.00	12,911,320
		FY18-23 Approved CIP	0.00	10,000,000	20,000,000	25,000,000	25,000,000	8,000,000	0.00	88,000,000
		Mayor's Submission	10,700,000	4,000,000	0.00	10,000,000	10,000,000	-8,000,000		16,000,000
		Committee Markup	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AWR01C Total			23,611,320	14,000,000	20,000,000	35,000,000	35,000,000	0.00	0.00	127,611,320
AWT01C	Walter Reed Redevelopment	Available	2,073,984	0.00	0.00	0.00	0.00	0.00	0.00	2,073,984
		FY18-23 Approved CIP	0.00	2,000,000	2,000,000	2,000,000	1,000,000	7,000,000	0.00	14,000,000
		Mayor's Submission	0.00	-2,000,000	-2,000,000	-2,000,000	-1,000,000	-7,000,000	0.00	-14,000,000



		Committee Markup	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>AWT01C Total</b>			<b>2,073,984</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>2,073,984</b>
EB001C	Temple Courts/ NW1 Redevelopment	Mayor's Submission	-111,772	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		Committee Markup	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>EB001C Total</b>			<b>-111,772</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>-11,772</b>
EB008C	MP-New Communities	Available	26,881,552	0.00	0.00	0.00	0.00	0.00	0.00	26,881,552.00
		FY18-23 Approved CIP	0.00	5,000,000	15,000,000	20,000,000	15,000,000	0.00	0.00	55,000,000
		Committee Markup	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>EB008C Total</b>			<b>26,881,552</b>	<b>5,000,000</b>	<b>15,000,000</b>	<b>20,000,000</b>	<b>15,000,000</b>	<b>0.00</b>	<b>0.00</b>	<b>81,881,552</b>
EB013C	Barry Farm, Park Chester, Wade Road	Available	2,704,150	0.00	0.00	0.00	0.00	0.00	0.00	2,704,150
		Committee Markup	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<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>2,704,150</b>
EB014C	Fort Lincoln Newtown Development	Available	154,571	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		Committee Markup		0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>EB014C Total</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>0.00</b>	<b>154,571</b>
EB015C	Lincoln Heights, Richardson Dwellings	Available	707,475	0.00	0.00	0.00	0.00	0.00	0.00	707,475
		Committee Markup	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>EB015C Total</b>			<b>707,474.89</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>707,474.89</b>
EB016C	Park Morton Redevelopment Initiative	Available	0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.02
		Committee Markup	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>EB016C Total</b>			<b>0.02</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>0.02</b>
EB409C	DC Water New Facility	Mayor's Submission	6216	0.00	0.00	0.00	0.00	0.00	0.00	6216
		Committee Markup	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>EB409C Total</b>			<b>6216</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>6216</b>
EB422C	Hill East	FY18-23 CIP	0.00	0.00	0.00	10,000,000	4,000,000	0.00	0.00	14,000,000
		Committee Markup	0.00	0.000	0.00	0.00	0.00	0.00	0.00	0.00
<b>EB422C Total</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>10,000,00</b>	<b>4,000,000</b>	<b>0.00</b>	<b>0.00</b>	<b>14,000,000</b>
EB423C	Poplar Point	Available	700,000	0.00	0.00	0.00	0.00	0.00	0.00	700,000
		Committee Markup	-265,557	0.00	0.00	0.00	0.00	0.00	0.00	-265,557
<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>434,444</b>
SC216C	Construction Development	Available	4,100,000	0.00	0.00	0.00	0.00	0.00	0.00	4,100,000
		Committee Markup	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>SC216C Total</b>			<b>4,100,000</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>4,100,000</b>
STH01C	Strand Theater	Available	94,408.86	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		Committee Markup	-94,408.86							
<b>STH01C Total</b>			<b>-94,408.86</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>-94,408.86</b>
<b>EB0 Total</b>			<b>65,085,754</b>	<b>36,835,635</b>	<b>40,000,000</b>	<b>70,000,000</b>	<b>54,000,000</b>	<b>0.00</b>	<b>36,401,706</b>	<b>302,323,095</b>
<b>Department of Small and Local Business Development (ENO)</b>										
ENS16C	Small Business IT System	Available	217,631	0.00	0.00	0.00	0.00	0.00	0.00	217,631
		Committee Markup	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>ENOTotal</b>			<b>217,631</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>217,631</b>
<b>Grand Total</b>			<b>66,303,385</b>	<b>36,835,635</b>	<b>40,000,000</b>	<b>70,000,000</b>	<b>54,000,000</b>	<b>0.00</b>	<b>36,401,706</b>	<b>303,540,726</b>

## D. TRANSFERS IN FROM OTHER COMMITTEES

<i>Sending Committee</i>	<i>Amount</i>	<i>FTEs</i>	<i>Receiving agency</i>	<i>Amount</i>	<i>FTEs</i>	<i>Program</i>	<i>Purpose</i>	<i>Recurring or One-Time</i>
Committee on Transportation and the Environment	\$200,000	0	Department of Small and Local Business Development	\$200,000	0	4000	Funding to create a Woodley Park Main Street.	Recurring

<i><b>Sending Committee</b></i>	<i><b>Amount</b></i>	<i><b>FTEs</b></i>	<i><b>Receiving agency</b></i>	<i><b>Amount</b></i>	<i><b>FTEs</b></i>	<i><b>Program</b></i>	<i><b>Purpose</b></i>	<i><b>Recurring or One-Time</b></i>
Committee on Human Services	\$131,500	3	Department of Small and Local Business Development	\$131,500	3	4000	Approximately \$114,000 to fund 1 FTE for the Ward 1 Clean Team and 2 FTEs for the Mid-City Clean Team and approximately \$17,500 to fund operational costs for the Ward 1 Clean Team.	\$114,000 in recurring funds; \$17,500 in one-time funds.
Committee on Transportation and the Environment	\$300,000	0	Deputy Mayor for Planning and Economic Development	\$ 300,000	0		Funding for a grant to support the development of a comprehensive strategic plan for Eastern Market, which would include an assessment of best practices for management and marketing of Eastern Market.	One-time
Committee on Labor and Workforce Development	\$169,800	0	Department of Small and Local Business Development	\$160,000	0		Funding for the Committee's BSA Subtitle, "Living Wage Certification Grant Program Amendment Act of 2018".	Approximately \$100,000 in recurring funds and \$69,800 in one-time funding.
Committee on Health	\$60,000	0	Department of Small and Local Business Development	\$60,000	0		To fund a cultural arts district and small business expansion/attraction feasibility and implementation study for mid and low density retail corridors of Deanwood.	One-Time
<b>Total</b>	<b>\$861,300</b>	<b>3</b>		<b>\$861,300</b>	<b>3</b>			

## E. TRANSFERS OUT TO OTHER COMMITTEES

<i><b>Receiving Committee</b></i>	<i><b>Amount</b></i>	<i><b>FTEs</b></i>	<i><b>Receiving agency</b></i>	<i><b>Amount</b></i>	<i><b>FTEs</b></i>	<i><b>Program</b></i>	<i><b>Purpose</b></i>	<i><b>Recurring or One-Time</b></i>
Committee on Housing and Neighborhood Revitalization	\$162,384.18	0	DC Housing Authority	\$162,384.18	0	2000 (Rental Assistance Support)	To support senior renters in the District of Columbia by providing \$1800,000 in rent subsidies to extremely-low income and very-low income seniors who are paying more than 30 percent of their income in housing costs.	Recurring
Judiciary and Public Safety	\$600,000	0	Office of Victim Services Justice Grants	\$600,000	0	3000 (Access to Justice)	Funding to restore a reduction in the Civil Legal Counsel Projects Program in the Access to Justice Initiative.	One-Time
Judiciary and Public Safety	\$200,000	0	Office of Neighborhood Safety and Engagement	\$200,000	0	Program 2000/Activity 2040	Funding for grants for violence intervention and prevention initiatives.	One-Time
Transportation and the Environment	\$150,000	0	District Department of Transportation	\$150,000	0	Operations Administration (OA00), Maintenance Division (MTDV)	Funding for the beautification of Zaire Kelly Park at 13 <sup>th</sup> and Downing Streets N.E. The scope of work is to include re-bricking the walkways, repainting mesh wall to remove graffiti, repairing/improving the fence, and planting flowers.	One-Time
Transportation and the Environment	\$150,000	0	Department of Parks and Recreation	\$150,000	0	DPR Project QE834C—Small Parks Improvements	This funding will be used for the revitalization of the Brentwood Triangle Park located at 14th Street, Rhode Island Ave, and Brentwood NE,	One-Time

<i>Receiving Committee</i>	<i>Amount</i>	<i>FTEs</i>	<i>Receiving agency</i>	<i>Amount</i>	<i>FTEs</i>	<i>Program</i>	<i>Purpose</i>	<i>Recurring or One-Time</i>
							which will include repairs and maintenance.	
Transportation and the Environment	\$500,000	0	Pay-As-You-Go Capital Fund	\$500,000	0		Budget funds in DPR project QN750C-Park Improvements to improve the playground adjacent to the New York Avenue Recreation Center.	One-Time
Transportation and the Environment	\$100,000	0	Pay-As-You-Go Capital Fund	\$100,000	0		Budget funds in DDOT project LMSAFC for installation of a Hawk signal at 4 <sup>th</sup> Street and Michigan Avenue N.E.	One-Time
Health	\$150,000	0	Department of Health	\$150,000	0	8511(Prenatal and Infant Health)	For a study of OBGYN Services for Wards 5,7, and 8 and the greater Eastern portion of the District to help identify and analyze the racial and ethnic disparities that affect women's obstetrics and gynecological outcomes.	One-Time
Education	\$50,000	0	Deputy Mayor for Education	\$50,000	0	2000/2011 (Out of School Time Grants Youth Outcomes), CSG 50	Funding to support competitive grants for Out of School Time initiatives.	One-Time
Committee on Transportation and the Environment	\$100,000	0	Department of Motor Vehicles	\$100,000	0		Pursuant to the Errata Letter, 100,000 to the Department of Motor Vehicles to fund and implement the data collection requirements of the Neighborhood Engagement Achieves Results Act.	One-Time
<b>Total</b>	<b>1,862,384.18</b>	<b>0</b>		<b>1,862,384.18</b>	<b>0</b>			

## F. REVENUE ADJUSTMENT

Revenue Adjustments				
<i>Agency</i>	<i>Fund Type</i>	<i>Amount</i>	<i>Use</i>	<i>BSA subtitle</i>
N/A				

## G. BUDGET SUPPORT ACT SUBTITLE FUNDING

<i>Subtitle</i>	<i>Agency</i>	<i>Program</i>	<i>Amount</i>	<i>FTEs</i>
Living Wage Certification Grant Program Amendment Act of 2018	Department of Small and Local Business Development		169,800	0
Minority and Women-Owned Business Assessment Amendment Act of 2018	Department of Small and Local Business Development		247,009.05	0

## H. FUNDING OF BILLS PREVIOUSLY PASSED SUBJECT TO APPROPRIATION

<i>Law Number</i>	<i>Section</i>	<i>Agency</i>	<i>Program</i>	<i>Amount</i>	<i>FTEs</i>
N/A					

## I. SUMMARY OF COMMITTEE BUDGET RECOMMENDATIONS

### CAPTIVE INSURANCE AGENCY (RJ0)

#### *Operating Budget Recommendations*

1. The Committee recommends adoption of the Fiscal Year 2019 operating budget for the Captive Insurance Agency, as proposed by the Mayor.

### OFFICE OF THE DEPUTY MAYOR FOR PLANNING AND ECONOMIC DEVELOPMENT

#### *Operating Budget Recommendations*

1. The Committee recommends adoption of the Fiscal Year 2019 operating budget for the Office of the Deputy Mayor for Planning and Economic Development, as proposed by the Mayor, with the following modifications:
  - a. *Reduce* Great Streets grant funding by \$100,000, as proposed in the Mayor's Errata letter to fund and implement the data collection requirements under the Neighborhood Engagement Achieves Results Act.
  - b. *Sweep* \$404,000 from the Industrial Revenue Bond Fund.

#### *Capital Budget Recommendations*

1. The Committee recommends adoption of the Fiscal Year 2019 capital budget, as proposed by the Mayor, with the following modifications:
  - a. *Sweep* \$265,557.09 Paygo from capital project EB423C-Poplar Point in Fiscal Year 2018. No expenditures have been posted to the Poplar Point project since Fiscal Year 2016.
  - b. *Sweep* \$94,408.68 in Paygo from capital project STH01C-Strand Theater in Fiscal Year 2018. The Strand Theater Project received an allotment of \$1 million in Fiscal

Year 2015. Since that time, allotment has been reprogrammed out of the project, and to date, no expenditures have been posted to the project.

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

### *Operating Budget Recommendations*

1. The Committee recommends adoption of the Fiscal Year 2019 operating budget for the Department of Small and Local Business Development, as proposed by the Mayor, with the following modifications:
  - a. *Accept* \$169,800 from the Committee on Labor and Workforce Development to fund the Committee's proposed Budget subtitle, the "Living Wage Certification Grant Program Amendment Act of 2018".
  - b. *Accept* \$131,500 from the Committee on Human Services to support the expansion of the Ward 1 Clean Team and Mid-City Clean Team. *Increase* CSG 50 (Subsidies and Transfers), Program 4000 (Commercial Revitalization), Activity 4040 (Commercial Clean Teams) by \$131,500. Approximately \$114,000 to fund 1 FTE for the Ward 1 Clean Team and 2 FTEs for the Mid-City Clean Team and approximately \$17,500 to fund operational costs for the Ward 1 Clean Team.
  - c. *Accept* \$ 200,000 from the Committee on Transportation and the Environment to create a Woodley Park Main Street. *Increase* CSG 50 (Subsidies and Transfers), Program 4000 (Commercial Revitalization), Activity 4030 (Main Streets) by \$200,000.
  - d. *Accept* \$60,000 from the Committee on Health to fund a cultural arts district and small business expansion/attraction feasibility and implementation study for mid and low-density retail corridors of Deanwood.
  - e. *Add* \$100,000 to support the creation of a Fort Lincoln Residential Clean Team. *Increase* CSG 50 (Subsidies and Transfers), Program 4000 (Commercial Revitalization), Activity 4040 (Commercial Clean Teams) by \$100,000.
  - f. *Sweep* \$247,009.05 from 632-Small Business Capital Access Fund.
  - g. *Recognize* \$247,009.05 in one-time funds to be used as specified funding allocations pursuant to the Committee's proposed Budget Subtitle, the "Minority and Women-Owned Business Assessment Amendment Act of 2018".
  - h. *Recognize* \$98,881 in personnel service costs from current Program 2000 (Certification), Activity 2020 (Compliance), in the following amounts: (CSG11 (Regular Pay—Continuing Full-Time) by \$81,050.00 and CSG 14 (Fringe Benefits—Current Personnel) by \$17,831.00.
  - i. *Add* Data Analyst in Program 2000 (Certification), Activity 2010 (Certification), in the following amounts: (CSG11 (Regular Pay—Continuing Full-Time) by \$81,050.00 and CSG 14 (Fringe Benefits—Current Personnel) by \$17,831.00.

- j. *Recognize* \$98,881 in personnel services costs from current Program 3000 (Business Opportunities and Access to Capital), Activity 3060 (Business Development), in the following amounts: (CSG11 (Regular Pay—Continuing Full-Time) by \$81,050.00 and CSG 14 (Fringe Benefits—Current Personnel) by \$17,831.00.
- k. *Add* Aspire to Entrepreneurship Program Coordinator in Program 3000 (Business Opportunities and Access to Capital), Activity 3060 (Business Development), in the following amounts: (CSG11 (Regular Pay—Continuing Full-Time) by \$81,050.00 and CSG 14 (Fringe Benefits—Current Personnel) by \$17,831.00.
- l. Recognize \$162,384.18 in personnel services costs allocated for Position Number 0004362, across various programs and activities of the agency.
- m. *Reduce* \$150,000 for Commercial Waste Compactor Program grants in Program 3000 (Business Opportunities and Access to Capital), Activity 3060 (Business Development).
- n. *Increase* Program 3000 (Business Opportunities and Access to Capital), Activity 3060 (Business Development) by \$100,000 to fund grants for the Aspire to Entrepreneurship Program.

#### *Policy Recommendations*

- 1. The Committee recommends developing a streamlined process for tracking and monitoring complaints and enforcement actions within the CBE program.
- 2. The Committee recommends that the agency enhance its enforcement mechanism to ensure full compliance with District law.
- 3. The Committee recommends that the agency develop a plan to meet all reporting requirements included in DC Official Code.
- 4. The Committee recommends distributing loans from the Microloan/Small Business Capital Access Fund to help CBEs gain access to capital. The agency should also devise an outreach strategy and provide educational training around access to capital.
- 5. The Committee recommends that DSLBD fill all current vacancies.

### **OFFICE OF CABLE TELEVISION, FILM, MUSIC, AND ENTERTAINMENT (EI0)**

#### *Operating Budget Recommendations*

- 1. The Committee recommends adoption of the Fiscal Year 2019 operating budget for the Office of Cable Television, Film Music, and Entertainment, as proposed by the Mayor, with the following modifications:

- a. Sweep \$1,000,000 from Local funds PAYGO Capital project BP102C in OCTFME and replace the funding with 0600-OCTFME Special purpose revenue fund. The fund has a \$1,000,000 of certified revenue in FY2018 to support the project.

#### *Policy Recommendations*

1. The Committee recommends that OCTFME complete the cable franchise negotiations with RCN and Comcast by the end of the year. In its effort to complete the negotiations, OCTFME should provide a realistic timeline to the Committee on Business and Economic Development.
2. 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.
3. 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 FY19 operating budget for the Alcoholic Beverage Regulation Administration, as proposed by the Mayor.

#### *Policy Recommendations*

1. The Committee recommends that ABRA should continue its partnership with District colleges and universities through its D.C. Double Check 101 program to train minors in assisting ABRA investigators with educating and controlling sale of alcohol to underage persons.
2. The Committee recommends that ABRA follow up with OCTFME on a potential partnership to stream and archive hearings and meetings.

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

#### *Operating Budget Recommendations*

1. The Committee recommends adoption of the FY19 operating budget for the Public Service Commission, as proposed by the Mayor.

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

### *Operating Budget Recommendations*

1. The Committee recommends adoption of the FY19 operating budget for the Office of the People’s Counsel, as proposed by the Mayor.

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

### *Operating Budget Recommendations*

1. The Committee recommends adoption of the FY19 operating budget for the Department Insurance, Securities, and Banking, as proposed by the Mayor.

### *Policy Recommendations*

1. The Committee recommends that DISB identify ways to engage District-based businesses to participate in its SSBCI. Furthermore, the Committee recommends that the agency enhance its approach to reducing barriers and expanding its outreach efforts.
2. The Committee recommends that DISB finalize the Ombudsman Bill of Rights and make it publicly available. Additionally, the Committee recommends that DISB track the number of complaints filed with the Ombudsman.
3. The Committee recommends that DISB 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 FY19 operating budget for the Department of For-Hire Vehicles, as proposed by the Mayor, with the following modification:
  - a. *Recognize* 118,084.30 in personnel services costs from current Program 1000 (Agency Management), Activity 1090 (Performance Management), in the following amounts: (CSG 11 (Regular Pay—Continuing Full-Time) by \$92,632.00 and CSG 14 (Fringe Benefits—Current Personnel) by \$21,452.30.
  - b. *Recognize* 82,868.71 in personnel services costs from current Program 8000 (Client Services), Activity 8020 (Company Services), in the following amounts: (CSG11 (Regular Pay—Continuing Full-Time) by \$67,814.00 and CSG 14 (Fringe Benefits—Current Personnel) by \$15,054.71.
  - c. *Sweep* \$267,632.84 in 2400-Public Vehicles for Hire Consumer Service Fund.



- d. *Add 230,000 in Program 2000 (Operations), Activity 2080 (Grants) to fund 100,000 more trips for Transport DC.*

### *Policy Recommendations*

1. With the exponential population growth in the District and the increasing traffic congestion, the Committee recommends that the agency conducts a study that will examine public space management, equitable transportation mobility and access, and minimize traffic congestion. This study should also examine the District's goals to efficiently use road networks to transport people, deliver goods, and minimize traffic congestion. The data may also be shared with private companies, government agencies, and nonprofit organizations to help them make informed decisions about transportation in the District.
2. The Committee recommends that the agency explore ridesharing options for Transport DC passengers.
3. The Committee recommends that the agency create a plan for expansion of the Neighborhood Ride Service Pilot Program and ensure that any additional resources are allocated to improve transportation equity.

## **INTER-COMMITTEE TRANSFERS**

### *Operating - Transfers In*

1. The Committee *accepts* \$200,000 in recurring local funds from the **Committee on Transportation and the Environment** for the Department of Small and Local Business Development to create a Woodley Park Main Street.
2. The Committee *accepts* \$17,500 in one-time local funds and \$114,000 in recurring local funds from the **Committee on Human Services** for the Department of Small and Local Business Development to support the expansion of the Ward 1 Clean Team and Mid-City Clean Team. Approximately \$114,000 to fund 1 FTE for the Ward 1 Clean Team and 2 FTEs for the Mid-City Clean Team and approximately \$17,500 to fund operational costs for the Ward 1 Clean Team.
3. The Committee *accepts* \$100,000 in recurring local funds and \$69,800 in one-time local funds from the **Committee on Labor and Workforce Development** to fund the Committee's proposed Budget subtitle, the "Living Wage Certification Grant Program Amendment Act of 2018".
4. The Committee *accepts* \$300,000 in one-time funds from the **Committee on Transportation and the Environment** to fund a grant to support the development of a comprehensive strategic plan for Eastern Market, which would include an assessment of best practices for management and marketing of Eastern Market.

5. The Committee *accepts* \$60,00 in one-time funds from the **Committee on Health** to fund a cultural arts district and small business expansion/attraction feasibility and implementation study for mid and low-density retail corridors of Deanwood.

#### *Operating - Transfers Out*

1. The Committee *transfers* out \$600,000 in one-time funds to the **Committee on Judiciary and Public Safety** to restore a reduction in the Civil Legal Counsel Projects Program in the Access to Justice Initiative.
2. The Committee *transfers* out \$200,000 to the **Committee on Judiciary and Public Safety** to the Office of Neighborhood Safety and Engagement to fund grants for violence intervention and prevention initiatives.
3. The Committee *transfers* out \$150,000 in one-time local funds to the **Committee on Transportation and the Environment** for the beautification of Zaire Kelly Park at 13th and Downing Streets N.E. The scope of work is to include re-bricking the walkways, repainting mesh wall to remove graffiti, repairing/improving the fence, and planting flowers.
4. The Committee *transfers* out \$150,000 in one-time local funds to the **Committee on Transportation and the Environment** to revitalize the triangle space of land that is located at 14th Street, Rhode Island Ave, and Brentwood NE.
5. The Committee *transfers* \$500,000 to the **Committee on Transportation and the Environment** to QN750C-Park Improvements to improve the playground adjacent to the New York Avenue Recreation Center.
6. The Committee *transfers* \$100,000 to the **Committee on Transportation and the Environment** to budget funds in DDOT project LMSAFC for installation of a Hawk signal at 4<sup>th</sup> Street and Michigan Avenue N.E.
7. The Committee *transfers* \$150,000 to the **Committee on Health** for a study of OBGYN services for Wards 5, 7, and 8 and the greater Eastern portion of the District to help identify and analyze the racial and ethnic disparities that affect women's obstetrics and gynecological outcomes.
8. The Committee *transfers* \$162,384.18 to the **Committee on Housing and Neighborhood Revitalization** to provide rent subsidies to extremely-low income and very-low income seniors who are paying more than 30 percent of their income in housing costs.
9. The Committee *transfers* \$50,000 to the **Committee on Education** to support out-of-school time initiatives.
10. The Committee *transfers* \$100,000 to the **Committee on Transportation and the Environment** to fund and implement the data collection requirements under the NEAR Act pursuant to the Mayor's Errata letter.

## II. AGENCY FISCAL YEAR 2019 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 Boxing and Wrestling Commission
• Board of Architecture and Interior Designers	• For-Hire Vehicle Advisory Council
• Board of Barber and Cosmetology	• Office of Cable Television, Film, Music and Entertainment
• Board of Consumer Claims Arbitration for the District of Columbia	• Office of People's Counsel
• Board of Funeral Directors	• Public Service Commission
• Board of Industrial Trades	• Walter Reed Army Medical Center Site Reuse Advisory Committee
• Board of Professional Engineering	
• Captive Insurance Agency	
• Commission of Fashion Arts and Events	
• Department of For-Hire Vehicles	
• 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 20 agencies and*

<sup>1</sup> See Rules of Organization and Procedure for the Council of the District of Columbia, Council Period 22, Rule 237(a).

*commissions, which, in the Mayor's proposed budget for FY 2019, comprise a total budget of nearly \$208 million in gross funds and approximately 605 full-time equivalents (FTEs).*

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

The Committee held performance and budget oversight hearings on the following dates:

<b><i>Performance Oversight Hearings</i></b>	
<b>February 13, 2018</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 27, 2018</b>	Public Service Commission Office of the People's Counsel Office of Cable Television, Film, Music and Entertainment Alcoholic Beverage Regulation Administration
<b>March 5, 2018</b>	Office of the Deputy Mayor for Planning and Economic Development The Department of Small and Local Business Development

<b><i>Budget Oversight Hearings</i></b>	
<b>April 11, 2018</b>	The Department of Insurance, Securities, and Banking The Department of For-Hire Vehicles The Department of Small and Local Business Development
<b>April 19, 2018</b>	Office of the People's Counsel Public Service Commission
<b>April 24, 2018</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 comments from members of the public during these hearings. Copies of witness testimony from the Committee's budget hearings are included in this report as *attachments*. Video recordings of the hearings can be obtained through the Office of Cable Television or at <http://dccouncil.us/videos/archive/>. The Committee continues to welcome public input on the agencies and activities within its purview.

### ***Introductory Comments on the Committee's Fiscal Year 2019 Budget for Agencies under Its Purview***

This Report of Recommendations of the Committee on Business and Economic Development on the Fiscal Year 2019 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 CBE capacity building, Main Street revitalization and expansion, living wage rates, financial stability, small business lending, and significant capital project financing.

The Committee's budget invests significantly in communities that have not traditionally received the investment 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. 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. Elizabeth's project which has the potential to 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 Office of Neighborhood Safety and Engagement and the Expanding Access to Justice Amendment Act.

### *Agency Summaries*

## **B. CAPTIVE INSURANCE AGENCY (RJ0)**

AGENCY		FY 2017 ACTUALS	FY 2018 APPROVED	FY 2019 PROPOSED	COMMITTEE VARIANCE	COMMITTEE APPROVED
<b>Captive Insurance Agency - FUND</b>						
	LOCAL FUND	\$1,869,042	\$2,122,921	\$2,094,954	0.00	\$2,094,954
	INTRADISTRICT	\$132,147			0.00	0.00
	SPECIAL PURPOSE REVENUE FUNDS (O'TYPE)		\$197,400	\$210,811	0.00	\$210,811
	<b>TOTAL</b>	<b>\$2,001,189</b>	<b>\$2,320,321</b>	<b>\$2,305,765</b>	<b>\$0.00</b>	<b>\$2,305,765</b>
<b>Captive Insurance Agency - FTE</b>						
	LOCAL FUND	0.00	1.00	4.00		4.00
	SPECIAL PURPOSE REVENUE FUNDS (O'TYPE)	0.0	1.00	0.00		0.00
	<b>TOTAL</b>	<b>0.0</b>	<b>2.00</b>	<b>4.00</b>	<b>0.00</b>	<b>4.00</b>
<b>Captive Insurance Agency – PROGRAM</b>						
	1000	AGENCY MGMT PROGRAM	\$0.00	\$1,071	\$0.00	\$0.00
	2000	CAPTIVE OPERATION S	\$2,001,189	\$2,319,250	\$2,305,765	\$2,305,765
		<b>TOTAL</b>	<b>\$2,001,189</b>	<b>\$2,320,321</b>	<b>\$2,305,765</b>	<b>\$0.00</b>

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

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

The Captive Insurance Agency (Agency) was established in 2008. The purpose of the Agency is to provide medical malpractice liability insurance policies for health centers, including coverage for the staff, contractors, and volunteer service providers for the services provided at the health centers; and provide insurance for District real property assets and District personal property assets.<sup>2</sup> The Captive Insurance Agency is administered by the Chief Risk Officer, Office of Risk Management (ORM). The Agency has two divisions, Agency Management and Captive Operations. The Captive Operations division funds the management and insurance policies of the Agency and provides oversight and growth and income strategy and management.

**b. Mayor's Proposed Fiscal Year 2019 Operating Budget**

**Proposed Operating Budget Summary**

The Mayor's proposed fiscal year 2019 operating budget for the Captive Insurance Agency is \$2,305,765, a decrease of \$14,556 or 0.6%, from the fiscal year 2018 approved budget of \$2,320,321. This funding supports 4 FTEs, which represents a 100% increase from the fiscal year 2018 approved budget. The Mayor's proposed budget for the Captive Insurance Agency is comprised entirely of local and special purpose revenue funds.

***Local Funds:*** The Mayor's proposed local funds budget is approximately \$2,094,954, a decrease of \$28,046 or 1.3% from the approved fiscal year 2018 budget.

***Special Purpose Revenue Funds:*** The Mayor's proposed special purpose revenue funds budget is approximately \$210,811 an increase of \$13,811 or 6.6% from the approved fiscal year 2018 budget.

**Committee Analysis and Comments**

The fiscal year 2019 proposed budget contains several changes to the Agency, including two new FTEs, increasing the oversight activity by \$76,000 and decreasing growth and income strategy and management program by \$90,000. The budget proposes to move two existing FTEs from growth and income strategy and management program to oversight. The FTEs will work closely with the Office of Contracting and Procurement (OCP) and District agencies to ensure that contracts and agreements have the appropriate insurance requirements to protect taxpayers from financial losses. The Committee believes the Agency will enhance its work with the two proposed FTEs.

**2. COMMITTEE RECOMMENDATIONS**

**a. Fiscal Year 2019 Operating Budget Recommendations**

The Committee recommends adoption of the fiscal year 2019 operating budget for the Captive Insurance Agency, as proposed by the Mayor.

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<sup>2</sup> D.C. Code § 1-307.82

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

AGENCY			FY 2017 ACTUALS	FY 2018 APPROVED	FY 2019 PROPOSED	COMMITTEE VARIANCE	COMMITTEE APPROVED
Office of the Deputy Mayor for Planning and Economic Development - FUND							
	FEDERAL GRANT FUND		\$3,134,583	\$1,249,638	\$0.00		\$0.00
	LOCAL FUND		\$16,461,025	\$13,000,026	\$20,582,627	-\$100,000.00	\$20,482,627
	OPERATING INTRA-DISTRICT FUNDS		\$834,003	\$0.00	\$0.00		\$0.00
	SPECIAL PURPOSE REVENUE FUNDS ('O'TYPE)		\$14,902,534	\$32,096,286	\$320,819,241		\$32,096,268.18
	TOTAL		\$35,332,145	\$46,345,932	\$41,401,867	-\$100,000.00	\$41,301,867
Office of the Deputy Mayor for Planning and Economic Development - FTE							
	FEDERAL GRANT FUND		2.50	2.0	0.00		0.00
	LOCAL FUND		66.13	68.17	68.0		68.0
	OPERATING INTRA-DISTRICT FUNDS		0.00	0.00	0.00		0.00
	SPECIAL PURPOSE REVENUE FUNDS ('O'TYPE)		9.0	15.0	17.0		17.0
	TOTAL		77.63	85.17	85.0		85.0
Office of the Deputy Mayor for Planning and Economic Development - PROGRAM							
	1000	AGENCY MANAGEMENT	\$4,569,524	\$4,669,417	\$5,101,266		\$5,101,266
	2000	DEPUTY MAYOR FOR PLANNING AND ECONOMIC	\$151,524	\$348,000	\$425,000		\$425,000
	3000	BUSINESS AND WORKFORCE DEVELOPMENT	\$3,624,413	\$6,289,209	\$5,770,925		\$5,770,925
	5000	PROJECT INVESTMENT	\$15,542,739	\$13,416,181	\$13,667,227	-\$100,000.00	\$12,667,227
	6000	REAL ESTATE DEVELOPMENT	\$11,013,047	\$21,228,780	\$16,042,498		\$16,042,498
	100 F	AGENCY FINANCIAL OPERATIONS	\$434,392	\$394,343	\$394,952		\$394,952
		TOTAL	\$35,335,640	\$46,345,932	\$41,401,867	-\$100,000.00	\$41,301,867

### 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: Alcoholic Beverage Regulation Administration (ABRA); DC Commission on the Arts and Humanities (DCCA); DC Office of Planning (OP); Department of For-Hire Vehicles (DFHV); Department of Consumer and Regulatory Affairs (DCRA); Department of Energy and Environment (DOEE); Department of Housing and Community Development (DHCD); Department of Insurance, Securities and Banking (DISB); District Department of Transportation (DDOT); Office of Cable Television, Film, Music and Entertainment (OCTFME); Real Property Tax Appeals Commission (RPTAC); DC Housing Authority (DCHA); DC Housing Finance Agency (DCHFA); and Office of Tenant Advocate (OTA).

**b. Mayor's Proposed Fiscal Year 2019 Operating Budget**

**Proposed Operating Budget Summary**

The Mayor's proposed Fiscal Year 2019 operating budget is \$41,404,867 which represents a \$4,944,065, or 10.7% decrease over its Fiscal Year 2018 approved operating budget of \$46,345,932. This budget includes 85.0 FTEs, which is a decrease of 0.2% over the 85.2 FTEs in the approved Fiscal Year 2018 budget.

***Local Funds:*** The Mayor's Fiscal Year 2019 proposed local funds budget is \$20,583,000, representing an increase of \$7,583,000 or 58.3% from the Fiscal Year 2018 approved budget of \$13,000,000. This budget would support 68.0 FTEs, a 0.2% decrease over the Fiscal Year 2018 approved level of 68.2 FTEs.

***Special Purpose Revenue Funds:*** The Mayor's Fiscal Year 2019 proposed special purpose revenue funds budget for DMPED is \$20,819,000, which represents a decrease of \$11,277,000, or 35.1% decrease over its Fiscal Year 2018 approved special purpose revenue budget of \$32,096,000. This budget supports 17 FTEs, which represents an increase of 2.0 FTEs, or 13.3% over the Fiscal Year 2018 approved level.

***Federal Resources:*** There are no federal funds allocated in the fiscal year 2019 proposed budget. This represents a 100.0% decrease from the fiscal year 2018 approved level at \$1,250,000 and 2 FTEs.

***Intra-District Funds:*** The Mayor's Fiscal Year 2019 proposed intra-District funds budget is \$0, which is equal to the Fiscal Year 2018 approved budget of \$0. This budget supports 0 FTEs.

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

The Mayor's capital improvement plan includes \$237,237,000 for DMPED over the 6-year plan. The plan authorizes \$36,836,000 for fiscal year 2019, \$40,000,000 for fiscal year 2020,



\$70,000,000 for fiscal year 2021, \$54,000,000 for fiscal year 2022, \$0 for fiscal year 2023, and \$36,402,000 for fiscal year 2024.

### **Committee Analysis and Comments**

**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 invested a total of \$11.3 million, across 208 grantees, creating and retaining an estimated 3,940 jobs. During the last fiscal year, the program awarded 98 grants to small businesses across the District totaling approximately \$4.8 million.

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.

Most recently, the Committee passed Bill 22-431, the “Great Streets Technical Amendment Act of 2018”. This legislation amended the “Retail Incentive Act of 2004” to make technical and conforming changes to centralize and consolidate the various resolutions and acts that relate to the Great Streets Program. It also added manufacturers, distributors, incubators, and accelerators to the list of eligible retailers and service providers for the program if they include an on-site retail component that sells general or merchandise goods.

In his testimony at DMPED’s budget oversight hearing, Deputy Mayor Kenner stated that the fiscal year 2019 operating budget includes a commitment of \$ 9 million to the Great Streets and the new Neighborhood Prosperity Fund, which is discussed below. Approximately \$5.267 million is allocated for the Great Streets Program. The Committee is pleased that additional funding has been allocated in fiscal year 2019.

***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 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 Atlantic and South Capitol Streets, SW. In fiscal year 2018, DMPED received 18 applications, which the agency is currently reviewing. Approximately \$3 million is allocated in the fiscal year 2019 budget for this initiative. Awards will range between \$250,000.00 and \$750,000.00. The minimum application request is \$250,000. In addition to the funding including in the budget, the Mayor included a subtitle to codify this program. The Committee recommends inclusion of this subtitle, which is discuss below.

***Ward 5 Gateway Initiative:*** The Committee recommends the creation of a Ward 5 Gateway Initiative. This initiative would further support the industrial areas around New York Avenue focused on opportunities to support and highlight future activity and makers on the corridor. Some options for realizing this initiative include: 1) a branding campaign for the area; 2) support for pop-up activations where makers can sell their wares; 3) technical assistance and support for existing neighborhood friendly businesses looking to expand; and 4) financial support to attract new businesses that create jobs for District residents.

***Inclusive Innovation Fund:*** During the agency budget oversight hearing, Deputy Mayor Kenner stated that DMPED received responses to their Request for Information (RFI) on the design of and approach to a new program called the Inclusive Innovation Fund. The fund will increase access to capital for DC entrepreneurs, specifically underrepresented entrepreneurs such as people of color and women, by creating an investment fund focused on early stage ventures. DMPED is now in the process of shaping the fund to incorporate public input from the RFI process. The fiscal year 2019 budget includes an additional investment of \$500,000 for this initiative. The Committee looks forward to the implementation of this fund, as it has the capacity to enhance business development for traditionally underrepresented business owners.

**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 has been working in close collaboration with the Department of Housing and Community Development (DHCD) to implement the Mayor's Preservation Strike Force Plan. Deputy Mayor Kenner further noted that the agency introduced the Vacant to Vibrant Initiative in December 2017, which is a new five-point plan to transform vacant spaces into approximately 70 units of workforce housing, community green spaces, and economic development opportunities for small businesses throughout the city. Since 2015, DMPED has delivered 5,018 affordable housing units across 140 projects, with 6783 additional units in the pipeline. The Committee applauds DMPED for its commitment to affordable housing. However, the Committee is still concerned about the availability of affordable housing for individuals and families living in the District based on a recent study completed by the DC Policy Center. The study found that a significant pressure on the District's housing market is the fierce competition for larger units from affluent singles and couples.<sup>3</sup> According to the study, the District has many more larger units than families who could live in them; however, affluent singles and couples occupy many of these. Meanwhile, there are not enough smaller units to satisfy the demand from small households.<sup>4</sup> Furthermore, land-use and zoning policies restrict the amount and mix of housing supply in many parts of the city with public and private amenities.<sup>5</sup> Other parts of the city have affordable family-sized units but lack the resources families need to thrive.<sup>6</sup> The Committee encourages DMPED to review this study to see how the recommendations align with the agency's priorities.

**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. 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>7</sup> On April 20, 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 demonstrate the need for development and significant investment opportunities, such as real estate projects and commercial corridors. The Committee looks forward to the implementation of this program that will spur long-term investments in much-needed areas of the District.

**Business and Workforce Development:** Business and Workforce Development is a key factor in accomplishing the mission of the Office of the Deputy Mayor for Planning and Economic Development, in that through this vehicle DMPED creates and retains jobs for District residents by growing and supporting businesses currently in the District, attracting new

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<sup>3</sup> D.C. Policy Center, Taking Stock of the District's Housing Stock Report, available at [https://www.dcpolicycenter.org/wp-content/uploads/2018/03/DC-Policy-Center-Housing-Report.final\\_March25.pdf](https://www.dcpolicycenter.org/wp-content/uploads/2018/03/DC-Policy-Center-Housing-Report.final_March25.pdf).

<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

<sup>7</sup> See, <https://dmped.dc.gov/page/opportunity-zones-washington-dc>.

businesses, and ensuring that District residents have the training necessary to compete for jobs. As of January 2018, DMPED had 35 active projects, with 14 projects under construction, 13 in pre-development, 8 in negotiation. These 35 projects will produce a total of over 17,5000 construction jobs and 12,5000 permanent jobs.

Over the past year, DMPED completed and released their Economic Strategy Report and is now in the process of implementing the framework and recommended actions. The strategy outlines how the agency will diversity its economic base, reduce employment disparities, and provide a toolkit for partners engaging in these efforts. DMPED also continues to promote their branded months, including InnoMAYtion, which showcases DC's innovation system.

**McMillan Development:** On April 3, 2018, the Mayor's Agent for Historic Preservation issued an order approving the mixed-use development at the 25-acre McMillan Sand Filtration site on North Capitol Street. Approximately \$17,836,000 million is allocated in the fiscal year 2019 capital budget for the next phase of this project, which is infrastructure and demolition. During the agency's budget oversight hearing, Deputy Mayor Kenner noted that there may be a second appeal of the project. The Committee will continue to closely monitor the status of this development.

**Cobb Park:** During the agency's budget oversight hearing, several witnesses expressed concern about the development of Cobb Park. Cobb Park is a city-owned parcel located in Ward 6 bounded by Massachusetts Avenue NW to the south, H Street NW to the north, 2nd Street NW to the east, and 3rd Street NW to the west. The site was formerly used as a park and green space and is currently being used as a construction staging area for the Capitol Crossing Project. During the agency's budget oversight hearing, Deputy Mayor Kenner indicated that DMPED put out a Request for Proposals to develop on the parking structure located one block north of Cobb Park, and at least one respondent proposed a project that included building a development on Cobb Park associated with their plans for the parking structure. The impacted Advisory Neighborhood Commission, ANC 6E, has taken official action through a formal resolution urging Mayor Bowser and the Council to preserve Cobb Park as a community park. While DMPED has slowed down the development process, the Committee urges DMPED to engage ANC 6E, Mount Vernon CID, and the community in decision making for the future of Cobb Park and to follow the recommendations of the community to preserve this parcel of land as community-serving green and park space for the benefit of the surrounding neighborhood.

## **2. COMMITTEE RECOMMENDATIONS**

### **a. Fiscal Year 2019 Operating Budget Recommendations**

The Committee recommends adoption of the Fiscal Year 2019 operating budget of the Office of the Deputy Mayor for Planning and Economic Development, as proposed by the Mayor, with the following modifications:

1. *Reduce* Great Streets grant funding by \$100,000, as proposed in the Mayor's Errata letter to fund and implement the data collection requirements under the Neighborhood Engagement Achieves Results Act.

2. Sweep \$404,000 from the Industrial Revenue Bond Fund.
3. The Committee *accepts* \$300,000 in one-time funds from the Committee on Transportation and the Environment to fund a grant to support the development of a comprehensive strategic plan for Eastern Market, which would include an assessment of best practices for management and marketing of Eastern Market.

**b. Fiscal Year 2019 Capital Budget Recommendations**

The Committee recommends adoption of the Fiscal Year 2019 capital budget of the Office of the Deputy Mayor for Planning and Economic Development, as proposed by the Mayor, with the following modifications:

1. Sweep \$265,557.09 Paygo from capital project EB423C-Poplar Point in Fiscal Year 2018. No expenditures have been posted to the Poplar Point project since Fiscal Year 2016.
2. Sweep \$94,408.68 in Paygo from capital project STH01C-Strand Theater in Fiscal Year 2018. The Strand Theater Project received an allotment of \$1 million in Fiscal Year 2015. Since that time, allotment has been reprogrammed out of the project, and to date, no expenditures have been posted to the project.

## D. DEPARTMENT OF SMALL AND LOCAL BUSINESS DEVELOPMENT (EN0)

AGENCY		FY 2017 ACTUALS	FY 2018 APPROVED	FY 2019 PROPOSED	COMMITTEE VARIANCE	COMMITTEE APPROVED
<b>Department of Small and Local Business Development - FUND</b>						
	LOCAL FUND	\$10,554,032	\$14,631,912	\$13,925,149	+\$695,925	\$14,561,074
	OPERATING INTRA-DISTRICT FUNDS	\$1,126,013	\$0.00	\$0.00		\$0.00
	FEDERAL GRANT FUND	\$432,568	\$457,446	\$468,424		\$468,424
	<b>TOTAL</b>	<b>\$12,112,613</b>	<b>\$15,089,358</b>	<b>\$14,393,573</b>	<b>+\$695,925</b>	<b>\$15,029,498</b>
<b>Department of Small and Local Business Development - FTE</b>						
	FEDERAL GRANT FUND	3.0	3.0	3.0		3.0
	LOCAL FUND	46.3	51.01	51.01	-1.0	50.01
	OPERATING INTRA-DISTRICT FUNDS	0.00	0.00			0.00
	<b>TOTAL</b>	<b>49.3</b>	<b>54.01</b>	<b>54.01</b>	<b>-1.00</b>	<b>53.01</b>
<b>Department of Small and Local Business Development - PROGRAM</b>						
	1000 AGENCY MANAGEMENT	\$1,379,430	\$1,407,241	\$1,568,100	-\$40,596.00	\$1,527,504
	2000 CERTIFICATION	\$1,968,980	\$2,335,792	\$2,483,727	-\$40,596.00	\$2,443,131
	3000 BUSINESS OPP AND ACCESS TO CAPITAL	\$2,072,563	\$4,200,917	\$2,667,643	+\$326,213	\$2,993,856
	4000 COMMERCIAL REVITALIZATION	\$6,693,457	\$7,145,408	\$7,674,103	+\$450,904	\$8,065,007

		TOTAL	\$12,114,430	\$15,089,358	\$14,393,573	+\$695,925	\$15,029,498
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## 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>8</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>9</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>10</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>11</sup> DSBLD resources and programs include District Capitalized, Made in DC, ExportDC, 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, 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. All of DSLBD

<sup>8</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>9</sup> D.C. Official Code § 2-218.13(2).

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

<sup>11</sup> D.C. Official Code § 2-218.13.

divisions work to foster economic growth in the District through promoting and supporting District small and local businesses.

### **b. Mayor's Proposed Fiscal Year 2019 Operating Budget**

The Mayor's proposed Fiscal Year 2019 operating budget for DSLBD is \$14,393,573 which is a 4.6% reduction from Fiscal Year 2018 approved budget of \$15,089,358. Approximately \$13,925,000 is Local funds and \$468,000 is Federal Grants funds. This funding supports 54 full time equivalents (FTEs), which is the equivalent to the Fiscal Year 2018 approved budget.

**Local Funds:** The Mayor's proposed Fiscal Year 2019 Local funds allocation is approximately \$13,925,000, which represents a decrease of \$707,000 or 4.8%.

**Federal Grants:** The Mayor's proposed Fiscal Year 2019 Federal resources is \$468,000, which represents an increase of \$11,000 or 2.4%.

**Intra-District Funds:** The Mayor's proposed Fiscal Year 2019 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>12</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.<sup>13</sup>

During the agency's performance oversight hearing, Director Kristi C. Whitfield testified that DSLBD is responsible for monitoring 84 District agencies' operating and capital spending with CBEs, and approximately 258 public-private development projects. The fiscal Year 2019 proposed budget includes an increase of approximately \$253,000 in the Compliance activity, housed within DSLBD's Certification division. 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 DSLBD's ability to efficiently and effectively monitor District agencies and public-private partnerships. As such, it is imperative that the agency has enough resources to carry out oversight of the CBE program. The Committee is concerned that the agency does not have resources it needs to fully monitor compliance. As a result, the Committee is allocating one data analyst for the agency. This position will assist the agency in scrubbing data, analyzing trends, and actively interpreting spending patterns.

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<sup>12</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.*).

<sup>13</sup>D.C. Official Code §2-218.51.

**Enforcement Efforts:** 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>14</sup> Director Whitfield testified that in Fiscal Year 2017, twenty-one District Government agencies failed to meet their SBE goal.<sup>15</sup> She further testified that the agency would take a more proactive stance in utilizing their authority to impose civil penalties and fees for noncompliance with existing subcontracting requirements. The Committee is pleased that the agency is working to enforce the subcontracting requirements of the law.

The Committee would like to note that the agency must also continue its efforts to deter bad actors from abusing the CBE program. D.C. 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. To date, the agency has only fined two vendors and issued one revocation of a non-compliant CBE. Below is a table listing each fine issued by the agency in Fiscal Year 2017 and Fiscal Year 2018, to date.

Fiscal Year	Company	Violation	Fine Imposed	Negotiated Settlement w/ OAG	Payment
2017	Xerox State Healthcare	Failure to Report; Failure to meet CBE subcontracting requirement	\$484,018	\$247,009	\$247,009
2018	Conduent State Healthcare	Failure to Report; Failure to meet CBE subcontracting requirement	\$244,116	On Appeal	Pending OAH Final Decision

As highlighted above, the agency fined Xerox State Healthcare \$484,018 and negotiated a settlement for \$247,009. The second fine issued in 2018 is on appeal and pending a final determination from the Office of Administrative Hearings. The Committees encourages DSLBD to explore its current enforcement mechanisms. This includes: 1) tracking, organizing, and assessing formal complaints; 3) finalizing Standard Operating Procedures (SOPs) and; 3) developing a system whereby prime contractors can upload supporting documentation and quarterly reports for regular monitoring.

**CBE Capacity Study:** In 2016, DSLBD commissioned a study entitled the “District of Columbia CBE Capacity and Availability Study”. The study did a “high waiver” analysis and stated that the Health and Human Services, Insurance, Public Works, Finance, and Consulting Services Industries are the areas with the largest volume of DSLBD granted waivers. The study also found that CBE, SBE and Disadvantage Business Enterprises (DBE) four years or older have more revenue than newer CBEs, SBEs and DBEs. The study’s findings also suggest that newer CBEs have a harder time receiving revenue from contracts. The Committee encourages DSLBD

<sup>14</sup> D.C. Official Code §2-218.41.

<sup>15</sup> In a follow up letter to the Committee, the agency clarified that only 13 agencies failed to meet their SBE goal for Fiscal Year 2017.



to continue developing innovative and practical solutions to address the lack of capacity in high waiver areas. DSLBD must strengthen existing capacity building programs to ensure that CBEs are ready to compete for District contracts. Below is a table highlighting the number of CBEs for the past three fiscal years.

**Table 1: The number of certified businesses in the District by category**

<b><i>Department of Small and Local Business</i></b>	<b><i>FY 2016</i></b>	<b><i>FY 2017</i></b>	<b><i>FY 2018</i></b>
Local business enterprises <sup>16</sup>	1,337	1,462	1,678
Small business enterprises <sup>17</sup>	1,269	1,397	1,593
Disadvantaged business enterprises <sup>18</sup>	674	729	842
Resident-owned businesses <sup>19</sup>	734	812	947
Longtime resident businesses <sup>20</sup>	138	141	143
Local business enterprises with principal offices located in an enterprise zone <sup>21</sup>	816	905	1,034
Veteran-owned business enterprises <sup>22</sup>	83	88	103
Local manufacturing business enterprises <sup>23</sup>	2	2	2
Certified joint venture <sup>24</sup>	6	1	10

*Chart Provided by DSLBD*

**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. In FY 2017, and FY 2018, to date, the number of District based PTAC clients increased from 600 to 900. Moreover, DC-PTAC connected these firms to roughly \$57 million in government contracting opportunities. The program appears to be an extremely beneficial program that could be utilized more fully to address

<sup>16</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>17</sup> D.C. Official Code § 2-218.32.

<sup>18</sup> D.C. Official Code § 2-218.33.

<sup>19</sup> D.C. Official Code § 2-218.35.

<sup>20</sup> D.C. Official Code § 2-218.36.

<sup>21</sup> D.C. Official Code § 2-218.37.

<sup>22</sup> D.C. Official Code § 2-218.38.

<sup>23</sup> D.C. Official Code § 2-218.39.

<sup>24</sup> D.C. Official Code § 2-218.39a

concerns related to the CBE program. The fiscal year 2019 proposed budget for the program is approximately \$616,000, which represents an increase of \$25,000 from the approved Fiscal Year 2018 budget. The Committee hopes that the agency will use this increased funding to enhance government contracting opportunities.

**Commercial Waste Compactor Grant Program:** The proposed budget includes an increase of \$500,000 in one-time funds, to provide grants to small businesses to purchase trash compactors to minimize access to food for rodents and other animals. DSLBD launched the Commercial Waste Compactor Grant program in 2017.<sup>25</sup> The Compactor Grant program was initially funded through an intra-district transfer of \$1 million from DPW. To date, twenty-eight grantees have been awarded a total of \$322,877 and twelve trash compactors have been installed. The remaining balance reverted to the general fund. The Committee has allocated \$350,000 for the programming in Fiscal Year 2019, which mirrors the spending level in 2017.

**Aspire to Entrepreneurship:** 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-sponsored and conducted the Aspire to Entrepreneurship program.<sup>26</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. Since 2016, three cohorts of the Aspire program have resulted in thirteen new businesses and the creation of thirty-nine jobs. The Mayor's FY 2019 Proposed Budget includes an increase of \$150,000 in one-time funds for this program. The Committee has allocated an additional \$100,000 to the program to expand entrepreneurial opportunities for the returning citizens community.

**Table 2: Aspire to Entrepreneurship Program**

<b>Cohort #1</b> <i>Fiscal Year 2016</i>	<b>Cohort #2</b> <i>Fiscal Year 2017</i>	<b>Cohort #3</b> <i>Fiscal Year 2017</i>	<b>Cohort #4</b> <i>Fiscal Year 2018</i>
13	13	8	15

**Main Streets and Clean Teams:** 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 DSLBD performance and budget oversight hearings were present to testify about the DC Main Streets program. Executive Directors from various DC Main Streets testified about the successful and needed partnership between them and DSLBD by highlighting how the grants have helped their programs, corridors, and businesses. Last year DSLBD funded the newly accredited Georgetown Main Street, Lower Georgia Avenue Main Street, the Minnesota Avenue

<sup>25</sup> DSLBD FY 2018 Performance Oversight Hearing Responses, February 9, 2018, page 17.

<sup>26</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>.

Main Street and the Uptown Main Street. The Fiscal Year 2019 proposed budget for Main Street is approximately \$2,426,000 which represents a \$192,000 increase from the Fiscal Year 2018 approved budget of \$2,235,000. The increase supports three new Main Street programs, which Director Whitfield testified will be the Mid-City Main Street, South Dakota Avenue/Riggs Road Main Street, and the Bladensburg Road Main Street. Each new Main Streets will receive approximately \$200,000 in start-up funds. The increase also includes \$584,000 that will support the operations of the four new Main Streets added in FY 2018. With the addition of three new Main Streets, the total number of Main Streets will experience another increase, this time from sixteen to nineteen. As pointed out by several public witnesses during the budget oversight hearing, while the District continues to provide funding for new and existing Main Streets, the proposed number of FTEs at DSLBD for the activity remains the same.<sup>27</sup> As such, 2 FTEs will be responsible for administering grants and providing support to all nineteen Main Streets and for each Clean Team.

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 DSLBD's performance and budget oversight hearings from public witnesses testifying to the importance of the Clean Team 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 enhance opportunities for those who work on the Clean Teams by providing stable job opportunities that contribute to the economic development of all District residents. The Fiscal Year 2019 proposed budget for the program is approximately \$4,681,000, which represents a \$259,000 increase over the fiscal year 2018 approved budget of \$4,421,000. The increase will support the creation of two new Clean Teams along South Dakota Avenue/Riggs Road and Bladensburg Road. The remaining funds will be used to provide an increase in each Clean Team's operating budget. The Committee has also added an additional \$100,000 to support the creation of a Fort Lincoln Residential Clean Team due to the significant amount of trash and debris located around Fort Lincoln Drive.

## **2. COMMITTEE RECOMMENDATIONS**

### **a. Fiscal Year 2019 Operating Budget Recommendations**

The Committee recommends adoption of the Fiscal Year 2019 operating budget for the Department of Small and Local Business and Development, as proposed by the Mayor, with the following modifications:

1. *Accept* \$169,800 from the Committee on Labor and Workforce Development to fund the Committee's proposed Budget subtitle, the "Living Wage Certification Grant Program Amendment Act of 2018".

2. *Accept* \$131,500 from the Committee on Human Services to support the expansion of the Ward 1 Clean Team and Mid-City Clean Team. *Increase* CSG 50 (Subsidies and Transfers), Program 4000 (Commercial Revitalization), Activity 4050 (Commercial Clean Teams) by \$131,500. Approximately \$114,000 to fund 1 FTE for the Ward 1 Clean Team and 2 FTEs for the Mid-City Clean Team and approximately \$17,500 to fund operational costs for the Ward 1 Clean Team.
3. *Accept* 200,000 from the Committee on Transportation and the Environment to create a Woodley Park Main Street. *Increase* CSG 50 (Subsidies and Transfers), Program 4000 (Commercial Revitalization), Activity 4030 (Main Streets) by \$200,000.
4. Add \$100,000 to support the creation of a Fort Lincoln Residential Clean Team. *Increase* CSG 50 (Subsidies and Transfers), Program 4000 (Commercial Revitalization), Activity 4050 (Commercial Clean Teams) by \$100,000.
5. *Sweep* \$247,009.05 from 632-Small Business Capital Access Fund.
6. *Recognize* \$247,009.05 in one-time funds to be used as specified funding allocations pursuant to the Committee's proposed Budget Subtitle, the "Minority and Women-Owned Business Assessment Amendment Act of 2018".
7. *Recognize* \$98,881 in personnel service costs from current Program 2000 (Certification), Activity 2020 (Compliance), in the following amounts: (CSG11 (Regular Pay—Continuing Full-Time) by \$81,050.00 and CSG 14 (Fringe Benefits—Current Personnel) by \$17,831.00.
8. *Add* Data Analyst in Program 2000 (Certification), Activity 2010 (Certification), in the following amounts: (CSG11 (Regular Pay—Continuing Full-Time) by \$81,050.00 and CSG 14 (Fringe Benefits—Current Personnel) by \$17,831.00.
9. *Recognize* \$98,881 in personnel services costs from current Program 3000 (Business Opportunities and Access to Capital), Activity 3060 (Business Development), in the following amounts: (CSG11 (Regular Pay—Continuing Full-Time) by \$81,050.00 and CSG 14 (Fringe Benefits—Current Personnel) by \$17,831.00.
10. *Add* Aspire to Entrepreneurship Program Coordinator in Program 3000 (Business Opportunities and Access to Capital), Activity 3060 (Business Development), in the following amounts: (CSG11 (Regular Pay—Continuing Full-Time) by \$81,050.00 and CSG 14 (Fringe Benefits—Current Personnel) by \$17,831.00.
11. *Recognize* \$162,384.18 in personnel services costs allocated for Position Number 0004362, across various programs and activities of the agency.

12. *Reduce* \$150,000 for Commercial Waste Compactor Program grants in Program 3000 (Business Opportunities and Access to Capital), Activity 3060 (Business Development).
13. *Increase* Program 3000 (Business Opportunities and Access to Capital), Activity 3060 (Business Development) by \$100,000 to fund grants for the Aspire to Entrepreneurship Program.

**b. Policy Recommendations**

1. The Committee recommends developing a streamlined process for tracking and monitoring complaints and enforcement actions within the CBE program.
2. The Committee recommends that the agency enhance its enforcement mechanism to ensure full compliance with District law.
3. The Committee recommends that the agency develop a comprehensive plan to meet all reporting requirements included in DC Official Code.
4. The Committee recommends distributing loans from the Microloan/Small Business Capital Access Fund to help CBEs gain access to capital. The agency should also devise an outreach strategy and provide educational training around access to capital.
5. The Committee recommends that DSLBD fill all current vacancies.

**E. OFFICE OF CABLE TELEVISION FILM, MUSIC, AND ENTERTAINMENT (EI0)**

AGENCY		FY 2017 ACTUALS	FY 2018 APPROVED	FY 2019 PROPOSED	COMMITTEE VARIANCE	COMMITTEE APPROVED
<b>Office of Cable Television, Film, Music, and Entertainment</b>						
	LOCAL FUND	\$4,180,660	\$1,661,771	\$1,689,613		\$1,689,613
	OPERATING INTRA-DISTRICT FUNDS	\$0.00	\$0.00			\$0.00
	SPECIAL PURPOSE REVENUE FUNDS (O'TYPE)	\$11,377,875	\$11,095,000	\$12,988,012		\$12,988,012
	<b>TOTAL</b>	<b>\$15,558,535</b>	<b>\$12,756,771</b>	<b>\$14,677,625</b>	<b>\$0.00</b>	<b>\$14,677,625</b>
<b>Office of Cable Television, Film, Music, and Entertainment</b>						
	LOCAL FUND	6.0	7.0	7.0		7.0
	OPERATING INTRA-DISTRICT FUNDS	0.00	0.00			0.00
	SPECIAL PURPOSE REVENUE FUNDS (O'TYPE)	42.5	41.94	44.0		44.0
	<b>TOTAL</b>	<b>48.5</b>	<b>48.94</b>	<b>51.0</b>	<b>0.00</b>	<b>51.0</b>

Office of Cable Television, Film, Music, and Entertainment							
	1000	AGENCY MANAGEMENT	\$3,573,548	\$3,661,203	\$4,164,908		\$4,164,908
	2000	OCTFME TELEVISION DIVISION	\$8,302,447	\$6,683,652	\$7,908,522		\$7,908,522
	3000	OCTFME FILM DIVISION	\$3,684,548	\$2,411,915	\$2,604,195		\$2,604,195
		<b>TOTAL</b>	<b>\$15,560,543</b>	<b>\$12,756,771</b>	<b>\$14,677,625</b>	<b>\$0.00</b>	<b>\$14,677,625</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>28</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>29</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>30</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 that are in compliance with District and federal

<sup>28</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>29</sup> D.C. Official Code §34-1252.01(2),(3).

<sup>30</sup> D.C. Official Code §34-1252.01(d-1)(1).

laws and regulations.<sup>31</sup> The Film Division is responsible for marketing and 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”.

**a. Mayor’s Proposed Fiscal Year 2019 Operating Budget**

The Mayor’s proposed fiscal year 2019 operating budget for OCTFME is \$14,677,625, which is 15.1% increase from the fiscal year 2017 approved budget of \$12,756,771. This funding supports 51 full time equivalents (FTE), which is an increase of 4.2% over the 48.9 FTEs in the approved fiscal year 2018 budget.

***Local Funds:*** The Mayor’s proposed fiscal year 2019 local funds allocation is approximately \$1,6990,000 which represents a \$28,000 increase from the fiscal year 2018 approved local funds budget of \$1,662,000.

***Special Purpose Revenue Funds:*** The Mayor’s proposed fiscal year 2019 special purpose revenue funds allocation is approximately \$12,988,000 which is a \$1,893,000 increase from the Fiscal Year 2018 approved special purpose revenue budget of \$11,095,000.

***Federal Funds:*** The Mayor’s proposed fiscal year 2019 does not contain any federal funds.

***Intra-District Funds:*** The Mayor’s proposed fiscal year 2019 does not contain any intra-district funds.

**Committee Analysis and Comments**

The fiscal year 2019 proposed budget contains several changes to the Agency, including two new FTEs and reallocating 3 Full Time Equivalents (FTEs) from Temporary to Term status to support program priorities and operational goals. The FTEs will be fulfilling the customer service roles for the agency and will assist in ensuring that the D.C. Radio maintains a 24/7 digital platform.

***Local Funds:*** The Mayor’s proposed fiscal year 2019 local funds allocation is approximately \$1,6990,000 which represents a \$28,000 increase from the fiscal year 2018 approved local funds budget of \$1,662,000. The Agency proposed number of FTEs for FY19 is 51 and 7 of those positions will be supported by local funds.

***Special Purpose Revenue Funds:*** The Special Purpose Revenue (SPR) funds include an increase of \$1,095,164 in operational costs services. Of this amount, \$1,010,146 in the OCTFME Television division supports the purchase of technical equipment and infrastructure upgrades essential to achieving the mission of the Agency. The infrastructure upgrades include: the Heating, Ventilating, and Air Conditioning Back Up Chiller Unit; Studio B Upgrades; and the Homeland

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<sup>31</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)



Security and Emergency Management Agency Media Center. The proposed budget also includes an increase of \$56,832 to support the District of Columbia's Film, Television, and Entertainment Rebate Fund (Rebate Program), which provides incentives to eligible members of the film and entertainment industry who operate within the District of Columbia; and an increase of \$28,186 to align resources with Agency priorities and operational spending goals in the Agency Management division. In addition, the proposed SPR budget includes a net increase of \$329,945 and 1.6 FTEs in personal services. Within that change, the Agency will reclassify 4.0 FTEs from full-time to temporary status. This action allows the Agency to reflect the appropriate staffing complement and aligns salary and Fringe Benefits with projected costs. The proposed SPR budget also includes an increase of \$100,000 in Overtime Pay in the OCTFME Television division and supports OCTFME staff working extended hours and weekends on major events such as the State of the District Address, Emancipation Day activities, and 202Create which engages District residents through events and activities that build and enrich communities across all 8 wards. Lastly, the FY 2019 proposed budget includes a net increase of \$1,415 in the Agency Management division to align the SPR budget with projected Fixed Costs estimates.

***Creative Economy Career Access Program:*** The Creative Economy Career Access Program (CECAP) was established in fiscal year 2016 and it will continue to run its course in fiscal year 2019. CECAP is an innovative workforce development program that connects underserved District residents with a local creative economy employer to receive job training and pay for a year. In FY17, CECAP partnered with the Department of Employment Services (DOES) and Public Access Corporation of the District of Columbia (DCTV) as training providers and it graduated its first class.

***202Creates:*** In fiscal year 2016, 202Creates was established as a month-long celebration to amplify and celebrate the creative culture in the District. 202Creates collaborates with local businesses and District agencies to create job marketing platforms that promote the talents and achievement of District residents. In fiscal year 2017, 202Creates supported 4,362 events, films, and performances, generated over 74 million impressions through #202Creates, collaborated with 353 local partners and 14 government agencies, and generated 700 new connections. For fiscal year 2019, 202Creates intends to develop a stronger creative economy structure and create more job opportunities for District residents.

***D.C. Radio:*** In fiscal year 2017, OCTFME made history when it launched D.C. Radio, the District government's first radio station, and the second full-power, city-owned radio station in the country. D.C. Radio features programming on public safety, community affairs, current events, arts, music, and entertainment. It provides training programs and internships for District residents. D.C. Radio has a digital spectrum that is accessible 24/7 on multiple platforms including DCRadio.gov. D.C. Radio partners with Howard University to provide diverse programs for its listeners.

***D.C. Film, Television, and Entertainment Rebate Fund:*** OCTFME's Film Division administers the D.C. Film, Television, and Entertainment Rebate Fund ("Rebate Fund"). The Rebate Fund was reinstituted in fiscal year 2016 to play a significant role in maximizing economic activity, creating jobs, and providing media training opportunities for District residents. The Agency commissioned an Economic and Fiscal Impact Report to track the return on investment of



the Rebate Fund for FY17. The study explored the Direct District Spend, the number of jobs created, and the overall economic impact of the Rebate Fund. Eight projects were evaluated under the study. The Direct District spend was \$2.7M, there were 82 District hires, and the overall economic impact was \$4.4M.

OCTFME awarded \$1.3 million for eight projects, which included 3 local production companies.

1)	Summer of George (SM Productions)	\$63,237
2)	The Code/Purge 3 (Assassins)	\$50,000
<b>3)</b>	<b>Joyful Noise (BET Networks)</b>	<b>\$179,893<sup>32</sup></b>
4)	Late Night with Seth Meyers (NBC/Universal)	\$439,000
<b>5)</b>	<b>Born in the Game (MegaMind Media)</b>	<b>\$80,564</b>
<b>6)</b>	<b>2017 DC Jazz Festival (DC Jazz Festival)</b>	<b>\$50,000</b>
7)	Full Frontal with Samantha Bee (Jax Media)	\$300,000
8)	Condor (Condor, LLC)	\$98,196
<b>Total:</b>		<b>\$1,260,890</b>

**b. Mayor's Proposed Fiscal Year 2019 Capital Budget**

The Office of Cable Television, Film, Music, and Entertainment does not have a capital budget for Fiscal Year 2019.

**2. COMMITTEE RECOMMENDATIONS**

**a. Fiscal Year 2019 Operating Budget Recommendations**

The Committee recommends adoption of the Fiscal Year 2019 budget for the Office of Cable Television, Film, Music and Entertainment, as proposed by the Mayor, with the following modifications:

1. *Sweep* \$1,000,000 from Local funds PAYGO Capital project BP102C in OCTFME and replace the funding with 0600-OCTFME Special purpose revenue fund. The fund has a \$1,000,000 of certified revenue in FY2018 to support the project.

**b. Policy Recommendations**

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<sup>32</sup> Local Numbers 3, 5, and 6 represent production companies.

1. The Committee recommends that OCTFME complete the cable franchise negotiations with RCN and Comcast by the end of the year. In its effort to complete the negotiations, OCTFME should provide a realistic timeline to the Committee on Business and Economic Development.
2. 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.
3. 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 2017 ACTUALS	FY 2018 APPROVED	FY 2019 PROPOSED	COMMITTEE VARIANCE	COMMITTEE APPROVED
<b>Alcoholic Beverage Regulation Administration - FUND</b>						
	LOCAL FUND			\$0.00		\$0.00
	SPECIAL PURPOSE REVENUE FUNDS (O'TYPE)	\$6,199,271	\$7,485,315	\$8,006,696		\$8,006,696
	DEDICATED TAXES	\$1,047,683	\$1,170,000	\$1,292,000		\$1,292,000
	<b>TOTAL</b>	<b>\$7,246,954</b>	<b>\$8,655,315</b>	<b>\$9,298,696</b>		<b>\$9,298,696</b>
<b>Alcoholic Beverage Regulation Administration - FTE</b>						
	DEDICATED TAXES	0.00	0.00	0.00		0.00
	LOCAL FUND	0.00	0.00	0.00		0.00
	OPERATING INTRA-DISTRICT FUNDS	0.00	0.00			0.00
	SPECIAL PURPOSE REVENUE FUNDS (O'TYPE)	51.11	57.0	57.0		57.0
	<b>TOTAL</b>	<b>51.11</b>	<b>57.0</b>	<b>57.0</b>	<b>0.0</b>	<b>57.0</b>
<b>Alcoholic Beverage Regulation Administration - PROGRAM</b>						
1000	AGENCY MANAGEMENT	\$2,541,671	\$3,326,434	\$3,549,244		\$3,549,244
2000	LICENSING	\$990,105	\$1,011,044	\$1,148,583		\$1,148,583
3000	INVESTIGATION	\$3,562,505	\$3,991,736	\$4,235,109		\$4,235,109
5000	RECORDS MANAGEMENT	\$152,673	\$326,102	\$365,760		\$365,760
	<b>TOTAL</b>	<b>\$7,246,954</b>	<b>\$8,655,315</b>	<b>\$9,298,696</b>		<b>\$9,298,696</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>33</sup> ABRA issues and renews licenses that permit qualified businesses to sell and serve alcoholic beverages.<sup>34</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>35</sup> ABRA also offers educational resources to help licensees prohibit the sale of alcohol to underage individuals.<sup>36</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>37</sup> Accordingly, ABRA educates ABC establishments on compliance with ABC laws, policies and procedures.<sup>38</sup> ABRA is comprised of four divisions including licensing, enforcement, adjudication, and administrative.<sup>39</sup>

### b. **Mayor's Proposed Fiscal Year 2019 Operating Budget**

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

The Mayor's proposed fiscal year 2019 operating budget for ABRA is \$9,298,696, an increase of \$643,381 or 7.4%, from the fiscal year 2018 approved budget of \$8,655,315. This funding supports 57.0 FTEs, which represents no change from the FY18 approved budget. The Mayor's proposed budget for ABRA is comprised of \$1,292,000 in Dedicated Taxes and \$8,006,696 in Special Purpose Revenue Funds.

***Dedicated Taxes:*** The Mayor's proposed FY19 operating budget for ABRA includes \$1,292,000, which is an increase of \$122,000 from ABRA's FY18 budget. The dedicated taxes help to fund the Reimbursable Detail Subsidy Program.

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

***Special Purpose Revenue Funds:*** The Mayor's proposed FY19 budget for ABRA includes \$8,006,696.

***Intra-District Funds:*** The Mayor's proposed FY19 budget for ABRA includes no intra-district funds.

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<sup>33</sup> Mission Statements and Services ABRA, ABRA, <https://abra.dc.gov/node/735712> (last visited April 17, 2018).

<sup>34</sup> About ABRA, ABRA, <https://abra.dc.gov/page/about-abra> (last visited April 17, 2018).

<sup>35</sup> *Id.*

<sup>36</sup> *Id.*

<sup>37</sup> ABRA Divisions, Licensing Division, <https://abra.dc.gov/node/621052> (last visited April 17, 2018).

<sup>38</sup> *Id.*

<sup>39</sup> *Id.*

***Private Donations:*** The Mayor’s proposed FY19 budget for ABRA includes no private donations.

### **Committee Analysis and Comments**

***Licensing:*** The licensing division “processes applications, issues licenses and provides information to the public about the licensing process.”<sup>40</sup> The licensing personnel reviews and proposes modifications to licensing processes, regulations, and licensing fees. Regarding licensing, ABRA had a successful year in processing temporary and one-day substantial change applications. Of the 544 temporary and one-day substantial change applications that ABRA received, 100 percent were processed within 15 days, which exceeded the Agency’s target goal of a 90 percent success rate. This represents the third straight year that the Agency reached a 100 percent success rate of processing its applications within 15 days. The licensing division also processes the Extended Hours applications which allows ABRA to grant eligible licensees the permission to operate their establishments for 24 hours during public holidays and to sell or serve alcoholic beverages until 4 a.m. the next year. As of February 14, 2018, 207 licensees were registered as part of the Extended Holiday Hours program representing a 5% increase from its 2016 and 2015 record. ABRA has had a successful year fulfilling its licensing goals.

***Enforcement:*** The enforcement division enforces compliance with District laws.<sup>41</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>42</sup> Investigators submit their findings to the ABC for disposition.”<sup>43</sup> In fiscal year 2017, the enforcement division successfully conducted 12,962 regulatory inspections and investigations, and 1,246 compliance checks for underage drinking. ABRA partnered with District colleges and universities as part of its D.C. Double Check 101 program to reduce underage drinking. On August 23, 2017, ABRA was nationally recognized for its mission in tackling underage drinking and it received the Innovative Alcohol Law Enforcement Program of the Year Award from the National Liquor Law Enforcement Association. Below are charts detailing ABRA’s enforcement record.

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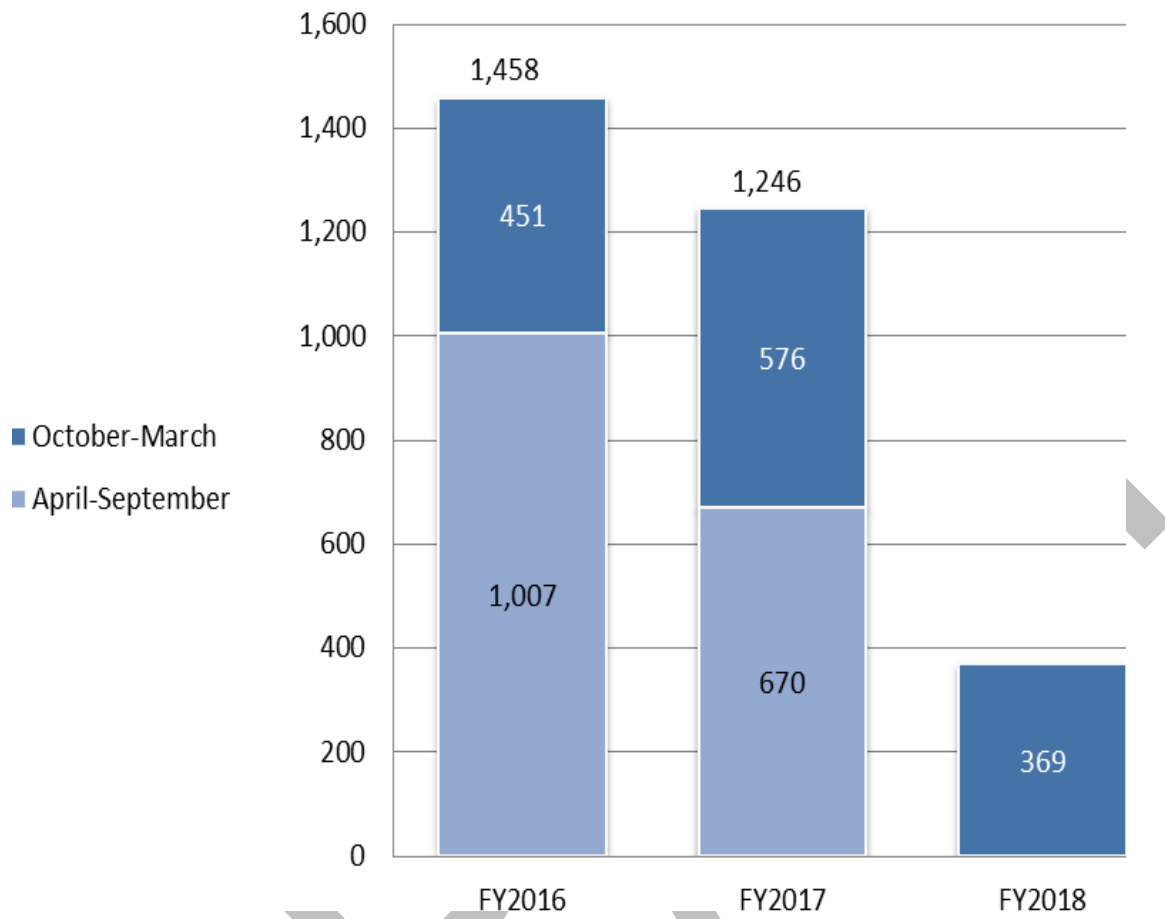
<sup>40</sup> *Id.*

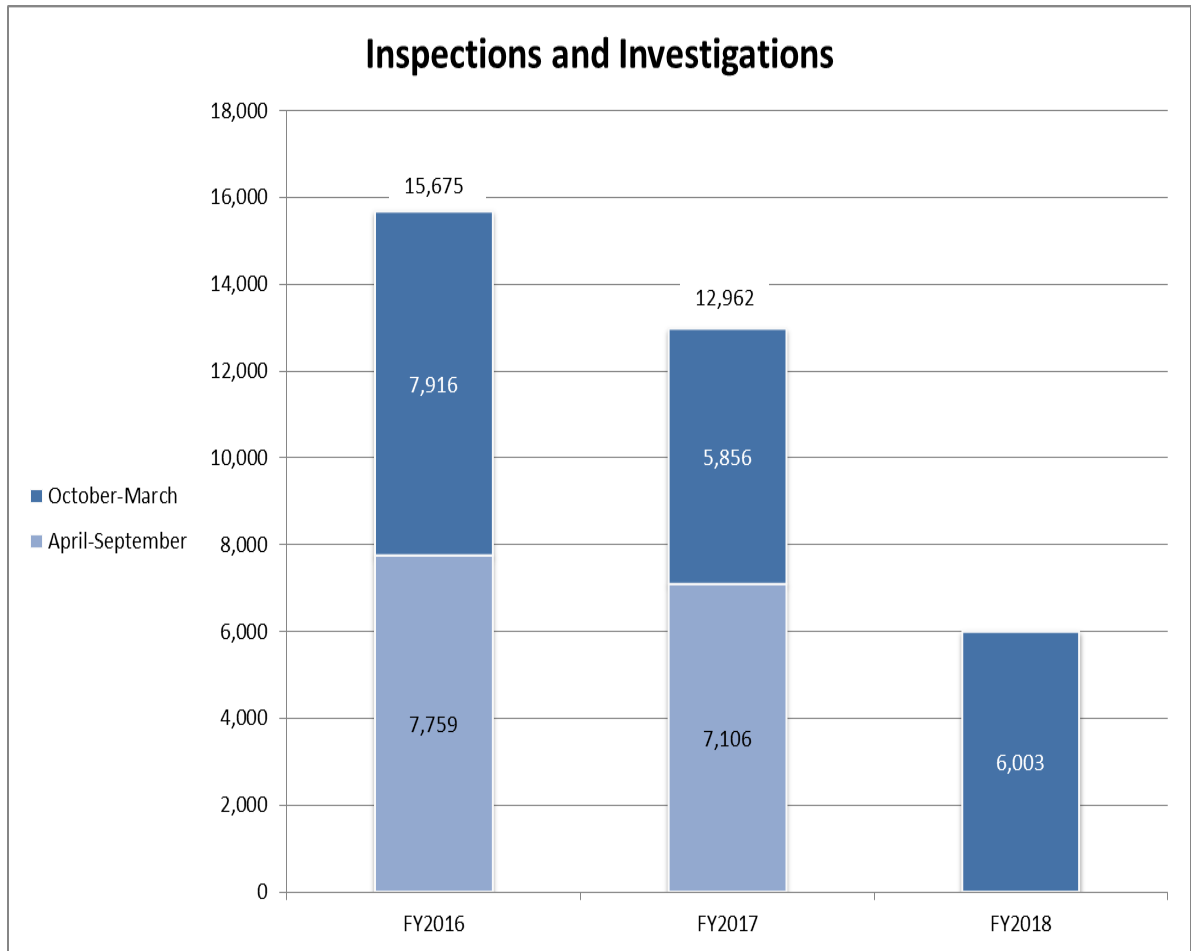
<sup>41</sup> *Id.* Citing DC Official Code Title 25 and DC Municipal Regulations Title 23.

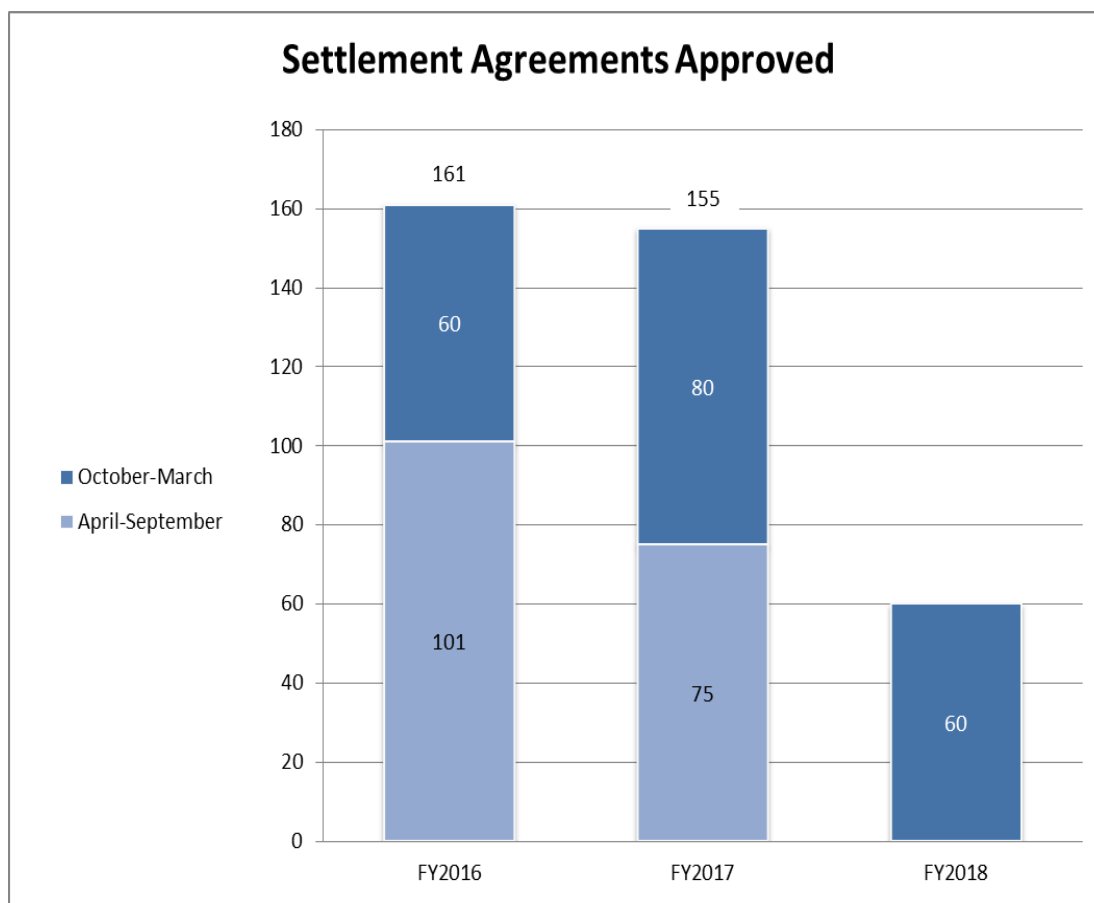
<sup>42</sup> ABRA Divisions, ABRA, <https://abra.dc.gov/page/abra-divisions>.

<sup>43</sup> *Id.*

## Compliance Checks







**Adjudication:** Adjudication personnel support 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>44</sup> Adjudication staff “monitor[s] the status of protest hearings, settlement agreements and establishment security plans.”<sup>45</sup> In fiscal year 2017, the adjudication staff drafted 668 orders issued by the Board, representing a 2.8 percent increase from fiscal year 2016 and 10.9 percent increase from fiscal year 2015.

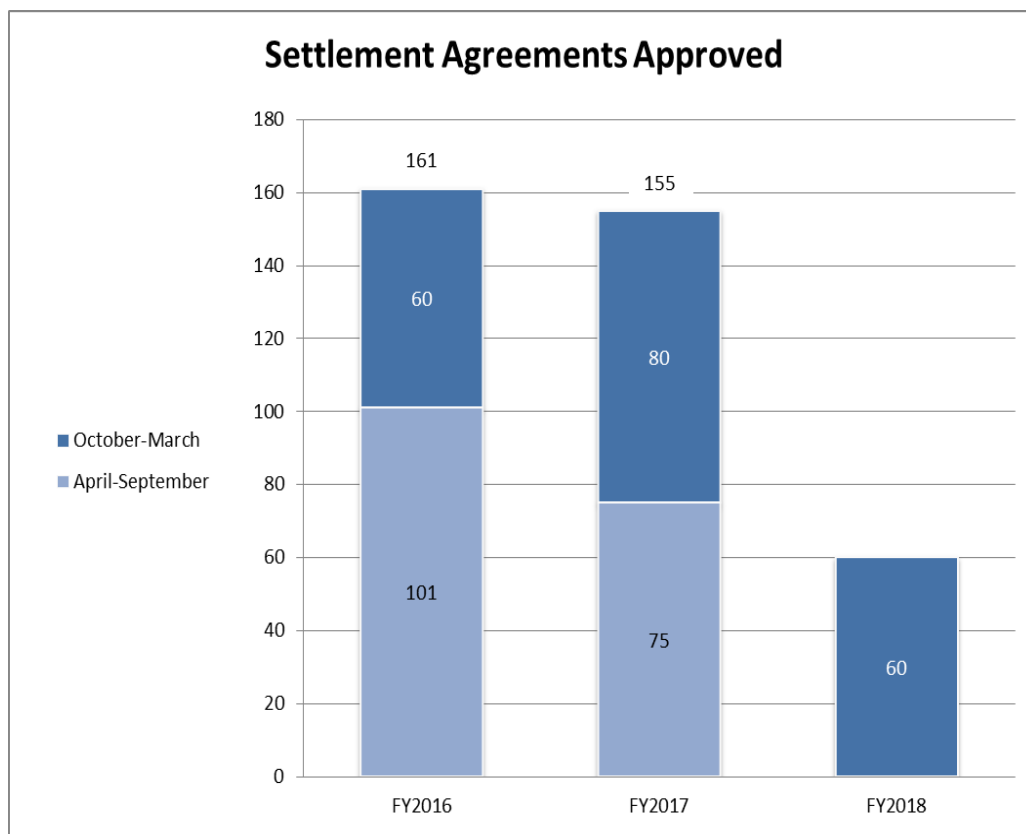
The adjudication division works very closely with the ABRA’s Office of General Counsel.<sup>46</sup> This collaboration has resulted in: 1) Reducing the enforcement and protest caseload within the Board; and 2) Resolving enforcement cases through staff settlement instead of Board hearings. As of January 31, 2018, the Board had a manageable enforcement caseload of 23 cases and 14 open cases for protest cases. As for settlement cases, ABRA’s staff resolved 111 out of 146 enforcement cases which was 76 percent of the enforcement cases within the ABC Board. The adjudication division met and exceeded its goals for fiscal year 2017 through its working relationship with ABRA’s Office of General Counsel.

Below is a chart representing ABRA’s approved settlement agreements.

<sup>44</sup> ABRA Divisions, ABRA, <https://abra.dc.gov/page/abra-divisions>.

<sup>45</sup> *Id.*

<sup>46</sup> *Id.*



**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>47</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, ANCs, and members of the public.<sup>48</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>49</sup> The Administrative Services Division includes ABRA’s public affairs and community outreach teams.<sup>50</sup> These teams provide training to ANCs, community associations, and ABC licensees.<sup>51</sup> The team also keeps members of the media and general public informed about ABRA’s activities.

The Committee supports and recommends approval of the proposed fiscal year 2019 budget for ABRA. The fiscal year 2019 budget for ABRA is \$9,298,696. ABRA’s budget will be increased by \$643,381 or 7.4%, from its fiscal year 2018 budget. ABRA’s budget would increase in personal services to accommodate increases in multiple programs to support projected salaries

<sup>47</sup> ABRA Divisions, ABRA, <https://abra.dc.gov/page/abra-divisions>.

<sup>48</sup> *Id.*

<sup>49</sup> *Id.*

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

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



and fringe benefits, and in nonpersonal services to cover annual licensing and office buildout contracts.<sup>52</sup>

ABRA's fiscal year 2019 budget also continues funding \$122,000 for its Reimbursable Detail Subsidy Program.<sup>53</sup> The program provides reimbursements to the Metropolitan Police Department ("MPD") for police officers that work details at licensed establishments.<sup>54</sup> This program helps to further the mission and objectives of both MPD and ABRA. The program ensures there is compliance with District laws and regulations, and creates a safe and secure environment for residents, businesses, and patrons.

***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>55</sup> To be clear, Special-Purpose Revenue is often interchangeably referred to as "O-type" or "other-type" revenue.<sup>56</sup> However, it is not interchangeable with "dedicated taxes" which is distinctly different from Special Purpose Revenue.<sup>57</sup>

## **2. COMMITTEE RECOMMENDATIONS**

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

The Committee recommends adoption of the FY19 operating budget for the ABRA, as proposed by the Mayor.

### **b. Policy Recommendations**

1. The Committee recommends that ABRA should continue its partnership with District colleges and universities through its D.C. Double Check 101 program to train minors in

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<sup>52</sup> FY 2019 Proposed Budget and Financial Plan, ABRA B-148, Table LQ0-1 (2018).

<sup>53</sup> *Id.* at 151.

<sup>54</sup> *Id.*

<sup>55</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>56</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>57</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.
- General-purpose non-tax revenues are fines and fees that flow into the general fund without being restricted to a particular agency or program.

assisting ABRA investigators with educating and controlling sale of alcohol to underage persons.

2. The Committee recommends that ABRA follow up with OCTFME on a potential partnership to stream and archive hearings and meetings.

## G. PUBLIC SERVICE COMMISSION (DJ0)

AGENCY		FY 2017 ACTUALS	FY 2018 APPROVED	FY 2019 PROPOSED	COMMITTEE VARIANCE	COMMITTEE APPROVED
<b>Public Service Commission</b>						
	SPECIAL PURPOSE REVENUE FUNDS (O'TYPE)	\$12,845,460	\$13,988,791	\$15,163,455		\$15,163,455
	FEDERAL GRANT FUND	\$475,476	\$588,616	\$565,555		\$565,555
	PRIVATE DONATIONS	\$10,276	\$22,000	\$22,000		\$22,000
	<b>TOTAL</b>	<b>\$13,331,212</b>	<b>\$14,599,407</b>	<b>\$15,751,010</b>	<b>\$0.00</b>	<b>\$15,751,010</b>
<b>Public Service Commission</b>						
	FEDERAL GRANT FUND	3.6	4.09	3.69		3.69
	PRIVATE DONATIONS	0.00	0.00	0.00		0.00
	SPECIAL PURPOSE REVENUE FUNDS (O'TYPE)	79.72	80.52	81.92		81.92
	<b>TOTAL</b>	<b>80.32</b>	<b>84.58</b>	<b>85.61</b>	<b>0.00</b>	<b>85.61</b>
<b>Public Service Commission</b>						
	1000 AGENCY MANAGEMENT	\$5,493,279	\$5,536,975	\$6,316,454		\$6,316,454
	2000 PIPELINE SAFETY	\$664,994	\$777,025	\$780,474		\$780,474
	3000 UTILITY REGULATION	\$6,828,601	\$7,926,568	\$8,288,088		\$8,288,088
	100F AGENCY FINANCIAL OPERATIONS	\$344,337	\$358,839	\$365,994		\$365,994
	<b>TOTAL</b>	<b>\$13,331,212</b>	<b>\$14,599,407</b>	<b>\$15,751,010</b>	<b>\$0.00</b>	<b>\$15,751,010</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 2019 Operating Budget**

**Proposed Operating Budget Summary**

The Mayor's proposed Fiscal Year 2019 operating fund budget for the Public Service Commission (PSC) is \$ 15,751,010 an increase of \$ 1,151,603 from Fiscal Year 2018, or 7.9%. This funding supports 85.6 full time equivalents (FTEs) an increase of 1.0 FTEs from the Fiscal Year 2018 approved level.

***Special Purpose Revenue Funds:*** The Mayor's proposed Special Purpose Revenue Funds budget is \$15,163,000 an increase of \$1,175,000 or 8.4% from the Fiscal Year 2018 approved budget of \$13,989,000. The proposed funding by special purpose revenue funds support 81.9 FTEs, an increase of 1.4 FTEs over Fiscal Year 2018 approved level.

***Federal Grant Funds:*** The Mayor's proposed federal grant funds budget is \$566,000, a decrease of \$23,000 or 3.9% from the Fiscal Year 2018 approved budget of \$589,000. The proposed funding by federal grant funds support 3.7 FTEs, a decrease of 0.4 FTEs over the Fiscal Year 2018 approved level.

***Private Donations:*** The Mayor's proposed private donation budget is \$22,000, the same as the Fiscal Year 2018 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 96.3% 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 2019 budget includes an increase of approximately \$1,175,000. In SPR funds, the budget reflects an increase of \$717,981 in the Agency Management Program as well as an increase of \$687,042 across multiple programs to support expenses associated with property management and office support. Additionally, \$94,979 supports an additional 1.4 FTEs, including a new Consumer Specialist position to assist in the outreach program.

***MEDSIS Initiative:*** 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. Since February 2018, PSC has released a Request for Proposals for a consultant to oversee the next steps, which will include convening a technical conference and the establishment of various working groups. The working groups will include working groups on non-wire alternatives, pilot projects, distributed energy resources, and consumer protection.

**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 our ongoing regular visits to civic associations, ANCs, senior facilities, and other meetings. The Committee applauds the agency’s proactive efforts to reach eligible residents.

**AltaGas/WGL Merger:** On April 25, 2017, the Commission opened its Formal Case No. 1142 to consider an application by AltaGas Ltd and Washington Gas Light Company (WGL) to merge WGL Holdings, the parent of WGL, and a wholly-owned indirect subsidiary of Alta Gas. Under the proposal, valued as an all cash transaction of about 4.5 billion, with the assumption of about \$1.8 billion in debt, WGL would continue to operate as a District of Columbia utility, under the jurisdiction of the Commission. Evidentiary hearings took place between December 5-13, 2017 and the Commission expects to decide this spring. The Committee will continue to monitor the status of this decision.

## 2. **COMMITTEE RECOMMENDATIONS**

### a. **Fiscal Year 2019 Operating Budget Recommendations**

The Committee recommends approval of the FY 2019 operating budget for the Public Service Commission, as proposed by the Mayor.

### b. **Policy Recommendations**

The Committee makes no policy recommendations.

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

AGENCY		FY 2017 ACTUALS	FY 2018 APPROVED	FY 2019 PROPOSED	COMMITTEE VARIANCE	COMMITTEE APPROVED
<b>Office of the People's Counsel</b>						
	SPECIAL PURPOSE REVENUE FUNDS (O'TYPE)	\$7,900,848	\$8,062,744	\$8,970,586		\$8,970,586
	<b>TOTAL</b>	<b>\$7,900,848</b>	<b>\$8,062,744</b>	<b>\$8,970,586</b>	<b>\$0.00</b>	<b>\$8,970,586</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>
<b>Office of the People's Counsel</b>						
	1000 AGENCY MANAGEMENT	\$2,100,629	\$2,193,916	\$2,764,361		\$2,764,361

	2000	OFFICE OF PEOPLES COUNSEL	\$5,463,764	\$5,417,455	\$5,736,870		\$5,736,870
	100F	AGENCY FINANCIAL OPERATIONS	\$338,100	\$451,373	\$469,355		\$469,355
		<b>TOTAL</b>	<b>\$7,902,493</b>	<b>\$8,062,744</b>	<b>\$8,970,586</b>	<b>\$0.00</b>	<b>\$8,970,586</b>

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

### **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 2019 Operating Budget**

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

The Mayor's proposed fiscal year 2019 operating budget for the Office of the People's Counsel (OPC) is \$ 8,970,586, an increase of \$907,842, or 11.3%, from the fiscal year 2018 approved budget of \$8,062,744. This funding supports 45.4 FTEs, which represents a 2.3% increase from the fiscal year 2018 approved budget. The proposed budget is comprised entirely of special purpose revenue funds. All OPC funding is derived from funds collected through a surcharge on consumer's utility bills under the Public Utilities Reimbursement Fee Act.

### **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 to keep utility rates affordable. Through litigation, OPC was able to advocate for the adoption of the residential customer rate credit proposed in the Pepco merger proceeding. The rate credit shields residential customers from absorbing any portion of the rate increase—effectively freezing residential rates to their pre-merger level. OPC was also actively involved in the development of an “Arrearage Management Program” (another merger commitment). It will provide an opportunity for income eligible Pepco ratepayers to have a portion of their utility debt forgiven if they meet the conditions of the program. Most recently,

**Altas/WGL Merger:** During Fiscal Year 2017, WGL Holdings, Inc. filed for a rate increase for \$19.9 million, which was reduced to \$12 million. On April 24, 2017, WGL Holdings, Inc. filed an application seeking Public Service Commission approval of the acquisition of WGL by Altas for \$4.5 billion in an all cash transaction. The Commission identified seven public interest factors to determine whether the proposed acquisition is in the public interest. Evidentiary hearings were held December 5-13, 2017. A final decision is anticipated in spring 2018. The Committee will closely monitor the status of this decision.

**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; and Pepco-DDOT’s DC Powerline Undergrounding Program (DC-PLUG) to place poor performing overhead power lines underground. OPC continues to monitor Verizon’s transition from a cooper wire network to its deployment of a fiber optic network.

**Consumer Education and Customer Engagement:** The Consumer Services Division (CSD) has conducted over 243 outreach meetings in fiscal year 2017 to share information about consumer rights in the provision of utility services, energy efficiency and sustainability, renewable energy concepts, and consumer empowerment. CSD staff also conducted “OPC in your Neighborhood” events in every ward. Additionally, the consumer services staff handled 2,349 consumer complaints about utility services, closing 2,231 (95%) and responded to 924 inquiries. Earlier in the fiscal year, OPC also launched a new agency website to better serve consumers. The Committee applauds OPC for enhancing its efforts to reach and educate consumers.

## **2. COMMITTEE RECOMMENDATIONS**

### **a. Fiscal Year 2019 Operating Budget Recommendations**

The Committee recommends approval of the FY 2019 operating budget for the Office of the People’s Counsel, as proposed by the Mayor.

### **b. Policy Recommendations**

The Committee makes no policy recommendations.

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

AGENCY		FY 2017 ACTUALS	FY 2018 APPROVED	FY 2019 PROPOSED	COMMITTEE VARIANCE	COMMITTEE APPROVED	
Department of Insurance, Securities and Banking - FUND							
	LOCAL FUND	\$0.00	\$200,000	\$0.00		\$0.00	
	SPECIAL PURPOSE REVENUE FUNDS (O'TYPE)	\$19,667,800	\$27,965,625	\$28,565,477		\$28,565,477	
	FEDERAL GRANTS	\$145,405	\$457,172	\$0.00		\$0.00	
	OPERATING INTRADISTRICT	\$119,920	\$125,000	\$125,000		\$125,000	
	TOTAL	\$19,933,125	\$28,747,797	\$28,690,477	\$0.00	\$28,690,477	
Department of Insurance, Securities and Banking - FTE							
	DEDICATED TAXES	0.00	0.00	0.00		0.00	
	LOCAL FUND	0.00	0.00			0.00	
	OPERATING INTRA-DISTRICT FUNDS	0.00	0.00			0.00	
	SPECIAL PURPOSE REVENUE FUNDS (O'TYPE)	124.56	149.6	150.0		150.00	
	TOTAL	124.56	149.6	150.0		150.00	
Department of Insurance, Securities and Banking PROGRAM							
	1000	AGENCY MANAGEMENT	\$6,944,397	\$9,115,340	\$8,513,896		\$8,513,896
	100 F	AGENCY FINANCIAL OPERATIONS	\$1,040,524	\$1,052,530	\$1,098,858		\$1,098,858
	2000	LICENSING	\$3,267,301	\$4,373,842	\$4,217,489		\$4,217,489
	3000	INVESTIGATION N	\$1,386,959	\$2,041,777	\$1,992,461		\$1,992,461
	4000	ENFORCEMENT	\$817,160	\$1,224,180	\$1,326,480		\$1,326,480
	5000	RECORDS MANAGEMENT	\$2,321,132	\$5,665,611	\$6,101,936		\$6,101,936
	6000	RISK FINANCE	\$487,477	\$615,803	\$658,687		\$658,687
	8000	MARKET EXAMINATION S	\$2,556,976	\$2,951,512	\$3,120,588		\$3,120,588
	9000	COMPLIANCE ANALYSIS	\$1,117,989	\$1,707,201	\$1,660,082		\$1,660,082
		TOTAL	\$19,939,915	\$28,747,797	\$28,690,477	\$0.00	\$28,690,477

### 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>58</sup> The legislation merged two District departments, the Department of Banking and Financial Institutions, and the Department

<sup>58</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.*).

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>59</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>60</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.

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>61</sup> The Insurance Bureau is also responsible for approving the rates and policy forms of insurance products marketed in the District.<sup>62</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>63</sup>

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>64</sup>

The Enforcement Bureau identifies and enforces against entities and individuals engaged in deceptive financial activity, and investigates compliance complaints.<sup>65</sup> 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>66</sup> The Risk Finance Bureau also inspects and approves licensing applications

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<sup>59</sup> *About DISB*, DISB, <https://disb.dc.gov/page/about-disb> (last visited April 23, 2018).

<sup>60</sup> Budget Book at B-177

<sup>61</sup> *Id.*

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

<sup>63</sup> *Id.*

<sup>64</sup> *Id.*

<sup>65</sup> *Supra*, note 62.

<sup>66</sup> Budget Book at B-178.



captive insurance companies and regulates captive insurers and risk retention groups that operate or intend to conduct business in the District.<sup>67</sup>

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>68</sup>

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>69</sup> Agency Management is the administrative arm of DISB. Finally, Agency Financial Operations supports District agencies by providing comprehensive and efficient financial management services.<sup>70</sup>

## **b. Mayor's Proposed Fiscal Year 2019 Operating Budget**

### **i. Proposed Operating Budget Summary**

The Mayor's proposed Fiscal Year 2019 operating budget for DISB is \$28,690,477 which represents a 0.2 percent reduction over its Fiscal Year 2018 approved budget of \$28,747,797. The budget is comprised of \$28,565,000 in Special Purpose Revenue funds and \$125,000 in Intra-District funds. The Mayor's Fiscal Year 2018 DISB budget proposes 150.0 FTEs, which represents a 0.3 percent increase from Fiscal Year 2018.

**Local Funds:** The Mayor's proposed Fiscal Year 2018 budget for DISB includes no Local funds.

**Special Purpose Revenue Funds:** The Mayor's proposed Fiscal Year 2018 budget for DISB includes \$28,565,000 in Special Purpose Revenue funds, which is a \$600,000 or 2.1 percent increase from DISB's Fiscal Year 2018 budget.

**Federal Grant Funds:** The Mayor's proposed Fiscal Year 2019 budget for DISB includes no Federal Grant funds, which is a \$457,000 or 100 percent decrease from DISB's Fiscal Year 2018 budget.

**Intra-District Funds:** The Mayor's proposed Fiscal Year 2018 budget for DISB includes \$125,000 in Intra-District funds, which is which maintains funding levels from DISB's Fiscal Year 2017 budget.

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

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

<sup>68</sup> Budget Book at B-179.

<sup>69</sup> *Id.*

<sup>70</sup> *Id.*

## **Committee Analysis and Comments**

***Proposed Increases:*** The Fiscal Year 2019 budget proposed for DISB is \$28,690,477. DISB's proposed budget is decreased by \$57,320 or 0.2 percent from DISB's Fiscal Year 2018 approved budget. The majority of DISB's budget is comprised of Special Purpose Revenue funds and the remainder consists of Intra-District funds.

In Federal Grant funds, the proposed decrease includes a reduction to DISB's DC Market Operations Banking Division due to the elimination of the Insurance Market Reforms Grant. DISB indicated that the net decrease in FY 2019 Special Purpose Revenue includes a net decrease of \$102,486 in nonpersonal services across multiple divisions, to reflect lower costs for data migration for the new Securities Tracking and Registration (STAR) platform. The budget also proposes an overall decrease of \$795,091 to reflect a reduction in the costs associated with the agency's prior-year office relocation and hardware and software upgrades. Further, the FY 2019 proposed budget for DISB includes a reduction of \$200,000 in Local funds to account for the removal of one-time funding appropriated in FY 2018 for a feasibility study for the establishment of a public bank in the District of Columbia."

***Investment in Small Business Resources:*** DISB has many small business resources and a short summary of DISB's programs are outlined below<sup>71</sup>:

1. The State Small Business Credit Initiative (SSBCI) encourages and develops District small businesses through three business-serving programs: Collateral Support<sup>72</sup>, Loan Participation<sup>73</sup> and Innovation Finance.<sup>74</sup> Since the inception of the DC BizCAP programs, the Department has disbursed \$8,064,156 to District-based small businesses.<sup>75</sup> The Committee requested additional information about this initiative after the agency's budget hearing, and DISB provided the charts below:

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<sup>71</sup>Small Business Resources, DISB, [disb.dc.gov/service/small-business-resources](http://disb.dc.gov/service/small-business-resources) (last visited May 13, 2017). DISB also provides Disaster Planning for Small Businesses, Introduction to Business Owner's Policy: A Package Solution and an Introduction to Liability Insurance.

<sup>72</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>73</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>74</sup> This program focuses on investing in District start-ups and emerging companies that are interested in alternative funding sources.

<sup>75</sup>Memorandum from Stephen C. Taylor, Commissioner to Kenyan R. McDuffie, Chair of the Committee on Business and Economic Development (Feb. 8, 2017) (on file with the Committee).

**Table 1: Profiles of Program Participants and Program Types**

	Name of Business	Program	Closing Date	DISB Investment Loan	Program Activity/ Funding Source	Ward	Description
<b>Collateral Support Program (CSP)</b>							
1	Forney Enterprises, Inc.	CSP	5/9/2013	\$922,500	Program 5000 (Banking)	5	DC-based construction company
2	Broughton Construction Company, LLC	CSP	4/23/2013 - \$750,000 4/23/2014 - \$150,000	\$900,000	Program 5000 (Banking)	7	DC-based construction company
3	W.H. Bacon Funeral Home, Inc.	CSP	6/28/2013	\$645,000	Program 5000 (Banking)	1	Local family-owned funeral home
4	Absolute Builders, Inc.	CSP	7/3/2014	\$72,000	Program 5000 (Banking)	5	DC-based construction company
5	Baked By Yael, Inc.	CSP	9/23/2014	\$212,500	Program 5000 (Banking)	3	Woman-owned bakery and confectionary shop in Cleveland Park
6	Big City Foods III, LLC (Carolina Kitchen)	CSP	9/29/2014	\$120,000	Program 5000 (Banking)	5	Minority-owned restaurant operating in Home Depot Plaza on Rhode Island Avenue
7	JoonHokim, Inc. (Popeye's Chicken)	CSP	10/1/2014	\$139,177	Program 5000 (Banking)	2	Fast food restaurant located in the 14th Street Corridor
8	JPN Masonry	CSP	1/23/2015	\$483,000	Program 5000 (Banking)	3	DC-based construction company
9	Ivy and Coney	CSP	4/21/2015	\$100,000	Program 5000 (Banking)	6	Local sports bar located in the Shaw neighborhood
10	Savage and Associates	CSP	4/14/2015	\$125,000	Program 5000 (Banking)	4	Minority and woman-owned law firm operating in DC
11	Elite Physical Therapy	CSP	5/5/2015	\$65,000	Program 5000 (Banking)	3	Woman-owned physical therapy center located on upper Wisconsin Avenue
12	First Choice Masonry	CSP	8/13/2015	\$982,272	Program 5000 (Banking)	5	Minority-owned, DC-based construction company
13	Jubilee Housing, Inc.	CSP	8/31/2015	\$450,000	Program 5000 (Banking)	1	501(c)(3) non-profit organization that provides affordable housing and supportive services for low income citizens in the Adams Morgan neighborhood

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Appendix 1: Profiles of Program Participants and Program Types  
DC BizCAP (SSBCI)

	Name of Business	Program	Closing Date	DISB Investment Loan	Program Activity/ Funding Source	Ward	Description
14	Union Kitchen	CSP	10/28/2015 - \$75,000 7/12/2016 - \$275,000	\$350,000	Program 5000 (Banking)	5	Combination of kitchens, grocery stores, and a distribution company servicing other food businesses
15	Hot Yoga Ivy City LLC	CSP	11/10/2015	\$65,500	Program 5000 (Banking)	5	Minority and woman-owned yoga studio in Ivy City
16	Solar Solution	CSP	7/27/2016	\$950,000	Program 5000 (Banking)	4	DC-based solar power and installation company
17	Swatch Room	CSP	8/12/2016	\$150,000	Program 5000 (Banking)	6	DC-based interior design firm located in Shaw
18	David's Star Child Development	CSP	12/13/2016	\$25,000	Program 5000 (Banking)	1	Minority and woman-owned childcare center
19	Ice Cream Jubilee	CSP	9/30/2016	\$75,000	Program 5000 (Banking)	6	Minority and woman-owned ice cream store
20	VOW Transportation	CSP	3/2/2017	\$22,207	Program 5000 (Banking)	6	Transportation services for seniors and the disabled
21	Lydia's House	CSP	4/11/2017	\$75,000	Program 5000 (Banking)	8	Nonprofit dedicated to Growing Children, Strengthening Families and Changing Neighborhoods
<b>Totals</b>		CSP		<b>\$6,929,156</b>			
<b>Grand Total (CSP) including matching outside investment funds</b>							<b>\$13,858,312</b>
<b>Loan Participation Program (LPP)</b>							
1	Washington Area Community Investment Fund	LPP	9/7/2016	\$250,000	Program 5000 (Banking)	5	Local CDFI
<b>Totals</b>		LPP		<b>\$250,000</b>			
<b>Grand Total (LPP) including matching outside investment funds</b>							<b>\$500,000</b>
<b>Innovation Finance Program (IFP)</b>							
1	Good Foods Market	IFP	7/8/2015	\$50,000	Program 5000 (Banking)	5	Mission-driven supermarket business focused on providing healthy food in underserved communities

Appendix 1: Profiles of Program Participants and Program Types  
DC BizCAP (SSBCI)

	Name of Business	Program	Closing Date	DISB Investment Loan	Program Activity/ Funding Source	Ward	Description
2	GoodWorld	IFP	8/12/2016	\$485,000	Program 5000 (Banking)	2	Social media payments company going to market in the charitable giving space
3	Rasa Indian Grill	IFP	8/29/2016	\$100,000	Program 5000 (Banking)	6	Fast casual Indian-themed restaurant with its first location opening in the Waterfront area
4	Misfit Juicery	IFP	10/28/2016	\$250,000	Program 5000 (Banking)	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>		IFP		<b>\$885,000</b>			
<b>Grand Total (IFP) including matching outside investment funds</b>							<b>\$1,770,000</b>

2. The District of Columbia-Only Securities Offerings Exemption exempts District businesses from securities registration requirements to encourage capital formation and streamline equity investing.<sup>76</sup>
3. The Certified Capital Company Program (CAPCO) assists small businesses by investing in private equity or through debt financing.<sup>77</sup>
4. The Microloan Program issues start-up capital, up to \$25,000, to Certified Business Enterprises that lack the requisite capital to grow.<sup>78</sup>
5. 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>79</sup>
6. 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>80</sup>

In a follow up letter to the Committee, Commissioner Taylor clarified that DC BizCAP is “funded by grant resources from the U.S. Department of Treasury’s State Small Business Credit Initiative (SSBCI). SSBCI is housed within the Department’s Banking Bureau and does not have a separate line item for personnel and non-personnel services.”<sup>81</sup> The only budget item for the DC BizCAP programs is the \$2 million set aside in the event a claim is made by lenders participating in the Collateral Support Program.

The Committee considers these programs to be important to the viability 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 and impact of these initiatives.

The remaining allocation balances for each of the three DCBizCAP programs appear below:

Remaining Allocation Balances	
Collateral Support Program (CSP)	\$2,096,691.66
Loan Participation Program (LPP)	\$1,750,000.00
Innovation Finance Program (IFP)	\$2,115,000.00
Total Remaining Allocation Balance (All DC BizCAP Programs)	\$5,961,691.66

**Initiatives:** The Committee is concerned about DISB’s budget plan for Financially Fit DC. Financially Fit DC, launched in Fiscal Year 2017 and provides important financial education tools and resources to residents. It also enables residents to personalize resources for maintenance of everyday finances.<sup>82</sup> Furthermore, it provides guidance on short-term needs and encourages

<sup>76</sup> Small Business Resources, DISB, [disb.dc.gov/service/small-business-resources](http://disb.dc.gov/service/small-business-resources) (last visited April 23, 2018).

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

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

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

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

<sup>81</sup> DISB Fiscal Year 2019 Budget Follow Up Letter, on file with the Committee.

<sup>82</sup> Welcome to Financially Fit DC, Financially Fit DC, <https://welcome.financiallyfitdc.com/> (last visited May 13, 2017).

residents to develop strategies to attain long-term goals.<sup>83</sup> The purpose of this program is to enable residents to attain and maintain financial freedom.<sup>84</sup> During the agency's budget oversight hearing, the Committee asked DISB to provide a detailed budget breakdown for the program. The agency committed to follow up with supplemental information and provided the Committee with clarification.<sup>85</sup> In a follow up letter, the agency noted that three programs, Financially Fit DC, Opportunity Accounts, and DC Bizcap, are mainly conducted by the Department's Banking Bureau and that each year, the agency includes money for Financially Fit DC in the spending plan. During FY 2017, DISB was approved for a reprogramming in the amount of \$492,000, of which, \$92,000 was allocated to expand Financially Fit DC. DISB also allocated \$350,000 to fund 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. The Committee will continue to monitor the Financially Fit DC program and its measurements of success to ensure that District residents are able to access crucial financial education and tools.

***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 monitor this collaboration as DISB prepares for the rate review process for plans to be offered in FY 2019. The Committee also encourages the agency to aggressively monitor and evaluate federal activities that may challenge the Affordable Care Act and health insurance landscape in the District.

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

***Special Purpose Revenue:*** DISB is primarily funded by special purpose revenue streams. The funds are outlined below:

1. Assessment on Health Maintenance Organizations;
2. Assessment on Insurance Companies;
3. Securities and Banking Regulatory Trust Fund;

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

<sup>84</sup> *Id.*

<sup>85</sup> Letter to the Committee, "Follow-up from DISB FY 2019 Budget Oversight Hearing." From Commissioner Taylor to Kenyan McDuffie, received April 11, 2018.

4. Investment Adviser Licenses;
5. Captive Insurance Regulatory and Supervision Trust Account;
6. Foreclosure Mediation Fund; and
7. Capital Access Fund.

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>86</sup> To be clear, Special-Purpose Revenue is often interchangeably referred to as “O-type” or “other-type” revenue.<sup>87</sup> However, it is not interchangeable with “dedicated taxes” which is distinctly different from special purpose revenue.<sup>88</sup>

As noted above, DISB’s budget is mainly comprised of Special Purpose Revenue funds. While DISB must generate the requisite funding to operate adequately and efficiently, funding may not need to be designated as “special-purpose revenue” to achieve this purpose. Specifically, the National Conference of State Legislatures has stated that, “...as a general rule, earmarking constitutes a constraint on budgeting, with few if any advantages for state revenue and budgetary management. Earmarking may provide a reliable source of income for a program but not necessarily equal to the demand for services.”<sup>89</sup>

## **2. COMMITTEE RECOMMENDATIONS**

### **a. Fiscal Year 2019 Operating Budget Recommendations**

The Committee recommends adoption of the Fiscal Year 2019 operating budget for the Department of Insurance, Securities and Banking, as proposed by the Mayor.

<sup>86</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>87</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>88</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.
- 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>89</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). Citing National Conference of State Legislatures, *Earmarking State Taxes*, Third Edition (April 1995), p. vii.

**b. Fiscal Year 2019 Capital Budget Recommendations**

The Department of Insurance, Securities, and Banking does not have a capital budget.

**c. Fiscal Year 2019 Policy Recommendations**

*Policy Recommendations*

1. The Committee recommends that DISB identify ways to engage District based businesses to participate in its SSBCI. Furthermore, the Committee recommends that the agency enhance its approach to reducing barriers and expanding its outreach efforts.
2. The Committee recommends that DISB finalize the Ombudsman Bill of Rights and make it publicly available. Additionally, the Committee recommends that DISB track the number of complaints filed with the Ombudsman.
3. The Committee recommends that DISB track the number of applicants applying to their various small business loan products and the percentage connected to loans.

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

AGENCY		FY 2017 ACTUALS	FY 2018 APPROVED	FY 2019 PROPOSED	COMMITTEE VARIANCE	COMMITTEE APPROVED
Department of For-Hire Vehicles						
	LOCAL FUNDS	\$4,000,366	\$4,095,397	\$5,895,397	\$29,047	\$5,924,444
	OPERATING INTRADISTRICT FUNDS	\$301,079	\$200,000	\$0.00		\$0.00
	SPECIAL PURPOSE REVENUE FUNDS (O'TYPE)	\$8,493,809	\$9,538,784	\$11,675,365		\$11,675,365
	<b>TOTAL</b>	<b>\$12,795,255</b>	<b>\$13,834,181</b>	<b>\$17,570,762</b>	<b>\$29,047</b>	<b>\$17,599,809</b>
Department of For-Hire Vehicles						
	SPECIAL PURPOSE REVENUE FUNDS (O'TYPE)	55.01	71.0	73.0	-2.0	71.0
	<b>TOTAL</b>	<b>55.01</b>	<b>71.0</b>	<b>73.0</b>	<b>-2.0</b>	<b>71.0</b>
Department of For-Hire Vehicles						
1000	AGENCY MANAGEMENT	\$3,220,100	\$4,335,307	\$5,266,559	-\$118,084	\$5,148,474
2000	OPERATIONS	\$1,904,479	\$1,474,358	\$7,611,176	+230,000	\$7,841,176
100F	AGENCY FINANCIAL OPERATIONS	\$123,005	\$131,137	\$139,261		\$139,261
4000	FIELD COMPLIANCE AND ENFORCEMENT	\$2,166,393	\$2,615,247	\$2,965,021		\$2,956,021
7000	MARKETING AND OUTREACH	\$4,305,983	\$4,408,613	\$476,941		\$476,941
8000	CLIENT SERVICES	\$1,078,428	\$869,519	\$1,111,804	-\$82,869	\$1,028,935
	<b>TOTAL</b>	<b>\$12,798,387</b>	<b>\$13,834,181</b>	<b>\$17,570,762</b>	<b>+\$29,047</b>	<b>\$17,599,809</b>



**a. Agency Mission and Overview**

The mission of the Department of For-Hire Vehicles (DFHV) is to protect the public interest by regulating the vehicle-for-hire industry to allow the 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 8,500 drivers, over 90 taxicab companies/associations, and over 600 limousine operators, as well as residents and visitors who use public and private vehicle-for-hire services in the District of Columbia.

**b. Mayor's Proposed Fiscal Year 2018 Operating Budget**

**Proposed Operating Budget Summary**

The Mayor's proposed fiscal year 2019 gross budget is \$17,570,762 which represents a \$3,736,582, or 27% increase over its fiscal year 2018 approved gross budget of \$13,834,180. This budget includes 73 FTEs, which is an increase of 2.8% over the 71 FTEs in the approved fiscal year 2018 budget.

***Local Funds:*** The Mayor's Fiscal Year 2019 proposed local funds budget is \$5,895,397, representing an increase of \$1,800,000, or 30.1% from the fiscal year 2018 approved budget of \$4,095,397. This budget would support 73 FTE's, a 2.8% increase from fiscal year 2018 approved level of FTE's. The staff of the Agency is completely funded by Special Purpose Revenue ("O" type) funds.

***Special Purpose Revenue Funds:*** The Mayor's fiscal year 2019 proposed special purpose revenue funds budget for DFHV is \$11,675,365 which represents an increase of \$2,136,581, or 18.3% increase over its fiscal year 2018 approved special purpose revenue budget of \$9,538,784. This budget supports 73 FTE's, which represents an increase of 2 FTE's, or 2.8% over the fiscal year 2018 approved level.

***Federal Resources:*** There are no federal resources identified in the Mayor's fiscal year 2019 proposed DFHV budget.

***Intra-District Funds:*** There are no proposed intra-District funds in the Mayor's fiscal year 2019 DFHV budget.

**Committee Analysis and Comments**

In fiscal year 2017, DFHV had three objectives: 1) ensure that passengers had safe and excellent riding experiences; 2) expand economic opportunities within the for-hire vehicle industry; and 3) create and maintain highly efficient, transparent, and responsive District government.

***Passenger Safety:*** In fiscal year 2017, DFHV required for-hire vehicles to transition from the traditional dashboard-mounted taximeters to the new Digital Taxicab Solution (DTS) platform. The DTS is an "app-based digital meter" that provides drivers and customers the opportunity to

use their smartphone or tablet devices for rides and customer interaction.<sup>90</sup> The DTS provides better and safer taxi services because it: 1) authenticates and tracks licensed drivers in real time; 2) enables 24/7 live phone customer service for riders or drivers; 3) collects customer trip ratings; and 4) tracks GPS route for enhanced security. The DTS has saved the for-hire industry about 58 percent in operating costs. Since its launch in August 2017, it has handled \$42 million in fares for just under 3 million trips which is approximately 8.5 million miles traveled by almost 4 million drivers. The DTS platform is a better and more efficient platform for the for-hire industry.

***Economic Opportunities:*** For fiscal year 2017, DFHV delivered on its promise to expand business opportunities for the industry by providing more than \$5.1 million in grants. This funding has provided support for alternative paratransit and innovative transportation through pilot projects for residents who face transportation barriers in getting to their medical appointments especially cancer treatments and dialysis, schools and grocery stores; and other destinations that support independent living. DFHV was recognized nationally when it received the 2017 Regulator of the Year Award from the International Association of Transportation Regulators.

***Transparent and Responsive Government:*** For fiscal year 2017, DFHV expanded its public engagement channels through: 1) conducting tele-town hall meetings that allowed the Agency to gain access to 626 residents; 2) sending out monthly e-newsletters to 10,368 industry stakeholders; 3) conducting live streams on Facebook and other social media accounts; and 4) increasing its Vimeo and Twitter activities.

***Transport DC:*** From its inception in fiscal year 2015, the Transport DC program has been successful in the District of Columbia. Transport DC provides shared-rides and door-to-door service for individuals who have disabilities or would have otherwise relied on Metro Access.<sup>91</sup> Transport DC passengers pay \$5 each one-way ride and they may pay by cash, credit card, or debit card.<sup>92</sup> When the program was first created, individuals could take unlimited rides for the entire month. Starting in August of 2017, the program transitioned to unrestricted rides for the first 15 days of the month and for employment and medical services for the remainder of the month. This change was originally announced as a temporary reduction in service due to spending pressures for Fiscal Year 2017.

On October 4, 2017, the Committee expressed its concerns about the reduction in service through a letter sent to the Office of the Deputy Mayor for Planning and Economic Development and requested that Transport DC's regular service to be reinstated immediately. Furthermore, to alleviate Transport DC spending pressures, in fiscal year 2018, the Committee allocated \$200,000 in additional funding to support Transport D.C. The Committee is pleased that Fiscal Year 2019 budget includes a one-time increase of \$2,000,000 for the Transport DC initiative. The Committee is adding approximately \$230,000, which will support an additional 100,000 trips. The Committee

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<sup>90</sup> DC Taxi Will Begin Transition to Digital Meters, DFHV, <https://dfhv.dc.gov/release/dc-taxis-will-begin-transition-digital-meters> (last visited April 23, 2018).

<sup>91</sup> Transport DC, DFHV, <https://dfhv.dc.gov/service/transport-dc>.

<sup>92</sup> *Id.*

will continue to monitor the Transport DC initiative to ensure that vulnerable District residents have access to transportation at an affordable price.

Below is a table detailing the number of trips that have been made in the Transport DC program since its inception.

**Transport DC Trip Count**

<b>Month</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
October	402	12,046	11,352	13,161
November	602	12,469	11,812	12,543
December	1,031	15,402	13,401	14,497
January	1,195	14,340	13,362	N/A*
February	1,448	17,480	14,312	N/A*
March	2,008	20,430	15,798	N/A*
April	3,258	20,661	15,227	N/A
May	4,587	21,077	16,584	N/A
June	6,097	22,254	17,089	N/A
July	7,609	17,021	16,188	N/A
August	9,311	7,391	16,658	N/A
September	5,293	8,325	11,701	N/A
<b>Total</b>	<b>42,841</b>	<b>188,896</b>	<b>173,484</b>	<b>40,201</b>

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

The Department of For-Hire Vehicles does not have a capital budget.

**2. COMMITTEE RECOMMENDATIONS**

**a. Fiscal Year 2019 Operating Budget Recommendations**

*Operating Budget Recommendations*

2. The Committee recommends adoption of the FY19 operating budget for the Department of For-Hire Vehicles, as proposed by the Mayor, with the following modification:
  - a. *Recognize* 118,084.30 in personnel services costs from current Program 1000 (Agency Management), Activity 1090 (Performance Management), in the following amounts: (CSG11 (Regular Pay—Continuing Full-Time) by \$92,632.00 and CSG 14 (Fringe Benefits—Current Personnel) by \$21,452.30.
  - b. *Recognize* 82,868.71 in personnel services costs from current Program 8000 (Client Services), Activity 8020 (Company Services), in the following amounts: (CSG11

(Regular Pay—Continuing Full-Time) by \$67,814.00 and CSG 14 (Fringe Benefits—Current Personnel) by \$15,054.71.

- c. *Sweep* \$267,632.84 in 2400-Public Vehicles for Hire Consumer Service Fund.
- d. *Add* 230,000 in Program 2000 (Operations), Activity 2080 (Grants) to fund 100,000 more trips for Transport DC.

**b. Fiscal Year 2019 Policy Recommendations**

- 1. With the exponential population growth in the District and the increasing traffic congestion, the Committee recommends that the agency conducts a study that will examine public space management, equitable transportation mobility and access, and minimize traffic congestion. This study should also examine the District's goals to efficiently use road networks to transport people, deliver goods, and minimize traffic congestion. The data may also be shared with private companies, government agencies, and nonprofit organizations to help them make informed decisions about transportation in the District.
- 2. The Committee recommends that the agency explore ridesharing options for Transport DC passengers.
- 3. The Committee recommends that the agency create a plan for expansion of the Neighborhood Ride Service Pilot Program and ensure that any additional resources are allocated to improve transportation equity.

### **III. BUDGET SUPPORT ACT RECOMMENDATIONS**

On Wednesday, March 21, 2018, Chairman Mendelson introduced, on behalf of the Mayor, the "Fiscal Year 2019 Budget Support Act of 2018" (Bill 22-0753). The bill seven subtitles for which the Committee has provided comments. The Committee also recommends the addition of three new subtitles.

#### **A. RECOMMENDATIONS ON MAYOR'S PROPOSED SUBTITLES**

The Committee provides comments on the following subtitles of the "Fiscal Year 2019 Budget Support Act of 2018":

- 1. Title II, Subtitle B. Neighborhood Prosperity Initiative
- 2. Title II, Subtitle C. DMPED Grant-Making Authority
- 3. Title II, Subtitle D. Walter Reed Grant-Making Authority
- 4. Title II, Subtitle E. Administration of the District of Columbia Jobs Trust Fund
- 5. Title II, Subtitle F. Extended Hours of Alcoholic Beverage Sales on Certain Holiday Weekends
- 6. Title II, Subtitle K. Taxicab and For-Hire Vehicle Operator Fee Elimination
- 7. Title II, Subtitle O. African American Civil War Museum Grant Implementation

## **1. TITLE II, SUBTITLE B. NEIGHBORHOOD PROSPERITY INITIATIVE.**

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

This subtitle establishes a permanent version of the Neighborhood Prosperity Fund (NPF) pilot program. Currently, mixed-use developments face gaps in financing for their non-residential project components that cannot be covered by other financing options. NPF awards grants on a competitive basis to support mixed-use, real estate, or retail development projects in targeted census tracts where unemployment is at 10 percent or higher. These grants also help create job opportunities and new food options in Wards 7 and 8.

### **b. Committee Reasoning**

The NPF awards on a competitive basis grants to mixed-use development projects or retail real estate development projects located “low-income communities” as defined by section 45D of the Internal Revenue Code of 1996. In Fiscal Years 2017 and 2018, the Office of the Deputy Mayor for Planning and Economic Development (DMPED) received 12 and 18 applications, respectively for NPF grants. In Fiscal Year 2017, LDP Holdings, LLC and South Capitol Improvements, LLC were grant recipients. LDP Holdings, LLC was awarded \$2.1 million for its Penn Hill project located at 3200 Pennsylvania Avenue, S.E. LDP Holdings, LLC is planning a two-pronged redevelopment effort at Penn Branch Shopping Center. This will include the substantial renovation and re-leasing of the existing commercial building as well as an investment of more than \$10 million in private capital for base building renovations and tenant improvements. Additionally, the project will include the redevelopment of the north parking lot to include a grocer, additional retail, and residential housing. This project is estimated to create 400 construction jobs and 200 permanent retail jobs.

The second grantee was South Capitol Improvements LLC, which was awarded \$880,000. South Capitol Improvements LLC, a joint venture between Washington, DC CBE City Interests and Michaels Development Company, has already started construction of its project at the intersection of Atlantic and South Capitol Streets, SW in Ward 8. The 225,000 square-foot development includes 195 units of affordable housing and 5,500 square-feet of community commercial space. The project is the final development in an overall master plan that also includes a primary care clinic, an office building leased to the DC Department of Human Services, and a 172-space parking garage. The Neighborhood Prosperity Fund grant will support the buildout for the grocer tenant, Good Food Markets, who will be partnering with a Ward 8 based community group to bring fresh food and job opportunities to the Bellevue community, making this a true community space operated by and for community residents. The applications for Fiscal Year 2018 are currently under review. The Committee recommends that the Committee of the Whole move forward with this subtitle.

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

Sec. 2011. States the short title.

Sec. 2012. Creates the Neighborhood Prosperity Initiative, which will administer competitive grants for commercial, non-residential components of a qualifying project. It also requires that the qualifying project have a gap in financing and be able to start construction within 18 months.

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

Sec. 2011. Short title.

This subtitle may be cited as the “Neighborhood Prosperity Initiative Act of 2018”.

Sec. 2012. Establishment of the Neighborhood Prosperity Initiative.

(a) There is established the Neighborhood Prosperity Initiative (“Initiative”), which shall be administered by the Mayor and under which the Mayor may provide, on a competitive basis, grants for commercial, non-residential components of a qualifying project to applicants that:

- (1) Propose a qualifying project;
- (2) Have a deficit in funding for a commercial, non-residential component of the qualifying project;
- (3) Agree to commence construction on the qualifying project within 18 months of the award of an Initiative grant, or within such other time period as may be established by the Mayor;
- (4) Agree to enter into a First Source agreement, if applicable, and a Certified Business Enterprise agreement; and
- (5) Agree to use a grant provided under the Initiative only for the commercial, non-residential components of the project for which the grant is provided.

(b) For the purposes of this subtitle, the term:

(1) “Certified Business Enterprise agreement” means an agreement with the Department of Small and Local Business Development pursuant to the Small and Certified

Business Enterprise Development and Assistance Act of 2005, effective October 20, 2005 (D.C. Law 16-33; D.C. Official Code § 2-218.01 *et seq.*).

(2) “First Source agreement” means an agreement with the Department of Employment Services governing certain obligations of the Developer pursuant to section 4 of the First Source Employment Agreement Act of 1984, effective June 29, 1984 (D.C. Law 5-93; D.C. Official Code § 2-219.03), and Mayor’s Order 83-265, dated November 9, 1983, regarding job creation and employment generated as a result of the construction on the Property.

(3) “Qualifying project” means mixed-use or retail real estate development project that is in a low-income community, as that term is defined in section 45D of the Internal Revenue Code of 1986, approved December 21, 2000 (114 Stat. 2763; 26 U.S.C. § 45D).

## **2. TITLE II, SUBTITLE C. DMPED GRANT-MAKING AUTHORITY.**

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

This subtitle would expand the Deputy Mayor for Planning and Economic Development’s (DMPED) Local funds grant-making authority to include innovative initiatives, corporate assistance, and the Great Streets Initiative. It also expands DMPED’s authority to issue grants for projects related to the redevelopment of the St. Elizabeths East Campus and the Walter Reed Redevelopment Site. The DMPED grants to support the St. Elizabeths and Walter Reed redevelopment projects will be exempt from the competitive bidding requirements for grants over \$50,000 and the associated public notice requirements.

### **b. Committee Reasoning**

The Committee is concerned with expanding grant-making authority for the agency, as it has the potential to affect the grant-making process and the commitment to provide opportunities for local constituencies. Therefore, the Committee is limiting the subtitle to provide grant-making authority for the Great Streets Initiative, St. Elizabeths, and Walter Reed redevelopment projects only and keeping the requirements that the agency competitively bid and meet the public notice requirements for these projects. In providing this grant-making authority to the agency, the Committee will continue to monitor the status of each project to make sure that DMPED continues to maintain a fair and open process. The Committee recommends the following revised language to the Committee of the Whole.

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

Sec. 2021. States the short title.

Sec. 2022. Provides DMPED with grantmaking authority for the Great Streets Initiative, the redevelopment of St. Elizabeths East Campus Site and Walter Reed Site.

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

Sec. 2021. Short title.

This subtitle may be cited as the “Deputy Mayor for Planning and Economic Development Grant-Making Authority Amendment Act of 2018”.

Sec. 2022.

This subtitle may be cited as the “Deputy Mayor for Planning and Economic Development Grant-Making Authority Amendment Act of 2018”.

Sec. 2022. Section 2032(a) 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(a)), is amended as follows:

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

(b) Paragraph (4) is amended by striking the period at the end and inserting a semi-colon in its place.

(c) New paragraphs (5), (6), and (7) are added to read as follows:

“(5) Funds in support of the Retail Priority Areas (Great Streets Initiative) pursuant to the Retail Incentive Act of 2004, effective September 6, 2004 (D.C. Law 15-185; D.C. Official Code § 2-1217.71 *et seq.*).

“(6) Funds in support of the redevelopment of the St. Elizabeths East Campus Redevelopment Site, as defined in section 2042(e)(3) of the St. Elizabeths East Campus



Redevelopment Fund Establishment Act of 2017, effective December 13, 2017 (D.C. Law 22-33; D.C. Official Code § 1-325.361); and

“(7) Funds in support of the redevelopment of the Walter Reed Redevelopment Site, as defined in section 2(17) of the Walter Reed Development Omnibus Act of 2016, effective May 18, 2016 (D.C. Law 21-119; D.C. Official Code § 2-1227.01(17)).”.

### **3. TITLE II, SUBTITLE B. WALTER REED GRANT-MAKING AUTHORITY.**

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

The Walter Reed Redevelopment Fund (Fund) was established to support the maintenance, operation, and construction activities on the Walter Reed Redevelopment Site. The funding source for the Fund is the possessory interest tax the developer pays for the property. Current law grants authority for the Deputy Mayor for Planning and Economic Development to make grants from the Fund to the developer only. The subtitle removes this limitation and allows DMPED to grant more broadly from the Fund for the same allowable purposes of the Fund.

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

Removing this limitation will allow DMPED to grant more broadly from the Fund for the same allowable purposes of the Fund (maintenance, operation and construction activities), 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. Amends D.C. Official Code § 2-1227.06(d) to allow the Deputy Mayor for Planning and Economic Development to issue grants beyond the developer for the Walter Reed Redevelopment Fund.

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

Sec. 2031. Short title.

This subtitle may be cited as the “Walter Reed Grant-Making Authority Amendment Act of 2018”.

Sec. 2032. Section 7(d) of the Walter Reed Development Omnibus Act of 2016, effective May 18, 2016 (D.C. Law 21-119; D.C. Official Code § 2-1227.06(d)), is amended by striking the phrase “to the Developer”.

**4. TITLE II, SUBTITLE E. ADMINISTRATION OF THE DISTRICT OF COLUMBIA JOBS TRUST FUND.**

The Committee adopts the recommendations of the Committee on Labor and Workforce Development included in their Fiscal Year 2018 Budget Report.

**5. TITLE II, SUBTITLE F. EXTENDED HOURS OF ALCOHOLIC BEVERAGE SALES ON CERTAIN HOLIDAYS.**

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

The subtitle amends DC Official Code 25-725 (c) to allow on-premises alcoholic beverage retailers serve or sell alcoholic beverages for extended hours on four additional holiday weekends. The holiday weekends include: the Saturday or Sunday before Columbus Day, Washington’s Birthday (President’s Day), Martin Luther King, Jr.’s Birthday, and the Friday, Saturday, and Sunday after Thanksgiving Day.

**b. Committee Reasoning**

The Alcoholic Beverage Regulation Administration’s Extended Holiday Hours program allows eligible ABC licensed restaurants, taverns, nightclubs, hotels, and multipurpose facilities to sell and serve alcohol until 4 am and operate 24 hours a day surrounding District or Federal holidays. However, certain establishments are prohibited from participating in the program. When a business initially applies for a liquor license, its operating hours are frequently negotiated between the applicant and the community. During the 45-day public comment period, neighbors and civic organizations have a chance to mitigate potential problems between the business and the community by negotiating a settlement agreement that limits the business’s opening and closing hours as well as its ability to register for the program. Only establishments that do not have settlement agreements or Board orders restricting their closing hours are eligible to participate in the program. The Committee recognizes that the increase in the sales tax to funding WMATA includes revenue associated with this subtitle. The Committee would like note that this process occurred without input from local communities and advisory neighborhood commissions (ANCs). Because striking this subtitle would unbalance the Fiscal Year 2019 budget, the Committee recommends that the Committee of the Whole move forward with this subtitle.

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

Sec. 2051. States the short title.

Sec. 2052. Amends DC Official Code 25-725 (c) to allow on-premises alcoholic beverage retailers serve or sell alcoholic beverages for extended hours on four additional holiday weekends. The holiday weekends include: the Saturday or Sunday before Columbus Day, Washington’s Birthday (President’s Day), Martin Luther King, Jr.’s Birthday, and the Friday, Saturday, and Sunday after Thanksgiving Day.

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

Sec. 2051. Short title.

This subtitle may be cited as the “Extended Hours for On-Premises Alcoholic Beverage Sales on Certain Holiday Weekends Amendment Act of 2018”.

Sec. 2052. Section 25-723(c)(1) of the District of Columbia Official Code is amended as follows:

(a) Subparagraph (B) is amended by striking the phrase “Memorial Day and Labor Day, as set forth in § 1-612.02(a)); and” and inserting the phrase “Martin Luther King, Jr.’s Birthday, Washington’s Birthday, Memorial Day, Labor Day, and Columbus Day, as set forth in § 1-612.02(a);” in its place.

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

(c) A new subparagraph (D) is added to read as follows:

“(D) The Friday, Saturday, and Sunday following Thanksgiving Day, as set forth in § 1-612.02(a)(9).”.

**6. TITLE II, SUBTITLE K. TAXICAB AND FOR-HIRE VEHICLE OPERATOR ELIMINATION.**

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

This subtitle eliminates a \$50 annual license fee that the District law authorizes the Department of For-Hire Vehicles to charge taxicab and for-hire vehicle operators.

**b. Committee Reasoning**

The agency is currently including the \$50 fee into the total \$250 operator licensing fee that is already being charged. Therefore, this subtitle eliminates a redundant fee and reduces a burden on drivers by streamlining the fees the agency collects. This is in line with the DFHV policy to actively seek opportunities to help reduce the regulatory burden on taxis. Therefore, the Committee recommends that the Committee of the Whole move forward with this subtitle.

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

Sec. 2101. States the short title.

Sec. 2102. Amends DC Official Code 50-301.02 (d) to eliminate a \$50 annual license fee that District law authorizes the Department of For-Hire Vehicles to charge taxicab and for-hire vehicle operators.

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

Sec. 2101. Short title.

This subtitle may be cited as the “Omnibus Operator Assessment Elimination Act of 2018”.

Sec. 2102. Section 20a(d) 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(d)), is repealed.

**7. TITLE II, SUBTITLE O. AFRICAN AMERICAN CIVIL WAR MUSEUM GRANT IMPLEMENTATION**

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

The Subtitle authorizes the Office of Deputy Mayor for Planning and Economic Development (DMPED) to make a one-time grant to the African American Civil War Museum in an amount not to exceed \$500,000. The grant will be used to support the redevelopment of the Museum. The funds have currently been allocated but DMPED needs grant-making authority to issue the grant.

**b. Committee Reasoning**

The Subtitle authorizes DMPED to make a one-time grant to the African American Civil War Museum in an amount not to exceed \$500,000. The D.C. Council approved the Surplus and Disposition of the Grimke School in November 2017, and a component is a redeveloped home of at least 10,000 square feet for the African American Civil War Museum (which currently is located within the Grimke property). The funds were added

to the budget in Fiscal Year 2018 with the specific purpose of granting to the African American Civil War Museum, but to issue the grant it must be notwithstanding the Grant Administration Act (exempt from the competitive bidding requirements for grants over \$50k and the associated public notice requirements). Therefore, the subtitle authorizes DMPED to make a one-time grant to the African American Civil War Museum in an amount not to exceed \$500,000 (notwithstanding section 1094 of the Grant Administration Act of 2013). The subtitle would apply as of July 1, 2018. The Committee recommends that the Committee of the Whole move forward with this subtitle.

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

Sec. 2141. States the short title.

Sec. 2141. Amend D.C Official Code § 1-328.04 to allow the Deputy Mayor for Planning and Economic Development to make a grant in Fiscal Year 2018 to the African American Civil War Memorial Freedom Foundation, Inc. in an amount not to exceed \$500,000.

Sec. 2143. States that the subtitle shall apply as of July 1, 2018.

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

Sec. 2141. Short title.

This subtitle may be cited as the “African-American Civil War Museum Grant Implementation Amendment Act of 2018”.

Sec. 2142. Section 2032 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), is amended by adding a new subsection (f) to read as follows:

“(f) Notwithstanding section 1094 of the Grant Administration Act of 2013, effective December 24, 2013 (D.C. Law 20-61; D.C. Official Code § 1-328.13), the Deputy Mayor for Planning and Economic Development may make a grant in Fiscal Year 2018 to the African American Civil War Memorial Freedom Foundation, Inc. in an amount not to exceed \$500,000, for the purpose of redeveloping the African American Civil War Museum, located at 1925 Vermont Avenue, N.W.”.

Sec. 2143. Applicability.

This subtitle shall apply as of July 1, 2018.

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

The Committee on Business and Economic Development recommends the following new subtitles to be added to the “Fiscal Year 2019 Budget Support Act of 2018”:

1. Title II --. Subtitle--. Minority and Women-Owned Business Assessment
2. Title II--. Subtitle --. Living Wage Certification Grant Program
3. Title II--. Subtitle --. Retail Priority Area Amendment
4. Title II--. Subtitle --. Eastern Market Competitive Grant

### **1. TITLE--. SUBTITLE--. MINORITY AND WOMEN-OWNED BUSINESS ASSESMENT .**

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

This subtitle amends DC Official Code Section 2-214.01 to require the report or reports set forth in subparagraph (b) to be submitted within a certain timeframe. It also amends the existing statute by requiring the report to be sent to the Committee with oversight over DSLBD rather than the Committee on Economic Development, which is no longer an active committee. Further, this subtitle requires the Department to conduct a disparity study to determine whether minority and women-owned businesses face discrimination in contracting and procurement in the District.

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

To date, DSLBD has not generated a report pursuant to DC Official Code Section 2-214.01 to analyze the current state of businesses owned or controlled by minorities or women qualifying as CBEs. Further, the agency is required to record and track the number of businesses owned or controlled by minorities or women that have been awarded District-based government contracts. These findings are required to be submitted to Council. Setting a fixed deadline for the submission of this report will ensure the timely submission of the report. In addition, the agency reported that out of 1,678 CBEs, just 392 minorities and 179 women received payment in FY 2017. Conducting a true disparity study will provide further analysis on whether minorities and women are having fair and equal opportunities to compete and win contracts in the District.

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

Sec. XXXX. States the short title.

Sec. XXXX. Amends D.C. Official Code Section 2-214.01 to require the agency to submit the required reports by March 1<sup>st</sup> of each year beginning in Fiscal Year 2019. It also requires the agency to conduct a disparity study to

analyze whether minorities and women are having fair and equal opportunities to compete and win contracts in the District.

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

Sec. XXXX. Short title.

This subtitle may be cited as the “Minority and Women-Owned Business Assessment Amendment Act of 2018”.

Sec. XXXX. Section 2 of the Minority and Women-Owned Business Assessment Act of 2008, effective March 26, 2008 (D.C. Law 17-136; D.C. Official Code § 2-214.01), is amended as follows:

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

“(b)The Department shall submit a report of its findings and recommendations of the Program to the Chairman of the Council committee with oversight of the Department of Small and Local Business Development (“Committee”). The report shall be submitted to the Committee no later than March 1 of each year and shall include specific steps for implementing the recommendations.”.”

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

“(b-1)(A) In Fiscal Year 2019, the Department shall award a grant, on a competitive basis, in an amount not to exceed \$200,000, to a person or entity to conduct a District-based study (“disparity study”) to:

“(B) Evaluate if there is a specific evidentiary foundation of discrimination against minority and women-owned businesses;

“(C) Assess if there are disparities between the availability and utilization of minority and women-owned prime and subcontractors and, if there are, describe and analyze the most relevant causal factors; and

“(D) Determine if there statistically significant disparities in the utilization of minority and women-owned businesses by prime contractors on government-assisted projects awarded pursuant to section 2346 of the Small and Certified Business Enterprise Development and Assistance Act of 2005, effective October 20, 2005 (D.C. Law 16-33; D.C. Official Code 2-218.46).”.

“(2) The finalized disparity study shall be submitted to the Committee within 270 days of the effective date.”.

## **2. TITLE --. SUBTITLE --. LIVING WAGE CERTIFICATION GRANT PROGRAM AMENDMENT ACT.**

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

This subtitle would amend the Small, Local, and Disadvantaged Business Enterprise Development and Assistance act of 2005 to create a living wage certification program within the Department of Small and Local Business Development (DSLBD), to certify on a voluntarily basis any District employer that pays its employees a living wage. It would also require the agency to issue a grant to administer the program.

### **b. Committee Reasoning**

The District of Columbia was among the first major city in the nation to raise minimum wage to \$15 an hour (by 2020). This was part of a wider effort to ensure that every resident in the District of Columbia has an opportunity to live, work and prosper. This subtitle aims to highlight and market local businesses that pay their employees a living wage by allowing them to certify with the Department and receive a unique logo display in their businesses or on their products. The Committee recognizes that businesses who pay a living wage make it easier for their employees to afford to live in the District despite the rising cost of living.

Similar to the Department’s Made in DC Program, the Living Wage Certification Grant Program aims to highlight the positive impact local businesses are having on the District’s economy, fiscal health as well as making the District an attractive social and cultural destination. As evidenced by local jurisdictions that have rolled out similar programs, places such as Richmond, Alexandria, Alachua County, Florida, and Western North Carolina, such a program encourages the public to patronize businesses that pay a living wage.

In Tompkins County, New York, the Tompkins County Workers’ Center launched a network of living wage certifiers. They noted that “the overall idea of the program is to celebrate businesses who pay a living wage and educate the public about who those employers are – and



then to provide some incentive for businesses and organizations to move in that direction and help people who work for them to make a better standard of living.”

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

Sec. XXXX. States the short title.

Sec. XXXX. Establishes the Living Wage Certification Grant program within the Department of Small and Local Business Development and allows the Department to issue a grant to a third party to administer the program.

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

Sec. XXXX. Short title.

This subtitle may be cited as the “Living Wage Certification Grant Program Amendment Act of 2018”.

Sec. XXXX. The Small and Certified Business Enterprise Development and Assistance Act of 2005, effective October 20, 2005 (D.C. Law 16-33; D.C. Official Code § 2–218.01 *et seq.*), is amended as follows:

(a) The table of contents is amended as follows:

(1) Strike the phrase “Section 2313. Organization and functions of the Department.” and insert the phrase “Sec. 2313. Functions of the Department.” in its place.

(2) Strike the phrase “Sec. 2314. Reorganization of the Department.” and insert the phrase “Sec. 2314. Transfers from the Office of Local Business Development to the Department.” in its place.

(3) A new section designation is added to read as follows:

“Sec. 2315. Living Wage Certification Grant Program.”.

(b) A new section 2315 is added to read as follows:

“Sec. 2315. Living Wage Certification Program.

“(a) There is established a Living Wage Certification Program (“program”) within the Department, which shall be administered by an organization selected in accordance with subsection (b) of this section (“administrator”) and funded by a grant from the Department, that will certify employers that meet the requirements of the program established by this section and pursuant to this section.

“(b) The Department shall:

“(1) Select the administrator through the competitive bid process;

“(2) Establish the criteria to be eligible for the grant and the selection as administrator; provided, that the administrator shall be a nonprofit organization located in the District;

“(3) Issue a request for proposals no later than December 31, 2018; and

“(4) Enter into a grant agreement with the bid awardee to serve as administrator in accordance with the requirements of this section.

“(c)(1) Under the program, the administrator shall certify an employer that applies for certification and that shows, to the satisfaction of the administrator, that the employer:

“(A) Pays its employees, including independent contractors, a living wage;

“(B) Commits to paying its employees and independent contractors a living wage for the duration of the certification.

“(C) Maintains its primary office in the District;

“(D) Possesses a current license pursuant to Chapter 28 of Title 47 of the D.C. Official Code;

“(E) Certifies that at least a majority of its owners are District residents or that at least a majority of its employees are District residents; and

“(F) Is registered with the Department.

“(2) The administrator shall develop criteria to verify that the employer meets each criterion set forth in the subsection.

“(d)(1) Certification shall be valid for 3 years.

“(2) To obtain recertification, a certified employer must demonstrate that it continues to meet the other criterion of set forth in subsection (c).

“(3) A certified employer shall have 3 months to increase its employees’ wages to match an increase in the living wage mandated under the Living Wage Act of 2006.

“(e)(1) The administrator shall maintain a public list of all certified employers.

“(2) The administrator shall create a unique logo to designate an employer as certified under this section and shall provide the employer with digital and physical copies of the logo for display and promotional purposes.

“(f) The Department may consider combining the list maintained pursuant to subsection (e)(1) of this section with any similar list created under the Made in DC program, established under the Made in DC Program Establishment Act of 2016, effective July 1, 2016 (D.C. Law 21-135; D.C. Official Code § 2-1208.32. *et seq.*).

“(g) For the purposes of this section, the term “living wage” shall have the same meaning as provided in section 102(4) of the Living Wage Act of 2006, effective June 8, 2006 (D.C. Law 16-118; D.C. Official Code § 2-220.02).”.

### 3. TITLE --. SUBTITLE--. 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 Rhode Island Avenue, N.E., Retail Priority Area. The subtitle also expands the boundaries of eligibility for the New York Avenue, N.E., Retail Priority Area.

#### b. Committee Reasoning

The Committee is expanding the Rhode Island Avenue, N.E. Retail Priority Area and the New York Avenue, N.E. Retail Priority 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(g) of the Retail Incentive Act of 2004 to expand the Rhode Island Avenue, N.E. Retail Priority Area boundaries and the New York Avenue Retail Priority Area

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

Sec. XXXX. Short title.

This subtitle may be cited as the “Retail Priority Area Amendment Act of 2018”.

Sec. 20XX2. Section 4 of the Retail Incentive Act of 2004, effective September 8, 2004 (D.C. Law 15-185; D.C. Official Code § 2-1217.73), is amended as follows:

(a) Subsection (f) is amended by striking the phrase “Fourth Street, N.E., and Franklin Street, N.E.” and inserting the phrase “Fourth Street, N.E., and Franklin Street, N.E.; continuing on Franklin Street, N.E. to 8th Street, N.E.; thence north on 8th Street, N.E. continuing north on Monroe Street, N.E. to the intersection of Michigan Avenue, N.E. and Taylor Street, N.E.; thence to 12th Street, N.E.; then continuing south along 12th Street, N.E. to Franklin Street, N.E.” in its place.

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

(1) The existing text is designated as paragraph (1).

(2) A new paragraph (2) is added to read as follows:

“(2) In addition to the area described in paragraph (1) of this subsection, the New York Avenue, N.E., Retail Priority Area shall consist of Bladensburg Road, southeast along New York Avenue until Eastern Avenue, back northwest along Eastern Avenue until the intersection of Bladensburg Road, back southwest along Bladensburg Road back down to the intersection of New York Avenue and Bladensburg Road.

#### **4. TITLE --. SUBTITLE--. EASTERN MARKET COMPETITIVE GRANT.**

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

This subtitle would provide the Deputy Mayor for Planning and Economic Development with grant-making authority to provide funds to undertake a comprehensive strategic planning process for Eastern Market.

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

At several public hearings during fiscal year 2018, Eastern Market tenant vendors testified regarding the management of Eastern Market. This testimony included concerns about the number of outstanding maintenance requests at the property and complaints about management of the market, including marketing decisions. Several tenants testified that the way the market is being managed has had a negative impact on their business and sought support from the Council to address their concerns.

Therefore, the Committee recommends that DMPED develop a substantive strategic plan for Eastern Market that examines the challenges facing Eastern Market and—more broadly—evaluates best practices for public market management and marketing of the property.

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

Sec. XXXX. States the short title.

Sec. XXXX. Provides DMPED with grant-making authority to provide funds to conduct a comprehensive study of and strategic plan for the development of Eastern Market

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

Sec. XXXX. Short title.

This subtitle may be cited as the “Eastern Market Competitive Grant Act of 2019”.

Sec. XXXX. In Fiscal Year 2019, the Deputy Mayor for Planning and Economic Development shall have granting-making authority for the purpose of providing funds to conduct a comprehensive study of and strategic plan for the development of Eastern Market (“Eastern Market plan”) that shall include an assessment of the challenges and opportunities in public market management and marketing, and recommendations of best practices for the management and marketing of Eastern Market, and shall award a grant, on a competitive basis, in an amount not to exceed \$300,000 for the Eastern Market plan.

## **V. COMMITTEE ACTION AND VOTE**

On Thursday, May 3, 2018, at 12:20 p.m. in Room 500 of the John A. Wilson Building, the Committee met to consider and vote on the Mayor’s proposed Fiscal Year 2019 budget for the agencies under its jurisdiction, the provisions of the Fiscal Year 2019 Budget Support Act of 2018 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 Charles Allen, Anita Bonds, Vincent C. Gray, and Jack Evans.

Chairperson McDuffie then provided a brief overview of the draft report and summarized the Committee’s recommendations and comments.

Chairperson McDuffie next welcomed comments from other Members. Councilmember Allen congratulated the Chair for his work on the proposed budget. Councilmember Gray congratulated the Chair and his staff for a thoughtful budget. Councilmember Gray then asked about the \$94,000 removed from the Strand Theater project, located in the budget of the Office of the Deputy Mayor for Planning and Economic Development (DMPED). Councilmember McDuffie thanked Councilmember Gray for his inquiry and stated that DMPED specifically noted that the project would not be affected by the reduction in funding. Councilmember Gray then asked about the transfer of \$150,000 to the Department of Health for a study on OBGYN services in Wards 5,7, and 8. Councilmember McDuffie noted that while a study was conducted by the Department of Health in 2017, it was conducted prior to the closing of United Medical Center. Therefore, an updated study would be essential for reassessing the availability of traditional and nontraditional services.

After an opportunity for further discussion, Chairperson McDuffie then moved the Report with leave for staff to make technical, conforming, and editorial changes. The Members voted unanimously to approve the recommendations.

Chairperson McDuffie then thanked his Committee staff and adjourned the meeting at 12:41 p.m.

## **VI. ATTACHMENTS**

- A. Wednesday, April 11, 2018 Fiscal Year 2018 Budget Oversight Hearing Witness List and Testimony.
- B. Thursday, April 19, 2018 Fiscal Year 2018 Budget Oversight Hearing Witness List and Testimony.
- C. Tuesday, April 24, 2018 Fiscal Year 2018 Budget Oversight Hearing Witness List and Testimony.