

COUNCIL OF THE DISTRICT OF COLUMBIA
COMMITTEE OF THE WHOLE
FISCAL YEAR 2019 COMMITTEE BUDGET REPORT



DRAFT 5/5

TO: Members of the Council of the District of Columbia

FROM: Chairman Phil Mendelson
Committee of the Whole

DATE: May 4, 2019

SUBJECT: Report and Recommendations of the Committee of the Whole on the
Fiscal Year 2019 Budget and Corresponding Budget Support Act

The Committee of the Whole, having conducted hearings and received testimony on the Mayor’s proposed fiscal year 2019 operating and capital budgets for the agencies under its purview, reports its recommendations for consideration by members for inclusion in the final Fiscal Year 2019 Budget. The Committee also comments on several subsections of the Fiscal Year 2019 Budget Support Act of 2018, and makes its own additional proposals.

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INTRODUCTION

Introduction to this Report

The following presents the Council of the District of Columbia Committee of the Whole's recommendations regarding funding allocations for the fiscal year 2019 budget for the agencies under the Committee's purview. In addition, the Committee comments on policy priorities and concerns raised during performance oversight and budget hearings, provides comments and amendments on the Mayor's proposed Budget Support Act subtitles, and proposes its own additional subtitles.

Committee of the Whole, Overview

The Committee of the Whole ("Committee") is currently one of eleven standing committees of the Council. The Committee of the Whole (COW) is responsible for the annual budget; regional, Congressional, and Federal relations; planning, zoning; truancy (jointly with the Committee on Education); procurement; consumer and regulatory affairs; the University of the District of Columbia, and District government autonomy, including Statehood; and any other matters assigned to it by the Council's Rules or by the Chairman.

The Chairman of the Council is the Chairman of the Committee of the Whole and its members include all members of the Council. In addition to its oversight and legislative responsibilities, the Committee reviews all measures reported from other committees for completeness of the record, legal sufficiency, and adherence to rules regarding fiscal impact. The District agencies that come under the purview of the Committee are as follows:

- Auditor of the District of Columbia
- Council of the District of Columbia
- Commemorative Works Committee
- Community College Transition to Independence Advisory Board
- Contract Appeals Board
- Historic Preservation Review Board
- Law Revision Commission
- Metropolitan Washington Airports Authority
- Metropolitan Washington Council of Governments
- New Columbia Statehood Commission
- Office of Budget and Planning (OCFO)
- Office of Contracting and Procurement
- Office of Planning
- Office of the Statehood Delegation
- Office of Zoning
- Department of Consumer and Regulatory Affairs
- Tobacco Settlement Financing Corp.
- University of the District of Columbia
- Zoning Commission & Board of Zoning Adjustment

In addition to the above, the following entities are under the Committee's purview, but are not part of the District government, and the Committee's jurisdiction is therefore limited:

- Metropolitan Washington Airports Authority
- Metropolitan Washington Council of Governments
- National Capital Planning Commission

Committee Review of the Budget

The Committee is charged with oversight over the performance and annual operating and capital budgets of the agencies listed. In total, the Committee oversees approximately 15 agencies, and 8 paper agencies, that, in the Mayor's proposed budget for fiscal year 2019, comprise a total budget of over \$1.615 billion in gross funds and 2,106 full-time equivalents (FTEs).

On March 21, 2018, Mayor Muriel Bowser submitted to the Council of the District of Columbia a proposed Fiscal Year 2018 Budget and Financial Plan that allocates resources for programs and services for the upcoming fiscal year. How funds are allocated represents the Administration's policy priorities.

In order to review the Mayor's budget proposal, determine the wants and needs of each agency under its jurisdiction, and provide the public with an opportunity to comment, the Committee held budget hearings for each of the agencies under its purview as shown in the table below. On April 27, 2018, it also held a hearing on both the Local Budget Act, the Federal Funds Portion Budget Act, and the Budget Support Act overall.

The Committee received hours of testimony, from both government and public witnesses. Typical of Council committee budget reports, testimony and written statements are made a part of the record but are not attached to the report.

The Committee has listened to extensive testimony from the public and agency heads to better understand the

operations and needs of the various agencies. In this report, the Committee provides analysis of the budget requests, states its concerns, makes revisions, and offers budget policy recommendations as to policy or process.

Chairman Mendelson has set five overarching goals for the Committee of the Whole which informs its oversight work and its budget recommendations both for the agencies specifically under its purview, and in the Committee's later review of the final Budget Request and Support Acts. Those priorities are:

- Encourage growth of the University of the District of Columbia
- Improve Services at the Department of Consumer and Regulatory Affairs
- Improve Effective Government Procurement
- Support Fair and Reasonable Land Use Policies
- Sustain Truancy Reform

The Committee's budget and policy recommendations reflect many of these priorities.

Having thoroughly reviewed the Mayor's fiscal year 2019 budget proposal, the Committee believes that the recommendations contained herein provide each agency under its purview with the funds necessary to fulfill its core mission and represent the policy priorities that best serve the people of the District of Columbia.

As such, the Committee presents its recommendations for the District's fiscal year 2019 budget.

Committee of the Whole Fiscal Year 2019 Budget Oversight Hearing Schedule

Monday, **March 26, 2018** at 10:00 a.m. in the Council Chamber

- Metropolitan Washington Council of Governments
- Office of Zoning
- Office of Planning

Tuesday, **March 27, 2018** at 10:00 a.m. in the Council Chamber

- Council of the District of Columbia
- District of Columbia Auditor
- New Columbia Statehood Commission
- Office of Contracting and Procurement
- District Retiree Health Contribution (Other Post-Employment Benefits)
- District of Columbia Retirement Board
- Police Officers' and Fire Fighters' Retirement Fund
- Teacher's Retirement Fund

Wednesday, **March 28, 2018** at 10:00 a.m. in Room 120

- Contract Appeals Board
- University of the District of Columbia

Tuesday, **April 25, 2017** at 10:00 a.m. in Room 120

- Office of Budget and Planning
- Department of Consumer and Regulatory Affairs

Committee of the Whole Fiscal Year 2017/2018 Performance Oversight Hearing Schedule

Tuesday, **February 27, 2018** at 10:00 a.m. in the Council Chamber

- University of the District of Columbia

Wednesday, **February 28, 2018** at 10:00 a.m. in Room 412

- Metropolitan Washington Council of Governments
- Office of Zoning
- Office of Planning

Wednesday, **March 7, 2018** at 10:00 a.m. in Room 120

- District of Columbia Auditor
- New Columbia Statehood Commission
- Contract Appeals Board
- Office of Contracting and Procurement
- District Retiree Health Contribution (Other Post-Employment Benefits)
- District of Columbia Retirement Board
- Police Officers' and Fire Fighters' Retirement Fund
- Teacher's Retirement Fund

Thursday, **March 8, 2018** at 9:45 a.m. in the Council Chamber

- Metropolitan Washington Airports Authority
- Office of Budget and Planning
- Department of Consumer and Regulatory Affairs

SUMMARY TABLES

AGENCY OPERATING BUDGET SUMMARY TABLE

(dollars in thousands)

Agency	FY 2017 Actual	FY 2018 Approved	FY 2019 Mayor	FY 2019 Committee	Committee Change	Percent Change
Council of the District of Columbia (AB)						
Local Funds	22,289	25,338	26,359	26,359	0	0.0%
Private Funds	40	0	0	0	0	0.0%
Intra-District	30	35	35	35	0	0.0%
Gross Funds	22,359	25,373	26,394	26,394	0	0.0%
Office of the District of Columbia Auditor (AC)						
Local Funds	4,669	5,860	5,333	5,510	177	3.3%
Gross Funds	4,669	5,860	5,333	5,510	177	3.3%
Office of Contracting and Procurement (PO)						
Local Funds	22,664	22,840	23,393	23,393	0	0.0%
Special Purpose	372	1,276	1,552	1,552	0	0.0%
Intra-District	38,602	3,029	3,649	3,649	0	0.0%
Gross Funds	61,638	27,145	28,594	28,594	0	0.0%
P-Card Transactions (PX)						
Intra-District	0	25,000	36,000	36,000	0	0.0%
Gross Funds	0	25,000	36,000	36,000	0	0.0%
Contract Appeals Board (AF)						
Local Funds	1,453	1,490	1,556	1,556	0	0.0%
Gross Funds	1,453	1,490	1,556	1,556	0	0.0%
Metropolitan Washington Council of Governments (EA)						
Local Funds	495	520	542	542	0	0.0%
Gross Funds	495	520	542	542	0	0.0%
Statehood Initiatives Agency (ST)						
Local Funds	240	234	242	242	0	0.0%
Gross Funds	240	234	242	242	0	0.0%
Office of Budget and Planning (AT)						
Local Funds	6,365	6,215	6,317	6,317	0	0.0%
Gross Funds	6,365	6,215	6,317	6,317	0	0.0%
Office of Planning (BD)						
Local Funds	9,106	9,657	10,231	10,231	0	0.0%
Special Purpose	125	200	200	200	0	0.0%
Federal Funds	571	525	547	547	0	0.0%

Agency	FY 2017 Actual	FY 2018 Approved	FY 2019 Mayor	FY 2019 Committee	Committee Change	Percent Change
Private Funds	336	20	10	10	0	0.0%
Intra-District	0	140	0	0	0	0.0%
Gross Funds	10,138	10,542	10,988	10,988	0	0.0%
Office of Zoning (BJ)						
Local Funds	3,050	3,069	3,117	3,117	0	0.0%
Intra-District	20	24	24	24	0	0.0%
Gross Funds	3,070	3,093	3,141	3,141	0	0.0%
Department of Consumer and Regulatory Affairs (CR)						
Local Funds	19,317	21,958	23,264	23,264	0	0.0%
Special Purpose	31,513	38,140	37,114	37,114	0	0.0%
Intra-District	20	0	0	0	0	0.0%
Gross Funds	50,850	60,098	60,378	60,378	0	0.0%
District of Columbia Retirement Board (DY)						
Enterprise/Other	33,852	41,644	43,579	43,579	0	0.0%
Gross Funds	33,852	41,644	43,579	43,579	0	0.0%
Police Officers' and Fire Fighters' Retirement System (FD)						
Local Funds	145,627	105,596	91,284	91,284	0	0.0%
Gross Funds	145,627	105,596	91,284	91,284	0	0.0%
Teachers' Retirement System (GX)						
Local Funds	56,618	59,046	53,343	53,343	0	0.0%
Gross Funds	56,618	59,046	53,343	53,343	0	0.0%
District Retiree Health Contribution (RH)						
Local Funds	31,000	44,500	46,000	46,000	0	0.0%
Gross Funds	31,000	44,500	46,000	46,000	0	0.0%
Other Post-Employment Benefits Administration						
Local Funds					0	0.0%
Enterprise/Other	0	0	0	1,186	1,186	N/A
Gross Funds	0	0	0	1,186	1,186	N/A
University of the District of Columbia (GC)						
Local Funds		0	0	0	0	0.0%
Enterprise/Other	0	161,935	171,123	171,123	0	0.0%
Gross Funds	0	161,935	171,123	171,123	0	0.0%
University of the District of Columbia Subsidy Account (GF)						
Local Funds	77,617	78,180	87,168	87,168	0	0.0%
Gross Funds	77,617	78,180	87,168	87,168	0	0.0%

Agency	FY 2017 Actual	FY 2018 Approved	FY 2019 Mayor	FY 2019 Committee	Committee Change	Percent Change
Debt Service (DS)						
Local Funds	636,076	703,472	753,649	753,649	0	0.0%
Dedicated Taxes	7,825	7,832	7,839	7,839	0	0.0%
Special Purpose	5,319	5,531	5,753	5,753	0	0.0%
Federal Funds	18,132	18,262	17,525	17,525	0	0.0%
Intra-District					0	0.0%
Gross Funds	667,352	735,097	784,766	784,766	0	0.0%
John A. Wilson Building Fund (ZZ)						
Local Funds	4,210	4,082	4,726	4,726	0	0.0%
Gross Funds	4,210	4,082	4,726	4,726	0	0.0%
Non-Departmental (DO)						
Local Funds	0	3,804	1,750	1,750	0	0.0%
Special Purpose	0	1,818	3,484	3,484	0	0.0%
Gross Funds	0	5,622	5,234	5,234	0	0.0%
Master Equipment Lease/Purchase Program (EL)						
Local Funds	27,445	19,254	11,844	11,844	0	0.0%
Gross Funds	27,445	19,254	11,844	11,844	0	0.0%
Pay-As-You-Go Capital Fund (PA)						
Local Funds	76,410	59,960	4,171	4,171	0	0.0%
Dedicated Taxes	0	24,175	0	0	0	0.0%
Special Purpose	56,970	46,162	77,535	77,535	0	0.0%
Gross Funds	133,380	130,297	81,706	81,706	0	0.0%
Repayment of PILOT Financing (TY)						
Enterprise/Other	21,639	31,189	54,123	54,123	0	0.0%
Gross Funds	21,639	31,189	54,123	54,123	0	0.0%
Transfer In from Other Committees						
Local Funds				177	177	N/A
Gross Funds				177	177	N/A
TOTAL COMMITTEE EXPENDITURES						
Local Funds	1,144,651	1,175,075	1,154,289	1,154,466	177	0.0%
Dedicated Taxes	7,825	32,007	7,839	7,839	0	0.0%
Special Purpose	94,299	93,127	125,638	125,638	0	0.0%
Enterprise/Other	55,491	234,768	268,825	270,011	1,186	0.4%
Federal Funds	18,703	18,787	18,072	18,072	0	0.0%
Private Funds	376	20	10	10	0	0.0%
Intra-District	38,672	28,228	39,708	39,708	0	0.0%
Gross Funds	1,360,017	1,582,012	1,614,381	1,615,744	1,363	0.1%

AGENCY FULL-TIME EQUIVALENT SUMMARY TABLE

(by all funding sources)

Agency	FY 2017 Actual	FY 2018 Approved	FY 2019 Mayor	FY 2019 Committee	Committee Change	Percent Change
Council of the District of Columbia (AB)						
Local Funds	185.1	197.5	205.0	205.0	0.0	0.0%
Private Funds	1.0	0.0	0.0	0.0	0.0	0.0%
Gross Funds	186.1	197.5	205.0	205.0	0.0	0.0%
Office of the District of Columbia Auditor (AC)						
Local Funds	30.9	32.0	31.6	31.6	0.0	0.0%
Gross Funds	30.9	32.0	31.6	31.6	0.0	0.0%
Office of Contracting and Procurement (PO)						
Local Funds	192.1	192.0	191.0	191.0	0.0	0.0%
Special Purpose	0.0	7.0	8.0	8.0	0.0	0.0%
Intra-District	24.0	25.0	29.0	29.0	0.0	0.0%
Gross Funds	216.1	224.0	228.0	228.0	0.0	0.0%
P-Card Transactions (PX)						
Gross Funds	0.0	0.0	0.0	0.0	0.0	0.0%
Contract Appeals Board (AF)						
Local Funds	10.0	10.0	10.0	10.0	0.0	0.0%
Gross Funds	10.0	10.0	10.0	10.0	0.0	0.0%
Metropolitan Washington Council of Governments (EA)						
Gross Funds	0.0	0.0	0.0	0.0	0.0	0.0%
Statehood Initiatives Agency (ST)						
Local Funds	1.0	1.0	1.0	1.0	0.0	0.0%
Gross Funds	1.0	1.0	1.0	1.0	0.0	0.0%
Office of Budget and Planning (AT)						
Local Funds	42.0	42.0	41.0	41.0	0.0	0.0%
Gross Funds	42.0	42.0	41.0	41.0	0.0	0.0%
Office of Planning (BD)						
Local Funds	67.1	68.5	71.5	71.5	0.0	0.0%
Federal Funds	3.5	3.5	3.5	3.5	0.0	0.0%
Intra-District	0.0	0.0	0.0	0.0	0.0	0.0%
Gross Funds	70.6	72.0	75.0	75.0	0.0	0.0%
Office of Zoning (BJ)						
Local Funds	19.6	19.0	19.0	19.0	0.0	0.0%
Gross Funds	19.0	19.0	18.0	18.0	0.0	0.0%

Agency	FY 2017 Actual	FY 2018 Approved	FY 2019 Mayor	FY 2019 Committee	Committee Change	Percent Change
Department of Consumer and Regulatory Affairs (CR)						
Local Funds	145.0	180.0	187.0	187.0	0.0	0.0%
Special Purpose	246.4	257.0	261.0	261.0	0.0	0.0%
Gross Funds	391.4	437.0	448.0	448.0	0.0	0.0%
District of Columbia Retirement Board (DY)						
Enterprise/Other	69.6	75.0	75.0	75.0	0.0	0.0%
Gross Funds	69.6	75.0	75.0	75.0	0.0	0.0%
Police Officers' and Fire Fighters' Retirement System (FD)						
Gross Funds	0.0	0.0	0.0	0.0	0.0	0.0%
Teachers' Retirement System (GX)						
Gross Funds	0.0	0.0	0.0	0.0	0.0	0.0%
District Retiree Health Contribution (RH)						
Gross Funds	0.0	0.0	0.0	0.0	0.0	0.0%
Other Post-Employment Benefits Administration						
Enterprise/Other	0.0	0.0	0.0	3.5	3.5	N/A
Gross Funds	0.0	0.0	0.0	3.5	3.5	N/A
University of the District of Columbia (GF)						
Enterprise/Other	0.0	968.4	968.4	968.4	0.0	0.0%
Gross Funds	0.0	968.4	968.4	968.4	0.0	0.0%
University of the District of Columbia Subsidy Account (GG)						
Gross Funds	0.0	0.0	0.0	0.0	0.0	0.0%
Debt Service (DS)						
Gross Funds	0.0	0.0	0.0	0.0	0.0	0.0%
John A. Wilson Building Fund (ZZ)						
Gross Funds	0.0	0.0	0.0	0.0	0.0	0.0%
Non-Departmental (DO)						
Local Funds	0.0	40.0	0.0	0.0	0.0	0.0%
Gross Funds	0.0	40.0	0.0	0.0	0.0	0.0%
Master Equipment Lease/Purchase Program (EL)						
Gross Funds	0.0	0.0	0.0	0.0	0.0	0.0%

Agency	FY 2017 Actual	FY 2018 Approved	FY 2019 Mayor	FY 2019 Committee	Committee Change	Percent Change
Pay-As-You-Go Capital Fund (PA)						
Gross Funds	0.0	0.0	0.0	0.0	0.0	0.0%
Repayment of PILOT Financing						
Gross Funds	0.0	0.0	0.0	0.0	0.0	0.0%
Transfer In from Other Committees						
Gross Funds				0.0	0.0	0.0%
NET EXPENDITURES						
Local Funds	692.8	782.0	757.1	757.1	0.0	0.0%
Dedicated Taxes	0.0	0.0	0.0	0.0	0.0	0.0%
Special Purpose	246.4	264.0	269.0	269.0	0.0	0.0%
Enterprise/Other	69.6	1043.4	1043.4	1046.9	3.5	0.3%
Federal Funds	3.5	3.5	3.5	3.5	0.0	0.0%
Private Funds	1.0	0.0	0.0	0.0	0.0	0.0%
Intra-District	24.0	25.0	29.0	29.0	0.0	0.0%
Gross Funds	1037.3	2117.9	2102.0	2105.5	3.5	0.2%

Committee of the Whole
Summary Narrative: Budget and Policy Recommendations

AGENCY FY 2019 CAPITAL BUDGET SUMMARY TABLE
(thousands of dollars)

The Mayor’s proposed fiscal year 2019 capital budget for agencies under the purview of the Committee of the Whole includes the following capital projects in fiscal year 2019. The Committee recommends adoption of the capital budget as shown below.

Project No.	Project Title	Available Allotments	FY 2019 Budget	Total FY 2019-2024
OFFICE OF CONTRACTING AND PROCUREMENT				
DWB03C	Procurement Systems	1,284	0	1,284
1P001C	ARIBA Refresh	2,875	1,006	3,881
1P002C	Content Management	500	300	800
1P003C	Process Automation	144	87	231
1P004C	Supplier Enablement	110	66	176
1P005C	Transparency	288	173	461
1P006C	Security	175	105	280
N1606B	Procurement System	25	0	25
Total		5,401	1,737	7,138
DEPARTMENT OF CONSUMER AND REGULATORY AFFAIRS				
EB301C	Vacant Property Inspection and Abatement	23	0	23
ISM07C	IT Systems Modernization - DCRA	3	1,500	1,503
Total		26	1,500	1,526
UNIVERSITY OF THE DISTRICT OF COLUMBIA				
UG706C	Renovation of University Facilities	49,957	132,202	182,159
Total		49,957	132,202	182,159
GRAND TOTAL		55,384	135,439	190,823

Committee of the Whole
Summary: Budget and Policy Recommendations

COMMITTEE TRANSFERS
(whole dollars)

Transfers Out of the Committee

Transfers In to the Committee

Fund Type	Description	Amount
Local (recurring)	Transfer In from the Committee on Labor and Workforce Development for an additional FTE for the District of Columbia Auditor for increased workforce development oversight capacity	\$174,720.00
	Total:	\$174,720.00

SUMMARY OF COMMITTEE BUDGET RECOMMENDATIONS

The following is a summary of changes and recommendations made by the Committee to the fiscal year 2019 budget as proposed by the Mayor for each agency under the Committee's purview. This summary lists changes the operating budget and capital budget, as well as policy recommendations relevant to each agency.

Council of the District of Columbia **(AB)**

Operating Budget Recommendation:

- The Committee recommends adoption of the fiscal year 2019 budget as proposed by the Mayor.

Office of the District of Columbia Auditor **(AC)**

Operating Budget Recommendation:

- Increase of \$78,400.00 in recurring local funds to CSG-11, Program 2000, Activity 2010 (Workforce Development Position Salary).
- Increase of \$21,600.00 in recurring local funds to CSG-14, Program 2000, Activity 2010 (Workforce Development Position Fringe).
- Increase of 1.0 FTE, Program 2000, Activity 2010 (Workforce Development Position).
- Increase of \$74,720.00 in recurring local funds to CSG-41, Program 2000, Activity 2010 (Workforce Development Contractual Services).

Policy Recommendations:

- The Committee recommends that the Auditor and the Council work with the Executive to identify space in the Wilson building for the Auditor in anticipation of the lease expiration in 2021.
- The Committee recommends that the Auditor work with the Council and the Committee in moving forward with the education collaborative legislative initiative.

Office of Contracting and Procurement **(PO)**

Operating Budget Recommendation:

- The Committee recommends adoption of the fiscal year 2019 budget as proposed by the Mayor.

Capital Budget Recommendation:

- The Committee recommends adoption of the fiscal year 2019 capital budget as proposed by the Mayor.

Policy Recommendations:

- The Committee recommends that OCP broaden the Procurement Training Institute and the certification program to other agencies covered by the PPRA, especially the Department of General Services.
- The Committee recommends that OCP monitor closely its surplus property sales targets to ensure that funding is available to cover the costs of the surplus property division.
- The Committee recommends OCP develop requirements for the next generation of PASS as soon as practicable so that upgrades can commence.

Committee of the Whole
Summary: Budget and Policy Recommendations

- The Committee recommends that OCP aggressively use tools at its disposal to ensure prime contractor compliance with applicable contract terms with subcontractors.

Purchase Card Transactions **(PX)**

Operating Budget Recommendation:

- The Committee recommends adoption of the fiscal year 2019 budget as proposed by the Mayor.

Contract Appeals Board **(AF)**

Operating Budget Recommendation:

- Decrease of \$71,052.54 in Program 2000, Activity 2001, CSG 12 (Regular Pay-Other)
- Increase of \$71,052.54 in Program 2000, Activity 2001, CSG 11 (Regular Pay-Continuing Full Time).

Policy Recommendations:

- The Committee recommends that CAB should continue to aggressively close cases in a timely manner to avoid backlogs.

Metropolitan Washington Council of Governments **(EA)**

Operating Budget Recommendation:

- The Committee recommends adoption of the fiscal year 2019 budget as proposed by the Mayor.

Policy Recommendations:

- The Committee recommends that the Metropolitan Washington Council of Governments should continue to implement programs and policies to increase regional cooperation and foster regionalism, especially leading the charge with the formation of the Metro Safety Commission and securing funding for WMATA.

Statehood Initiatives **(AR)**

Operating Budget Recommendation:

- The Committee recommends adoption of the fiscal year 2019 budget as proposed by the Mayor.

Policy Recommendations:

- The Committee recommends that the Commission convene to adopt a fiscal year 2019 budget based on the budget approved by the Council ahead of the new fiscal year.
- The Committee recommends that the Commission develop a comprehensive, multi-year strategy to achieve statehood and develop future budget requests to support the plan.

Office of Budget and Planning **(AT1)**

Operating Budget Recommendation:

- The Committee recommends adoption of the fiscal year 2019 budget as proposed by the Mayor.

Committee of the Whole
Summary: Budget and Policy Recommendations

Policy Recommendations:

- The Committee recommends that OBP continue to closely monitor the progress of the SOAR Modernization capital project.

Office of Planning ***(BD)***

Operating Budget Recommendation:

- The Committee recommends adoption of the fiscal year 2019 budget as proposed by the Mayor.

Policy Recommendations:

- The Committee recommends that HPO considers providing access to HPO inspection cases and reports online that the public can easily obtain.
- The Committee recommends that HPO Inspectors expand their coverage to monitor and respond to illegal construction occurring outside of its regular work hours.
- The Committee recommends that new and tenured HPRB members receive rigorous training on the Secretary of Interior Standards for Evaluation of Historic Properties and District historic preservation standards. The Committee also recommends that HPO continues to partner with the appropriate federal entities to provide this training.
- The Committee recommends that OP prepares a timeline of steps to completion of the Comprehensive Plan with specific dates that is publicly available.
- The Committee recommends that OP proactively prepares the remaining package of Comprehensive Plan amendments as soon as feasibly possible and opens the amendments for the promised 60-day public review and comment period prior to submission to Council.
- The Committee recommends that OP provides a timeline of steps to completion of the DC Cultural Plan, including a finalization date that is publicly available.
- The Committee recommends that OP provides more detail and specificity in the DC Cultural Plan to ensure that the Cultural Plan can be carried out under clear direction once it is finalized.
- The Committee recommends that once the Cultural Plan is finalized, OP works expediently to assemble and facilitate the Cultural Planning Steering Committee (required by statute) to ensure that the Cultural Plan is implemented and carried out.
- The Committee recommends that HPO uses its Historic Preservation Fund (“HPF”) for historic preservation outreach services to coordinate with entities such as the DC Preservation League on community outreach programs, particularly the District of Columbia Awards for Excellence in Historic Preservation.
- The Committee recommends that OP continues to track pertinent food access data and that OP makes this data readily available for the Council and public to access.

Office of Zoning ***(BJ)***

Operating Budget Recommendation:

- The Committee recommends adoption of the fiscal year 2019 budget as proposed by the Mayor.

Policy Recommendations:

- The Committee recommends that OZ continues to rigorously train ZC and BZA members, including training that reviews appealed ZC and BZA cases and integrating trainings from other District agencies, such as DDOT and OP.

Committee of the Whole
Summary: Budget and Policy Recommendations

- The Committee recommends that OZ improves the quality of ZC and BZA orders by working with OAG to ensure orders are detailed and provide thorough explanations for the basis of decisions.
- The Committee recommends that OZ continues to track pertinent data relating to BZA and ZC cases, including those that are appealed.
- The Committee recommends that OZ continues its user-friendly and innovative technology efforts and improvements.

Department of Consumer and Regulatory Affairs ***(CR)***

Operating Budget Recommendation:

- The Committee recommends adoption of the fiscal year 2019 budget as proposed by the Mayor.

Capital Budget Recommendation:

- The Committee recommends adoption of the fiscal year 2019 capital budget as proposed by the Mayor.

Policy Recommendations:

- The Committee recommends that the DCRA engage in greater communication between itself and the Committee about the status and progress of this Mayoral Initiative.
- The Committee recommends that DCRA closely monitor the effect of the policy changes to the performance of the Proactive Inspection program.
- The Committee recommends that DCRA aggressively increase the number of housing code inspectors and expand its Mobile Inspections tool to include the Residential Inspections program.
- The Committee recommends that DCRA closely monitor the effects from the policy changes to the performance of the Proactive Inspection program.
- The Committee recommends that DCRA evaluate the opportunity for legislative or regulatory solutions that could help resolve systemic issues related to enforcement, compliance, or deterrence.

District of Columbia Retirement Board ***(DY)***

Operating Budget Recommendation:

- The Committee recommends adoption of the fiscal year 2019 budget as proposed by the Mayor.

Policy Recommendations:

- The Committee recommends that DCRB develop rigorous benchmarks and performance metrics to justify future budget increases.
- The Committee recommends that DCRB seek to identify operational efficiencies to control administrative costs, including IT costs.

Police Officers' and Fire Fighters' Retirement System ***(FD)***

Operating Budget Recommendation:

- The Committee recommends adoption of the fiscal year 2019 budget as proposed by the Mayor.

Committee of the Whole
Summary: Budget and Policy Recommendations

Teachers' Retirement System **(GX)**

Operating Budget Recommendation:

- The Committee recommends adoption of the fiscal year 2019 budget as proposed by the Mayor.

District Retiree Health Contribution (OPEB) **(RH)**

Operating Budget Recommendation:

- The Committee recommends adoption of the fiscal year 2019 budget as proposed by the Mayor.

Other Post-Employment Benefits Trust Administration **(XX)**

Operating Budget Recommendation:

- The Committee recommends adoption of the fiscal year 2019 budget as proposed by the Committee.
- Increase of \$444,144.48 in new Program/Activity, CSG 11 (Regular Pay-Continuing)
- Increase of \$112,004.52 in new Program/Activity, CSG 14 (Fringe Benefits)
- Increase of 3.5 FTEs in new Program/Activity (Associated FTEs)
- Increase of \$630,000.00 in new Program/Activity, CSG 41 (Contractual Services)

University of the District of Columbia **(GC)**

Operating Budget Recommendation:

- The Committee recommends adoption of the fiscal year 2019 budget as proposed by the Mayor.

Capital Budget Recommendation:

- The Committee recommends adoption of the fiscal year 2019 capital budget as proposed by the Mayor.

Policy Recommendations:

- The Committee recommends that the University examine its priorities to determine if changes can be made that will allow it to meet its salary obligations and enable it to provide its non-union employees with some cost-of-living increase.
- The Committee recognizes that the IT enhancement included in UDC's budget is only one-time making it difficult for the University to address properly its IT needs but cautions against reallocating all of the one-time funds to non-IT matters.
- The Committee supports exempting the 801 North Capitol Street property from real property tax liability as long as the University leases the property and recommends that the tax abatement be funded.
- The Committee recommends that UDC explore other avenues, such as a public private partnership, to fund its capital projects.
- The Committee urges the University to continue its fundraising efforts and to find additional ways to diversify its funding sources.

University of the District of Columbia Subsidy Account **(GF)**

Operating Budget Recommendation:

- The Committee recommends adoption of the fiscal year 2019 budget as proposed by the Mayor.

Committee of the Whole
Summary: Budget and Policy Recommendations

Debt Service ***(DS, DT, SM, ZA, ZB, ZC)***

Operating Budget Recommendation:

- The Committee recommends adoption of the fiscal year 2019 budget as proposed by the Mayor.

John A. Wilson Building ***(ZZ)***

Operating Budget Recommendation:

- The Committee recommends adoption of the fiscal year 2019 budget as proposed by the Mayor.

Non-Departmental ***(DO)***

Operating Budget Recommendation:

- The Committee recommends adoption of the fiscal year 2019 budget as proposed by the Mayor.

Master Equipment Lease/Purchase Program ***(EL)***

Operating Budget Recommendation:

- The Committee recommends adoption of the fiscal year 2019 budget as proposed by the Mayor.

Pay-As-You-Go Capital Funds ***(PA)***

Operating Budget Recommendation:

- The Committee recommends adoption of the fiscal year 2019 budget as proposed by the Mayor.

Repayment of PILOT Financing ***(EL)***

Operating Budget Recommendation:

- The Committee recommends adoption of the fiscal year 2019 budget as proposed by the Mayor.

AGENCY FISCAL YEAR 2019 BUDGET RECOMMENDATIONS

The Committee presents the following with regard to the agencies and programs under its purview. The information contained herein provides for each agency: (I) a brief overview of its purpose and function; (II) a summary of the Mayor’s fiscal year 2019 budget proposal; (III) commentary on issues and concerns the Committee has identified; and (IV) the recommended changes to the proposed budget as well as policy recommendations.

COUNCIL OF THE DISTRICT OF COLUMBIA
Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The Council of the District of Columbia is the legislative branch of the District of Columbia government. The Council sets policy through the enactment of laws. The Council is comprised of 13 members – a representative elected from each of the eight wards and five members, including the Chairman, elected at-large. The Council conducts its work through standing committees and Councilmember staff that perform legislative research, bill drafting, budget review, program and policy analysis, and constituent services.

II. MAYOR’S PROPOSED BUDGET

Mayor’s Proposed Fiscal Year 2019 Operating Budget¹

The Mayor’s fiscal year 2019 budget proposal for the Council of the District of Columbia is \$26,394, an increase of \$1,020, or 4.0 percent, over the current fiscal year. The proposed budget supports 205.0 FTEs, which represents an increase of 7.5, or 3.8 percent, over the current fiscal year.

**Table AB-A: Council of the District of Columbia;
Total Operating Funds Budget FY 2013-2019**

	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Budget 2018	Mayor 2019
Total Funds	19,405	19,971	19,539	21,295	22,359	25,373	26,394
FTEs	184.5	182.1	171.2	181.0	186.1	197.5	205.0

Source: Budget Books (dollars in thousands)

¹ The Mayor’s proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

Local Funds: The Mayor's proposed budget is \$26,359, an increase of \$1,020, or 4.0 percent, over the current fiscal year. The proposed budget supports 205.0 FTEs, which represents an increase of 7.5, or 3.8 percent, over the current fiscal year.

Intra-District Funds: The Mayor's proposed budget is \$35, which represents no increase over the current fiscal year. The proposed budget supports no FTEs.

III. COMMITTEE COMMENTARY

The Committee provides the following commentary and concerns in relation to the proposed fiscal year 2019 (FY 2019) budget and agency performance over the last year.

FY 2017 and FY 2018 Accomplishments: The Secretary to the Council is responsible for internal administrative, budget, and operational support to the Council. Other central offices include the Office of the General Counsel, which provides legal counsel and legislative advice, and the Office of the Budget Director, which provides advice and support in crafting the annual District budget.

Over the last year, the Council has continued to implement Phase III of improvements to its Legislative Information Management System, or LIMS. Part 1 of this phase includes launching an online filing portal to allow electronic submission of documents to the Council by member offices and the Executive. Part 2 of the initiative will include a revamp of the public interface of LIMS based on feedback from user surveys.

The Council has also continued its focus on engaging with the public through a new radio show in conjunction with the Office of Cable Television, Film, Music, and Entertainment featuring Councilmembers. In addition, the Council has conducted public trainings on using LIMS and has continued a strong social media presence. The Council continues to work with the Department of General Services on maintenance and restoration of the John A. Wilson Building, which is administered by the Council. Further, in the last year, the Office of the General Counsel has launched the new DC Code website. This website provides a user-friendly, searchable version of the DC Code and is maintained by the Office of the General Counsel. Finally, the Council completed a refresh of all Council computers.

FY 2019 Budget: The FY 2019 budget reflected in the Mayor's submission reflects a continuation of the retirement contribution matching program implemented as part of the FY 2018 budget, and additional funding for Councilmember personal offices. The budget request includes additional FTE positions to provide flexibility in Council offices during the transition to Council Period 23 in 2019. These positions allow for the possible realigning of Committee office personnel without increasing funding other than from the baseline.

Uniform Law Commission: The Uniform Law Commission was established by the District of Columbia Uniform Law Commission Act of 2010.² The Council administers the budget for the Commission which, by law, is in its own free-standing budget chapter. The funds are used to pay annual dues to the National Conference of Commissioners on Uniform State Law and used for registration fees and travel expenses associated with the annual meeting. Next year’s annual meeting will take place in Alaska, which is a primary driver of the increased budget to cover travel related expenses for commission members.

The 2019 proposed budget for the Uniform Law Commission is \$60, an increase of \$9, or 17.6 percent, over the current fiscal year. The proposed budget supports no FTEs.

**Table AB-B: Uniform Law Commission;
 Total Operating Funds Budget FY 2013-2019**

	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Budget 2018	Mayor 2019
Total Funds	44	41	50	48	50	51	60
FTEs	0	0	0	0	0	0	0

Source: Budget Books (dollars in thousands)

Council Information Technology Fund: The Council has a Council Technology Projects Fund that captures all excess monies remaining in the operating budget for the Council at the end of each fiscal year in the form of capital funds. Therefore, any underspending by the Council supports future information technology needs of the Council. The Fund is administered by the Council Chief Technology Officer and currently has an available balance of approximately \$5 million.

IV. COMMITTEE RECOMMENDATIONS

Committee’s Recommended Fiscal Year 2019 Operating Budget

The Committee recommends no change to the fiscal year 2019 budget for the Council as proposed by the Mayor.

² D.C. OFFICIAL CODE § 3-1431 *et seq.*

OFFICE OF THE DISTRICT OF COLUMBIA AUDITOR

Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The Office of the District of Columbia Auditor (ODCA) was established by the United States Congress in section 455 of the Home Rule Act, approved December 24, 1973 (87 Stat. 803; DC Official Code § 1-204.55). ODCA’s mission is to “support the Council of the District of Columbia by conducting audits that improve the economy, efficiency, and accountability of District government.” ODCA is also required to certify revenue estimates in support of general obligation bonds issued by the District government, and to audit and provide financial oversight of the District’s 37 Advisory Neighborhood Commissions. Additionally, D.C. Official Code §1-204.55(c) states: “(t)he District of Columbia Auditor shall have access to all books, accounts, records, reports, findings, and all other papers, things, or property belonging to or in use by any department, agency, or instrumentality of the District government and necessary to facilitate the audit.”

Pursuant to the Home Rule Act, the District of Columbia Auditor is appointed by the Chairman of the Council, subject to the approval of a majority of the Council. Under D.C. Official Code § 1-205.55(b), the District of Columbia Auditor, whose term of appointment is six years, is required “each year [to] conduct a thorough audit of the accounts and operations of the government of the District.”

II. MAYOR’S PROPOSED BUDGET

*Mayor’s Proposed Fiscal Year 2019 Operating Budget*³

The Mayor’s fiscal year 2019 budget proposal for the Office of the District of Columbia Auditor is \$5,333, a decrease of \$527, or 9.0 percent, under the current fiscal year. The proposed budget supports 31.6 FTEs, which represents a decrease of 0.4, or 1.2 percent, under the current fiscal year.

³ The Mayor’s proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

**Table AC-A: Office of the District of Columbia Auditor;
 Total Operating Funds Budget FY 2013-2019**

	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Budget 2018	Mayor 2019
Total Funds	4,118	3,758	4,460	4,549	4,669	5,860	5,333
FTEs	28.5	28.4	31.0	29.2	30.9	32.0	31.6

Source: Budget Books (dollars in thousands)

Local Funds: The funding for this account is comprised entirely of local funds.

III. COMMITTEE COMMENTARY

The Committee provides the following commentary and concerns in relation to the proposed fiscal year 2019 budget and agency performance over the last year.

Expiration of One-Time Costs: The Committee notes that the primary driver of the decrease for the Auditor’s budget is a number of one-time initiatives included in the fiscal year 2018 (FY 2018) budget. This includes a \$550,000 school enrollment study for traditional and charter schools. In addition, the FY 2018 budget included approximately \$92,000 in one-time costs for website improvements that are set to debut later this year, and information technology network improvements to bring the Auditor’s network up to date with the Office of the Chief Technology Officer’s (OCTO) security requirements. However, the Auditor testified that OCTO has imposed an additional \$21,000 fee for IT services that was not accounted for in the FY 2019 budget request.

Auditor Office Space: The Committee continues to be concerned over the escalating costs for the Auditor’s office space at 717 14th Street, NW. The Office of the District of Columbia Auditor has occupied the same suite since 1998. Total costs for the space from fiscal year 2015 to fiscal year 2018 increased by approximately \$39,000. Proposed for fiscal year 2019 is \$594,000, an increase of \$37,000 over the previous year. Continued escalation of the price is expected until the expiration of the lease in 2021. The Department of General Services currently manages the lease. It seems unlikely that the lease can be renegotiated. The Committee recommends that the Auditor and the Council work with the Executive to identify space in the building for the Auditor upon the expiration of the lease.

Education Consortium: In 2007, the Council approved D.C. Law 17-9, the “District of Columbia Public Education Reform Amendment Act of 2007,” which eliminated the Board of Education and established mayoral control over the District of Columbia Public Schools (DCPS). This shift in management and oversight of DCPS was deemed necessary to turn around DCPS and to ensure that the District’s students would graduate college and career-ready. Yet, ten years later we have not made the progress that we expected, and over the past six months, a crisis of

confidence in DCPS has occurred. Between revelations that many of our students have graduated despite missing an exorbitant number of school days, a widening achievement gap, and the resignation of the Deputy Mayor of Education and the Chancellor of DCPS, public trust has been lost. It is clear that the District is currently failing our students and that the District needs to evaluate its current practices, as well as examine best practices around the country in order to improve significantly the educational outcomes in the District.

To that end, the Committee supports the concept put forth in Bill 22-776, the “District of Columbia Education Research Advisory Board and Collaborative Establishment Amendment Act of 2018” and recommends that the Auditor consider incubating an educational research consortium in her office. Cities such as Baltimore, Philadelphia, Houston, Chicago, New Orleans, New York, and Los Angeles have such consortiums. These cities use research conducted by their respective consortiums to inform the policies and practices that the city is either currently implementing or should implement. For example, Chicago’s educational consortium recently looked at the impact Chicago Public School’s suspension reforms have had on student outcomes over the past few years.⁴ The District needs an entity that can do similar research, that is independent of the Mayor, and that has access to student and school level data. The Auditor’s office satisfies all of these requirements.

IV. COMMITTEE RECOMMENDATIONS

Committee’s Recommended fiscal year 2019 Operating Budget

The Committee recommends the following changes to the fiscal year 2019 budget for the District of Columbia Auditor from the budget proposed by the Mayor:

1. Increase of \$78,400.00 in recurring local funds to CSG-11, Program 2000, Activity 2010 (Workforce Development Position Salary).
2. Increase of \$21,600.00 in recurring local funds to CSG-14, Program 2000, Activity 2010 (Workforce Development Position Fringe).
3. Increase of 1.0 FTE, Program 2000, Activity 2010 (Workforce Development Position).
4. Increase of \$76,723.12 in recurring local funds to CSG-41, Program 2000, Activity 2010 (Workforce Development Contractual Services).

Policy Recommendations

1. The Committee recommends that the Auditor and the Council work with the Executive to identify space in the Wilson building for the Auditor in anticipation of the lease expiration in 2021.

⁴ <https://consortium.uchicago.edu/publications/rethinking-universal-suspension-severe-student-behavior>.

2. The Committee recommends that the Auditor work with the Council and the Committee in moving forward with the education collaborative legislative initiative.

OFFICE OF CONTRACTING AND PROCUREMENT

Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The mission of the Office of Contracting and Procurement (OCP) is to procure quality goods and services through a streamlined procurement process that is transparent and responsive to the needs of government agencies and the public, and to ensure all purchases are conducted fairly and impartially.

OCP manages the purchase of \$4.4 billion in goods, services, and construction annually, on behalf of over 70 District agencies. In its authority under the Procurement Practices Reform Act of 2010 (PPRA), OCP is responsible for both establishing procurement processing standards that conform to regulations, and monitoring the effectiveness of procurement service delivery. Procurement processing and management is enhanced by OCP specialists who are assigned to agency worksites to directly collaborate with program staff throughout the entire procurement process. OCP core services include the DC Supply Schedule, Purchase Card (P-Card) program, and the surplus property disposition and re-utilization program. Additionally, OCP's learning and certification programs support on-going development of staff proficiency and procurement service quality.

II. MAYOR'S PROPOSED BUDGET

Mayor's Proposed Fiscal Year 2019 Operating Budget⁵

The Mayor's fiscal year 2019 budget proposal for the Office of Contracting and Procurement is \$28,594, an increase of \$1,450, or 5.3 percent, over the current fiscal year. The proposed budget supports 228.0 FTEs, an increase of 4.0 FTEs, or 1.8 percent, over the current fiscal year.

⁵ The Mayor's proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

**Table PO-A: Office of Contracting and Procurement;
Total Operating Funds Budget FY 2013-2019**

	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Budget 2018	Mayor 2018
Total Funds	29,366	33,042	45,682	96,867	61,638	27,145	28,594
FTEs	80.4	107.4	180.7	190.0	216.1	224.0	228.0

Source: Budget Books (dollars in thousands)

Local Funds: The Mayor’s proposed budget is \$23,393, an increase of \$554, or 2.4 percent, over the current fiscal year. The proposed budget supports 191.0 FTEs, a decrease of 1.0 FTEs, or 0.5 percent, under the current fiscal year.

Special Purpose Funds: The Mayor’s proposed budget is \$1,552, an increase of \$276, or 21.6 percent, over the current fiscal year. The proposed budget supports 8.0 FTEs, an increase of 1.0 FTEs, or 14.3 percent, over the current fiscal year.

Intra-District Funds: The Mayor’s proposed budget is \$3,649, an increase of \$620, or 20.5 percent, over the current fiscal year. The proposed budget supports 29.0 FTEs, an increase of 4.0 FTEs, or 16.0 percent, over the current fiscal year.

Mayor’s Proposed Fiscal Year 2019 Capital Budget⁶

The Mayor’s capital improvements plan includes \$5,828 for the Office of Contracting and Procurement over the 6-year plan. The plan authorizes \$4,092 for fiscal year 2019, and \$1,736 for fiscal years 2020 through 2024.

III. COMMITTEE COMMENTARY

The Committee provides the following commentary and concerns in relation to the proposed fiscal year 2019 budget and agency performance over the last year.

Training and Certification: In 2015, OCP shifted its approach to the training and certification through the Procurement Training Institute. This Institute is a joint effort between OCP and the George Washington University to provide specialty training. The program comprises three certification tiers that are commensurate with additional responsibilities and knowledge requirements. Each certification tier requires a requisite training course completion requirement. Currently the courses are offered through either in-house training or by George Washington University. A fundamentals course is also made available to many government employees outside of OCP. The budget to provide training is proposed to be \$867,000.

⁶ The Mayor’s proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

According to the Chief Procurement Officer (CPO), almost all procurement staff at OCP have been certified as of 2018. There are minor exceptions including those employees on leave during certain training sessions that must still complete it. The funding included in the budget is primarily for additional training and certification for staff moving into new positions. For the current fiscal year, 45 individuals are expected to obtain the various levels of certification after training.

The statutory requirement for the Training Institute gives the CPO broad training authority over any government employees – not just those at agencies under the CPO’s authority. Moreover, under a strict reading of the Procurement Practices Reform Act (PPRA), it is the duty of the CPO to require that all District contracting personnel be certified, not just those under his authority. The PPRA also gives the CPO authority to charge a fee for training provided by the Training Institute, which means that contracting staff at other agencies have a mechanism to use the well-established training institute at OCP. However, according the CPO, OCP currently offers independent agency training on an “as available” basis if there are empty seats in a class. OCP does not charge agencies for this training. The Committee recommends that OCP broaden the Procurement Training Institute and the certification program to other agencies covered by the PPRA, especially the Department of General Services. Moreover, OCP should consider charging agencies for this important service to create additional seats and training opportunities ensuring consistent PPRA-based training for agencies covered by the PPRA.

Surplus Property Disposal: OCP manages surplus property for District agencies, including some independent agencies. This includes connecting property to other agencies or groups that may have a need, such as working with the Office of the Chief Technology Officer to provide reimaged laptops for schools.⁷ The surplus property division supports the sale of almost \$2.5 million of surplus property sales each year for District agencies, in addition to property sales that accrue to specific agencies such as the Metropolitan Police Department. These sales have historically accrued to the general fund with some exception. An online auction vendor – GovDeals – is used to sell much of the surplus property. Under the terms of the GovDeals contract, the vendor is paid 7.5 % of the final auction sales price of each item sold. Because the District cannot let the vendor take their payment directly out of the sales price due to Antideficiency Act restraints, a portion of the total sales is placed into a special account that is used to pay the equivalent of 7.5% to the vendor. Any surplus sales above the vendor costs are returned to the General Fund.

In the fiscal year 2018 budget, 7.0 FTEs were shifted to a special purpose revenue source from local funds. The practical impact of this shift was a reduction in the amount of surplus property sales that fell to the general fund and was instead diverted into the surplus property special purpose revenue fund. The proposed fiscal year 2019 budget shifts an additional surplus property position to the special purpose revenue account.

⁷ *Office of Contracting and Procurement: Budget Oversight Hearing before the Council of the District of Columbia Committee of the Whole* (March 27, 2018) (oral testimony of George Schutter, Director, Office of Contracting and Procurement).

The Committee is supportive of surplus property division and OCP's efforts to generate revenue from unused property. The Committee also supports efforts to realize additional cost-avoidance through reutilizing surplus property. The Committee recommends that OCP monitor closely its surplus property sales targets to ensure that funding is available to cover the costs of the surplus property division.

IT Capital Budget: For the second year, the proposed budget includes a capital allotment for OCP. Currently, OCP utilizes a procurement automated support system (PASS) that manages the lifecycle of most procurements from solicitation through award. The product is developed by SAP and is known as Ariba. The current version of this system in use by the District will no longer be supported starting in 2020. Thus, OCP is undertaking a system refresh to upgrade Ariba to a new cloud-based version. This will allow additional capabilities including increased efficiency and transparency in procurement. The capital funding for IT improvements at OCP is approximately \$4.1 million in fiscal year 2019 and \$1.7 million in fiscal year 2020. The refresh consists of six components:

- Ariba Refresh – Upgrade of the core Ariba system
- Content Management – Digitization of the contract lifecycle
- Process Automation – Improved connectivity between Ariba system modules
- Security – Improved security of procurement data systems
- Supplier Enablement – Improved supplier management database
- Transparency – Improved search functionality in solicitations

In early 2018, the Committee adopted the Accessible and Transparent Procurement Amendment Act of 2018 (Bill 22-395). That act should become effective in Fall 2018. Its provisions include a requirement that OCP make PASS searchable to the public but targeted at vendors and subcontractors to identify business opportunities with the District. In addition, the bill requires electronic invoicing. However, at the time of the Committee's adoption of the legislation, funds were not sufficient to implement this provision. According to OCP Director Schutter, the provisions of Bill 22-395 are reflected in the capital request for PASS improvements. At OCP's budget hearing, Director Schutter testified that some search capabilities would be available online this calendar year and that electronic invoicing is currently in a pilot phase. According to the Chief Financial Officer, a fiscal year 2018 reprogramming within the OCFO allows the removal of the subject-to-appropriations clause of Bill 22-395 so that all provisions of the legislation will be implemented. This is further supported by the proposed improvements in OCP's procurement systems.

Enforcement: During consideration of Bill 22-395, the Committee continued to hear frustrations by the certified business enterprise (CBE) vendor community over issues related to relations with prime contractors. Chief among their concerns is on-time payments by prime contractors. Under the Quick Payment Act,⁸ vendors must pay subcontractors within 30 days of the receipt of a payment from the District. According to testimony at the hearing on Bill 22-395, part of the problem relates to the prompt payment by the District to prime contractors. The bill

⁸ D.C. Law 5-164.

included improvements to the online vendor payment portal where all District payments to vendors can be viewed electronically in near-real time. In addition, the Procurement Integrity, Transparency, and Accountability Amendment Act of 2016 (PITAA)⁹ included a new ombudsman for contracting and procurement to address contractor and subcontractor concerns with the procurement process, including relations between contractors and subcontractors. The ombudsman was funded beginning in the fiscal year 2018 budget, and the ombudsman position was onboarded in November 2017.

However, the Committee notes that OCP has additional tools to compel prime contractor compliance. There are already several requirements for common contract provisions between prime contractors and subcontractors, including protections for change orders, alternative dispute resolution, and on-time payments. While these provisions relate to contractors and subcontractors, they are actually requirements under the contract between the District and the prime contractor. Thus, when a subcontractor is not paid on time or if other violations of the contract occur that disadvantage a subcontractor, it is actually a violation of the contract with the District. According to testimony of the CPO at the hearing on Bill 22-395, a common way to address such a violation is for the District to issue a “cure notice” to the offending prime contractor. In addition, the PPRA gives the CPO authority to terminate contracts, and to suspend or debar a contractor for continued violations that can be found on the Excluded Parties List.¹⁰ With respect to cure notices, which are more common, the CPO testified at the performance oversight hearing that only ten cure notices had been issued in the past year – none having to do with failure to pay a subcontractor. He went on to testify that the more common approach is to have a contracting officer bring the parties together to resolve the issue.

The Committee commends OCP for quickly implementing the ombudsman provision of the PITAA legislation. However, the Committee believes that OCP – as well as independent PPRA agencies – could use additional leverage, including cure notices, to compel compliance when negotiation fails.

IV. COMMITTEE RECOMMENDATIONS

Committee’s Recommended Fiscal Year 2019 Operating Budget

The Committee recommends no changes to the fiscal year 2019 budget for the Office of Contracting and Procurement as proposed by the Mayor.

Committee’s Recommended Fiscal Year 2019 Capital Budget

The Committee recommends no changes to the fiscal year 2019 budget for the Office of Contracting and Procurement as proposed by the Mayor.

⁹ D.C. Law 21-158, effective October 8, 2016.

¹⁰ <https://ocp.dc.gov/page/excluded-parties-list>

Policy Recommendations

1. The Committee recommends that OCP broaden the Procurement Training Institute and the certification program to other agencies covered by the PPRA, especially the Department of General Services.
2. The Committee recommends that OCP monitor closely its surplus property sales targets to ensure that funding is available to cover the costs of the surplus property division.
3. The Committee recommends OCP develop requirements for the next generation of PASS as soon as practicable so that upgrades can commence.
4. The Committee recommends that OCP aggressively use tools at its disposal to ensure prime contractor compliance with applicable contract terms with subcontractors.

PURCHASE CARD TRANSACTIONS

Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The mission of Purchase Card Transactions is to provide overall financial administration and warehousing of the funds reported by agencies for the District's Purchase Card program, which provides District employees a customer-centric purchasing tool to support their programmatic functions in an efficient, timely, and cost-effective manner.

II. MAYOR'S PROPOSED BUDGET

Mayor's Proposed Fiscal Year 2019 Operating Budget¹¹

The fiscal year 2019 budget proposal for the Purchase Card Transactions is \$36,000, an increase of \$11,000, or 44.0 percent, over the current fiscal year. The proposed budget supports no FTEs.

¹¹ The Mayor's proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

**Table PX-A: Purchase Card Program
 Total Operating Funds Budget FY 2013-2019**

	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Actual 2017	Budget 2018	Mayor 2019
Total Funds	0	0	0	0	0	25,000	36,000
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Budget Books (dollars in thousands)

Intra-District Funds: The funding for this account is comprised entirely of intra-District funds.

III. COMMITTEE COMMENTARY

The Committee has no comments regarding the proposed funding for the Purchase Card Transactions.

IV. COMMITTEE RECOMMENDATIONS

Committee’s Recommended Fiscal Year 2019 Operating Budget

The Committee recommends no change to the fiscal year 2019 budget for the Purchase Card Transactions as proposed by the Mayor.

CONTRACT APPEALS BOARD
Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The mission of the Contract Appeals Board (CAB) is to provide an impartial, expeditious, inexpensive, and knowledgeable forum for the hearing and resolving of contractual disputes and protests involving the District and its contracting communities. The Contract Appeals Board adjudicates protests of District contract solicitations and awards, appeals by contractors of District contracting officer final decisions, claims by the District against contractors, appeals by contractors of suspensions and debarments, and contractor appeals of interest payment claims under the Quick Payment Act.

The CAB hears two types of appeals: protests which involve a disappointed bidder protesting the award of a contract to another entity, and disputes, which are civil actions arising out of failure to meet an obligation in a previously awarded contract. The vast majority of cases heard by the Board are disputes (91%). The CAB consists of three judges: Chief Judge Marc D. Loud, Judge Monica Parchment, and Judge Maxine E. McBean. The Board also employs a clerk of court, appeals clerk, protest clerk, a program support assistant, and three attorney advisors.

II. MAYOR’S PROPOSED BUDGET

Mayor’s Proposed Fiscal Year 2019 Operating Budget¹²

The Mayor’s fiscal year 2019 budget proposal for the Contract Appeals Board is \$1,556, an increase of \$66, or 4.4 percent, over the current fiscal year. The proposed budget supports 10.0 FTEs, which represents no change from the previous fiscal year.

**Table AF-A: Contract Appeals Board;
 Total Operating Funds Budget FY 2013-2019**

	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Budget 2018	Mayor 2019
Total Funds	1,041	1,068	1,201	1,378	1,492	1,490	1,556
FTEs	6.1	8.3	9.6	9.9	10.0	10.0	10.0

Source: Budget Books (dollars in thousands)

Local Funds: The funding for this account is comprised entirely of local funds.

III. COMMITTEE COMMENTARY

The Committee provides the following commentary and concerns in relation to the proposed fiscal year 2019 budget and agency performance over the last year.

Case Decision Timeliness: The Contract Appeals Board (CAB) hears two types of cases: *protests* which involve a disappointed bidder protesting the award of a contract to another entity, and *disputes*, which are civil actions alleging failure to meet an obligation in a previously awarded contract. Decisions of the Board relating to disputes can be appealed to the D.C. Court of Appeals,¹³ while decisions on protests are appealed to the D.C. Superior Court. By law, *protests* must be resolved within 60 days.¹⁴ According the CAB, currently 95% of protests were decided

¹² The Mayor’s proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

¹³ D.C. OFFICIAL CODE § 2-360.05 *et seq.* (2013).

¹⁴ D.C. OFFICIAL CODE § 2-360.08(d) (2013).

within the 60-day requirement. With regard to *disputes*, approximately 80% were decided within three years (the metric for resolving the disputes). Five dispositions were closed outside of that window, but two of those were still considered closed within a reasonable time given the circumstances. The Committee is generally pleased with CAB’s performance in closing cases. Moreover, the Committee notes that CAB is effectively managing its caseload by avoiding backlogs that plagued the agency for several years until it was reconstituted in 2011.

Case Disposition: The Committee has long believed that protests can be a window into the contracting and procurement process. While not a perfect indicator, protests are less likely to be filed if parties believe the process was open, transparent, and fair. When a protest is filed, whether the District or the protester prevails is a further indicator of whether the District met its obligations in the procurement process or whether an agency can settle a case through corrective actions.

**Table AF-B: Contract Appeals Board:
 Protest Cases Filed by Fiscal Year**

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018 (3/23)
Protests Filed	25	24	18	29	36	10

Source: Letter to Chairman Mendelson in response to March 7, 2018 Performance Oversight Hearing

In FY 2017, a total of 39 protests were closed (number of cases filed and closed vary because of the 60-day protest period that would traverse the fiscal year). Of those, 26, or 67%, were won by the District – one, or 2%, was won by the protester. 12 protests, or 31%, were withdrawn by the protester or jointly dismissed by the parties. Six protests, or 15%, were settled, withdrawn, or dismissed due to the District’s corrective action, including cancellation of the solicitation or award. In FY 2018 (as of March 23, 2018), a total of 20 protests were closed. Of those, 14, or 70%, were won by the District – one, or 5%, was won by the protester. Five protests, or 25%, were withdrawn by the protester or jointly dismissed by the parties. Three protests, or 15%, were settled, withdrawn, or dismissed due to the District’s corrective action, including cancellation of the solicitation or award.

While not a reflection on the performance of the CAB itself, the Committee is pleased that the District seems to be prevailing in protests or working with protesters to take corrective actions where there may have been an issue with the solicitation or award.

Budget Changes over FY 2018: CAB’s recommended budget is largely unchanged from the approved FY 2018 budget. Personal services funding increased largely due to increases in salaries and fringe. There is no salary lapse built into the proposed budget. The fringe rate for CAB decreased slightly from 16.9% in FY 2018 to 16.6% in FY 2019. The proposed budget includes one term position. However, CAB and the Agency Fiscal Officer testified that the term position should be a permanent, full time position. Therefore, the budget recommendations below make the requested change.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal Year 2019 Operating Budget

The Committee recommends the following changes to the fiscal year 2019 budget for the Contract Appeals Board as proposed by the Mayor:

1. Decrease of \$71,052.54 in Program 2000, Activity 2001, CSG 12 (Regular Pay-Other, Position 00050893).
2. Increase of \$71,052.54 in Program 2000, Activity 2001, CSG 11 (Regular Pay-Continuing Full Time, Position 00050893).

Policy Recommendations

1. The Committee recommends that CAB should continue to aggressively close cases in a timely manner to avoid backlogs.

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS

Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

“Region Forward” is the mission and commitment by the Metropolitan Washington Council of Governments (COG). COG’s member governments include 22 local jurisdictions. Also participating are representatives of the Maryland and Virginia State Legislatures, as well as the U.S. Congress. The member governments work together on a variety of issues regarding transportation, public safety, the environment, and human services. To make “Region Forward” a reality, COG serves as a discussion forum, expert resource, issue advocate, and catalyst for action. It also fosters cooperative relationships among government bodies throughout the metropolitan region, advocates quality of life for all, promotes better air and water quality, encourages a multi-modal transportation system that prioritizes management, performance, maintenance, and promotes regional emergency response coordination planning.

For nearly 60 years, COG has helped tackle metropolitan Washington’s biggest challenges, such as restoring the Potomac River, ensuring that the Washington Metropolitan Area Transit Authority (WMATA) Metrorail system was fully built, and strengthening emergency preparedness after September 11, 2001. Most recently COG has been tasked with helping the District, Maryland, and Virginia develop a new State Safety Oversight Agency for the WMATA Metrorail system, the Metrorail Safety Commission, as well as assisting the three jurisdictions in securing long-term dedicated funding for WMATA. COG is supported by financial contributions from its

participating local governments, federal and state grants and contracts, and donations from foundations and the private sector.

II. MAYOR’S PROPOSED BUDGET

Mayor’s Proposed Fiscal Year 2019 Operating Budget:¹⁵

The Mayor’s FY2019 budget proposal for COG is \$542, an increase of \$23, or 4.3 percent, over the current fiscal year. The proposed budget supports no FTEs, representing no change from the current fiscal year. This budget proposal represents the District’s annual payment to COG and is equal to the dues required to be a member of COG.

**Table EA-A: Metropolitan Washington Council of Governments;
 Total Operating Funds Budget FY 2013-2019**

	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Budget 2018	Mayor 2019
Total Funds	408	428	450	472	495	520	542
FTEs	0	0	0	0	0	0	0

Source: Budget Books (dollars in thousands)

Local Funds: The Mayor’s proposed budget is \$542, an increase of \$23, or 4.3 percent above the current fiscal year. The proposed budget supports no FTEs, representing no change from the current fiscal year.

III. COMMITTEE CONCERNS

Funding Formula: Funding for COG is determined by a funding formula based in large part on the population of each member’s jurisdiction. As the population grows, each member’s jurisdiction can count on owing more in COG dues. Any annual increases in dues is subjected to a five percent cap. Under COG’s bylaws, member contributions are calculated based on a prorated share of the region’s population. Based on work program priorities and revenue requirements, each fiscal year an assessment rate is applied to population forecasts for each COG member jurisdiction. Based on population estimates, the District’s FY 2019 proposed contribution to COG is \$542, up from \$520 from the previous year.

Dues from member jurisdictions account for approximately 13 percent of COG’s total budget. This funds regional programs, such as the Cooperative Purchasing Program, which gives

¹⁵ The Mayor’s proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

member jurisdictions the ability to save money by participating in certain contracts, such as cooperating with Maryland to obtain a bulk rate for road deicing chemicals. The remaining 87 percent represents funding from federal and state contracts that involve regional projects, including transportation and homeland security projects.

WMATA Funding: Currently, WMATA needs an additional \$500 million per year over the next decade (or \$5 billion total) to support its capital funding requirement. This money will go towards new equipment, repairs, and maintenance. The District, Maryland, and Virginia agree that the Metro system is essential to the region and the regional economy and that it must be brought to a safe and reliable state. Placing great significance on the need for funding and a regional solution, the three jurisdictions committed early on to contributing \$500 million per year in bondable funding that will grow with the economy.

COG has facilitated communications, coordinated legislative efforts, and shared its technical expertise to reach a funding agreement between the three jurisdictions. As a result, the District, Maryland, and Virginia will provide the additional funding that WMATA needs using the current and longstanding WMATA formula. Pursuant to the formula, the District will pay 35.7%, or \$178.5 million per year; Maryland will pay 33.4%, or \$167 million per year; and Virginia will pay 31%, or \$154 million per year.

The District's annual contribution of \$178.5 million over the next ten years is reflected in the Mayor's proposed FY 2019 budget through a series of tax increases, including sales tax, property tax, and other taxes. However, recognizing the importance and time sensitive nature of the District's commitment to fund WMATA, the Council adopted its commitment to dedicated funding for WMATA through emergency legislation on April 10, 2018.¹⁶ Likewise, Maryland and Virginia have each passed their own legislation ensuring their share of the \$500 million. Notably, each jurisdiction's WMATA funding legislation is contingent on all three jurisdictions passing legislation pursuant to the funding formula. The Committee acknowledges that COG has played an integral role in securing funding for WMATA and recommends that COG continues to work with the three jurisdictions to guarantee that the funding is available by July 2019, the date by which WMATA needs the funding.

Metrorail Safety Commission: The Metrorail Safety Commission (MSC) was created by the District of Columbia, Maryland, and Virginia to serve as the State Safety Oversight Agency (SSOA) for the WMATA Metrorail system.¹⁷ Notably, the MSC replaced the Tri-State Oversight Committee, which previously served as the SSOA for the WMATA Metrorail System. The MSC shall: 1) have financial and legal independence from the WMATA Metrorail System; 2) review, approve, oversee, and enforce the implementation of the WMATA Public Transportation Agency Safety Plan; 3) have investigative and enforcement authority with respect to the safety of the WMATA Metrorail System; and 4) audit the WMATA Metrorail System to ensure compliance with its Safety Plan.

¹⁶ See [PR 22-830 \(effective April 10, 2018\)](#), Published in [DC Register](#) Vol 65, Page 4310).

¹⁷ See [Bill 21-828; D.C. Law 21-250 \(effective April 7, 2017\)](#), Published in [DC Register](#) Vol 64, Page 3971).

The compact requires that the MSC be governed by a Board, consisting of six members. The District, Maryland, and Virginia are each required to appoint two members and one alternate member to the MSC Board. The District was the first jurisdiction to make its appointments, which went into effect February 2018. Since the early phases of drafting the Metro Safety Commission Interstate Compact, COG has played an active role supporting the jurisdictions and the Federal Transit Administration (FTA) in establishing the MSC. Doing so has ensured that the MSC can assume safety oversight of Metrorail from the FTA. While the MSC is an independent entity, COG has facilitated meetings, provided office space and support staff for the MSC, and assisted in the MSC's CEO-search that was finalized in April 2018. The Committee recognizes COG's contributions in the formation of the MSC and recommends that COG continues to aid the MSC as needed.

IV. COMMITTEE RECOMMENDATIONS

Agency Operating Budget:

The Committee recommends no change to the FY 2019 budget for the Metropolitan Washington Council of Governments as proposed by the Mayor.

Policy Recommendations:

1. The Committee recommends that the Metropolitan Washington Council of Governments should continue to implement programs and policies to increase regional cooperation and foster regionalism, especially leading the charge with the formation of the Metro Safety Commission and securing funding for WMATA.

STATEHOOD INITIATIVES AGENCY

Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The mission of the Statehood Initiatives Agency (SIA) is to allow for the development and implementation of a coherent and effective means to promote statehood for the District of Columbia through lobbying efforts in Congress, educating of District residents and citizens throughout the United States, and aligning the efforts of various stakeholder groups who advocate for District of Columbia statehood. The SIA provides funding for the executive director of the Office of the Statehood Delegation (OSD) and the New Columbia Statehood Fund, both of which are designed to support the efforts of the District's elected Statehood Delegation.

II. MAYOR’S PROPOSED BUDGET

Mayor’s Proposed Fiscal Year 2019 Operating Budget¹⁸

The Mayor’s fiscal year 2019 budget proposal for the Statehood Initiatives Agency is \$242, an increase of \$9, or 3.7 percent, over the current fiscal year. The proposed budget supports 1.0 FTEs, which represents no change from the current fiscal year.

**Table AR-A: Statehood Initiatives Agency;
 Total Operating Funds Budget FY 2013-2019**

	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Budget 2018	Mayor 2019
Total Funds	0	0	137	290	234	234	242
FTEs	0	0	2.2	1.3	1.0	1.0	1.0

Source: Budget Books (dollars in thousands)

Local Funds: The Mayor’s proposed budget is comprised entirely of local funds.

III. COMMITTEE COMMENTARY

The Committee provides the following commentary and concerns in relation to the proposed fiscal year 2019 budget and agency performance over the last year. The New Columbia Statehood Initiative and Omnibus Boards and Commissions Reform Amendment Act of 2014 created the New Columbia Statehood Commission, the Office of the Statehood Delegation, and the New Columbia Statehood Fund. The Commission and Delegation are both budgeted for under the Statehood Initiatives Agency in the budget, and funds from the Statehood Fund would also be reflected in this agency.

New Columbia Statehood Fund: The enabling legislation also created the New Columbia Statehood fund to support the Delegation and the Commission in advocating for statehood. The fund is composed of appropriated funds, including carry-forward unexpended funds from previous fiscal years. In FY 2017, \$28,656 was transferred from the previous fiscal year. That, combined with the \$234,298 in FY 2017 appropriations, totaled \$262,954 in budget authority for the year. The actual expenditures in FY 2017 were \$239,617 – \$173,577 in personal services and \$66,040 in non-personal services spending. The commission also had an available balance of \$53,352 in accumulated tax check-off funds and \$1,358 in earned interest from the fund. Those funds are available by a vote of the commission, but were not used. Thus, \$54,710 was available for FY 2018, plus any carryover funds from FY 2017, which would total approximately \$24,000. FY 2018 revenues and expenditures should be updated by the CFO in December 2018.

¹⁸ The Mayor’s proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

New Columbia Statehood Commission Budget: Under the enabling legislation, the Commission – consisting of the Mayor and Chairman as co-chairs, and the three statehood delegation members – must pass its own internal budget each year. The Commission adopted its FY 2018 budget on December 6, 2017. The tables below show the approved budget.

**Table AR-B: Statehood Initiatives Agency;
Approved FY 2018 Non-Personal Services Budget**

STATEHOOD INITIATIVE	Dollar Amount
51 STARS PSA PROGRAM	\$25,000
TARGETED STATES OUTREACH + TRAVEL	\$20,000
INTERNATIONAL ORGANIZATION EFFORTS + TRAVEL	\$15,800.00
NATIONAL CLUB MEMBERSHIP DUES	\$1,800
PROMOTIONAL MATERIALS	\$7,500.00
OFFICE SUPPLIES AND EQUIPMENT	\$7,760
MISCELLANEOUS	\$2,500
WEBSITE DESIGN & HOSTING	\$2,500.00
SHADOW POLITICS Radio Show	\$4,840.00
DC STATEHOOD TODAY DCTV SHOW	\$10,800.00
Festival Promotion	\$1,500
TOTAL AR-0 NPS EXPENSES	\$100,000

**Table AR-C: Statehood Initiatives Agency;
Approved FY 2018 Personal Services Budget**

Title	Salary	Reg/Temp/Term	WAE
Staff Assistant	\$53,217.00	Term	N
Legislative Assistant	\$52,167.00	Temp	Y
SENIOR LEGISLATIVE ANALYST	\$22,498.00	Temp	Y
LEGISLATIVE COUNSEL	\$22,498.00	Temp	Y
Staff Assistant	\$772.38	Temp	N
Staff Assistant	\$772.38	Temp	N
Staff Assistant	\$16,068.00	Temp	Y
TOTAL	\$167,992.76		

Statehood Delegation Activities: The Committee continues to be critical of the activities of the statehood delegation regarding its underlying purpose: to achieve statehood. Each member of the Delegation has a discrete portfolio of activities in support of statehood. For example, Representative Garcia has a cable access television show, Senator Brown has a radio show and foundation, and Senator Strauss has a series of television commercials featuring various celebrities advocating for statehood. The delegation has shown support for statehood with a statehood group in Iowa, as well as at previous national political conventions. Each delegation member attends varying meetings on Capitol Hill with Senators, Representatives, and their staffs asking for support of Congresswoman Norton’s and Senator Carper’s companion statehood legislation. However, despite all these individual efforts, there seems to be no coherent, singular strategy for meaningful progress on statehood.

At the March 7, 2018 performance oversight hearing on the Commission, the Committee asked members about their specific lobbying efforts on Capitol Hill. Representative Garcia testified that in his first year on the delegation, he met with approximately 45 Members of the House, garnering 14 new cosponsors for statehood legislation. Senator Strauss has met with approximately four Senators in the last year. Senator Brown has only met with “a couple” of Senators in the last year. All delegation members acknowledged that there are also many meetings at a staff level in both chambers. The Committee is concerned (especially about the Senate) that the delegation has only met with six out of 100 Senators in the last year. In order to pass legislation for statehood, it is critical that we have a majority of Senators in favor of the legislation, not to mention a majority of the 435 members of the House of Representatives. Without the support of elected Members of Congress, other educational efforts cannot bear fruit.

These concerns all get back to a recurring theme of the Committee over the past four years: The Commission – the efforts of which are led day-to-day by the Statehood Delegation – must have a coherent strategy to achieve statehood. The Office of the Senior Advisor, for example, is organizing a targeted educational campaign for statehood partnering with other District agencies such as Events DC. DC Vote has testified that it has a targeted plan to add cosponsors to the pending legislation, garnering at least six new cosponsors on the House bill after an intensive lobbying day by volunteers on Capitol Hill.

IV. COMMITTEE RECOMMENDATIONS

Committee’s Recommended Fiscal Year 2019 Operating Budget

The Committee recommends no change to the fiscal year 2019 budget for the Statehood Initiatives Agency as proposed by the Mayor.

Policy Recommendations

1. The Committee recommends that the Commission convene to adopt a fiscal year 2019 budget based on the budget approved by the Council ahead of the new fiscal year.
2. The Committee recommends that the Commission develop a comprehensive, multi-year strategy to achieve statehood and develop future budget requests to support the plan.

OFFICE OF BUDGET AND PLANNING
Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The Office of Budget and Planning (OBP) is a component of the Office of the Chief Financial Officer (OCFO). OBP prepares, monitors, analyzes, and executes the District’s budget, including operating, capital and enterprise funds, in a manner that facilitates fiscal integrity and maximizes services to taxpayers. This program also provides advice to policy-makers on the District government’s budget and has the primary responsibility for ensuring that the budget is balanced at the time of budget formulation and maintaining that balance throughout the year as the budget is executed.

II. MAYOR’S PROPOSED BUDGET

Mayor’s Proposed Fiscal Year 2019 Operating Budget

The Mayor’s fiscal year 2019 budget proposal for the Office of Budget and Planning is \$6,317, an increase of \$102, or 1.6 percent, over the current fiscal year. The proposed budget supports 41.0 FTEs, a decrease of 1 FTE, or 2.3 percent under the current fiscal year.

**Table ATX-A: Office of Budget and Planning;
Total Operating Funds Budget FY 2013-2019**

	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Budget 2018	Mayor 2019
Total Funds	4,834	5,047	5,364	5,715	6,365	6,215	6,317
FTEs	40.1	41.3	42.0	38.8	42.0	42.0	41.0

Source: Budget Books (dollars in thousands)

Local Funds: The funding for this account is comprised entirely of local funds.

III. COMMITTEE COMMENTARY

The Committee provides the following commentary and concerns in relation to the proposed fiscal year 2019 budget and agency performance over the last year.

Capital Asset Replacement Scheduling System (CARSS): In the fiscal year 2015 Budget Support Act, the Council included a subtitle that required the Office of the Chief Financial Officer (OCFO) to develop and report on a replacement schedule for capital assets at the start of each

fiscal year. The annual report determines the District's total capital needs, by providing a comprehensive review of all governmental agencies' capital and asset maintenance requirements, with each project scored and ranked to ensure that the highest priority projects are funded. CARSS is an important asset management planning solution that delivers a comprehensive view of the District's capital asset health and provides information on each project asset.

According to the Office of Budget and Planning (OBP), CARSS has performed estimations and inventoried more than 96 percent of all District assets. The Committee is pleased to see the full implementation of the CARSS system and looks forward to how its use will place the District at a fiscal advantage.

SOAR Modernization Update: In 1996, former Chief Financial Officer Anthony Williams implemented the System of Accounting and Reporting (SOAR) initiative to improve on the previous financial management system which was unable to provide timely and reliable financial reports. In July 2011, OBP and the OCFO began work on a new financial management system to replace SOAR. This system would include a component known as the Budget Management and Planning System (BMAPS) to replace the current Budget Formulation Application.

However, the SOAR and BMAPS projects, originally envisioned to be in place in fiscal year 2013 were placed on hold. Instead, during the past seven years, the OCFO has focused on developing its integrated tax system modernization project.

The Mayor's proposed fiscal year 2019 capital budget allocates \$91,000,000 over a 6-year period for the SOAR Modernization project (BF304), with \$3M of proposed funding to begin in fiscal year 2019. The Committee is looking forward to finally seeing the execution of this important project, which will provide the District government with an improved process for formulating complex budgets (operating, revenue and capital).

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal year 2019 Operating Budget

The Committee recommends no change to the fiscal year 2019 budget for the Office of Budget and Planning as proposed by the Mayor.

Committee's Recommended Fiscal year 2019 Capital Budget

The Committee recommends adoption of the fiscal year 2019 capital improvement plan budget for the Office of Budget and Planning as proposed by the Mayor.

Policy Recommendations

1. The Committee recommends that OBP continue to closely monitor the progress of the SOAR Modernization capital project.

OFFICE OF PLANNING
Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The mission of the Office of Planning (OP) is to guide development of the District of Columbia, including the preservation and revitalization of our distinctive neighborhoods, by informing decisions, advancing strategic goals, encouraging the highest quality development outcomes, and engaging all communities.

OP performs planning for neighborhoods, corridors, districts, historic preservation, public facilities, parks and open spaces, and individual sites. In addition, OP engages in urban design, land use, and historic preservation review. OP also conducts historic resources research and community visioning, and manages, analyzes, maps, and disseminates spatial and Census data.

II. MAYOR’S PROPOSED BUDGET

Mayor’s Proposed Fiscal Year 2019 Operating Budget¹⁹

The Mayor’s fiscal year 2019 budget proposal for the Office of Planning is \$10,988, an increase of \$586,000 or 5.6 percent, under the current fiscal year. The proposed budget supports 75.0 FTEs, an increase of 3 FTEs, or 4.2 percent, under the current fiscal year.

**Table BD-A: Office of Planning;
Total Operating Funds Budget FY 2013-2019**

	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Budget 2018	Mayor 2019
Total Funds	7,622	10,960	10,617	9,927	10,138	10,402	10,988
FTEs	57.6	69.8	70.1	64.6	70.6	72	75

Source: Budget Books (dollars in thousands)

¹⁹ The Mayor’s proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

Local Funds: The Mayor’s proposed budget is \$10,231, an increase of \$574, or 5.9 percent, under the current fiscal year. The proposed budget supports 71.5 FTEs, an increase of 3.0 FTEs, or 4.4 percent, under the current fiscal year.

Special Purpose Funds: The Mayor’s proposed budget is \$200, an increase of \$0, or 0% from the previous fiscal year. The proposed budget supports no FTEs.

Federal Grant Funds: The Mayor’s proposed budget is \$547, which represents an increase of \$22, or 4.2 percent from the previous fiscal year. The proposed budget supports 3.5 FTEs which represents no change from the previous fiscal year.

Private Grant Funds: The Mayor’s proposed budget is \$10, a decrease of \$10, or 50 percent, under the current fiscal year. The proposed budget supports no FTEs, which represents no change from the previous fiscal year.

Intra-District Funds: The Mayor’s proposed budget is \$0, which represents no change from the previous fiscal year. The proposed budget supports no FTEs, which represents no change from the previous fiscal year.

III. COMMITTEE COMMENTARY

The Committee provides the following commentary and concerns in relation to the proposed fiscal year 2019 budget and agency performance over the last year.

Historic Preservation Illegal Construction Enforcement: The Historic Preservation Office (HPO) conducts property inspections and enforcement activities to ensure compliance with building permits, building codes, and the standards established by the DC Historic Preservation Review Board under the District’s preservation law. There are certain activities with regard to buildings in historic districts that require a permit, which would not be required if the building was not in an historic district.²⁰

It is a requirement that there be a posted permit on property under construction, visible from public space, which lists the permitted work. If a permit is not visible, or if the work appears to violate the terms of a posted permit, the violation may be reported to and inspected by HPO. The Department of Consumer and Regulatory Affairs (“DCRA”), Records and Management Division issues and maintains a list of permits. By practice, DCRA refers 311 calls regarding illegal historic preservation construction to HPO.

²⁰ For example, under the DC Construction code the following work requires a building permit in historic districts: brick pointing; repair or replacement of fences, except as deemed as ordinary repair; painting of unpainted exterior masonry at a landmark property; replacement in kind of roofing, siding, gutters, downspouts, sidewalks, driveways, and patios; garden storage sheds; prefabricated pools; and retaining walls four feet high or less. Preservation law violations may endanger the public safety, destroy or damage cultural artifacts, and diminish property values.

HPO Inspectors are authorized code officials responsible for enforcing the building code. Violations of the preservation law and DC building code include: working without a construction permit; working beyond the approved scope of a permit; failure to comply with conditions of a permit; failure to maintain historic property in good repair; and demolition by neglect. HPO Inspectors may take any of the following enforcement actions as appropriate: a Stop Work Order (“SWO”) requiring construction to cease immediately; a Notice of Violation requiring the owner or contractor to take corrective action to come into compliance with the law; or a Notice of Infraction imposing a fine for violation of the law. Under the DC Municipal Regulations, violators of the preservation law and building code may be subject to a \$2,000 civil infraction.

After recent increases in unenforced illegal construction occurring in historic preservation districts, the Council provided funding for one new HPO inspector in the fiscal year 2018 budget. This position was in addition to the two HPO inspectors already employed by OP and was the first increase in HPO inspector staffing in five years. The new HPO inspector was created to increase efforts to enforce prohibitions against historic preservation illegal construction. In addition to hiring and training the new HPO inspector, recently, HPO has focused on closing outstanding cases of historic preservation illegal construction. Since the hiring of the new HPO inspector, HPO’s backlog of cases has been reduced by one-third.

However, public witnesses and the DC Preservation League have expressed remaining concerns about the significant amount of illegal work still occurring in historic districts. Notably, there is no online tracking system for complaints and the public has expressed difficulties obtaining such information. Thus, the Committee recommends that HPO considers providing access to HPO inspection cases and reports online that the public can easily obtain. Additionally, the Committee recommends that HPO Inspectors expand their coverage to monitor and respond to illegal construction occurring outside of its regular work hours.

Historic Preservation Review Board Training: The Historic Preservation Review Board (HPRB) is the official body of advisors appointed by the Mayor to guide the government and public on preservation matters in the District of Columbia. The HPRB also assists with the implementation of federal preservation programs and the review of federal projects in the District. In order for the HPRB to adequately serve the District and support the mission of the HPO, members are expected to understand the Secretary of Interior Standards for Evaluation of Historic Properties, along with District historic preservation standards.

The Committee recommends that new and tenured HPRB members receive rigorous training on these standards. This recommendation is particularly timely because the HPRB has received new members and anticipates filling four upcoming vacancies. Further, the Committee recommends that HPO continues to partner with federal entities to provide this training. The correct application of this evaluation criteria is vital to the determination of nominated landmarks and Districts.

Comprehensive Plan Amendment Cycle: The District of Columbia’s Comprehensive Plan is a twenty-year framework that guides future growth and development. Originally adopted in 2006 and amended in 2011, it addresses a wide range of topics that affect how individuals

experience the city. These topics include land use, economic development, housing, environmental protection, historic preservation, transportation, and more. “Planning an Inclusive City” is the guiding vision for the DC Comprehensive Plan.

OP launched the Comprehensive Plan amendment cycle in the Spring of 2016 with a robust engagement process including seven major public meetings, two Advisory Neighborhood Commission workshops, and meetings with stakeholders across the District. OP’s “Open Call for Amendments” closed at the end of May 2017. In total, OP received nearly 3,000 amendments from the public and various District stakeholders. According to OP, this was ten times the amount they anticipated. As a result, OP’s submission of the Comprehensive Plan amendments to the Council for approval has been considerably delayed.²¹ Instead, the Executive has taken an unprecedented approach by dividing the amendment cycle into two separate legislative packages, beginning first with the Framework Element that sets the stage for the Elements that follow.²²

In January 2018, the Mayor introduced Bill 22-663, the “Comprehensive Plan Amendment Act of 2018.” Bill 22-663 modifies the Framework Element to reflect the updated data and analysis of forces driving change and growth projections; and seeks to clarify land use designations and how to use the Generalized Policy Map and Future Land Use Map to reflect longstanding policy. Bill 22-663 proposes changes only to the Framework Element because the Executive says it will facilitate later proposals to amend the other elements. Prior to introducing Bill 22-663, OP neglected to fulfil the 60-day public comment period it had originally committed to and publicized. On March 20, 2018, the Committee of the Whole held a public hearing on Bill 22-663. This hearing provided the public with one of the first opportunities to voice opinions and concerns relating to the amended Comprehensive Plan Framework Elements. Notably, the hearing garnered 178 public witnesses.

The Committee places great significance on amending the Comprehensive Plan to reflect the District’s updated policy goals that guide land use in the District and to set the stage for the next five years. However, to achieve this in a timely matter, the remainder of the Comprehensive Plan Amendments are needed. These remaining elements include 14 citywide elements, 10 area elements, and numerous map updates.

Thus, the Committee promulgates the following recommendations. First, the Committee recommends that OP prepares a realistic timeline of steps for completion of the Comprehensive Plan, including specific dates. This timeline should be made available to the public. Second, the Committee recommends that OP prepares the remaining package of Comprehensive Plan amendments as soon as feasibly possible and opens the amendments for the promised 60-day public review and comment period. OP should take a proactive approach to complete these tasks prior to submitting the remaining Comprehensive Plan Elements to the Council to ensure that there are no more delays in the amendment cycle process.

²¹ OP originally committed to having a complete legislative package of Comprehensive Plan amendments prepared for the Council by January 2018.

²² Specifically, the Framework Element provides the context for the Comprehensive Plan: it describes the forces driving change in the city; describes the District’s growth forecasts and projections; lays out 36 principals to be followed; and describes the Comprehensive Plan Policy Map and the Future Land Use Map.

Notably, OP's Citywide Planning Division, which is responsible for developing and monitoring the District Elements of the Comprehensive Plan, will experience an increase of \$90 and no change in FTEs under the Mayor's proposed fiscal year 2019 budget. At its budget hearing, OP assured the Committee that the budget reflects the needs required by undertaking the Comprehensive Plan Amendment Cycle. Furthermore, the agency added that they have identified a cross-divisional team²³ within the agency to staff the Comprehensive Plan project, as well as day-to-day project managers. Additionally, OP continues to work with a consultant team to support the agency's Comprehensive Plan work. In fiscal year 2017, OP spent \$487 on consulting services related to the Comprehensive Plan and \$25 in fiscal year 2018.

Cultural Plan: OP serves as the agency-lead for the first-ever DC Cultural Plan. The Cultural Plan is intended to strengthen arts, humanities, culture, and heritage in neighborhoods across the District by increasing cultural participation, supporting artists and talent development, stimulating cultural production, and informing decision-making. The Cultural Plan will lay out a vision and make recommendations on how the government and its partners can build upon, strengthen and invest in the people, places communities, and ideas that define culture within the nation's capital. After months of community outreach and multiagency collaboration, on January 18, 2018, OP released a draft of the Cultural Plan for a public review period.

Despite recent progress, the finalization of the Cultural Plan has been delayed at least one year. A timeline to completion remains unclear. Thus, the Committee recommends that OP provide a timeline of steps to completion, including a finalization date that is publicly available. Additionally, as evidenced by public testimony at OP's budget hearing, the draft Cultural Plan lacks specificity. For example, while the draft lists priorities and makes recommendations, the recommendations do not identify action steps, dollar amounts needed, or specific organizations and/or agencies charged with implementing the recommendations. The Committee recommends that OP provides more detail and specificity in the final document to ensure that the Cultural Plan can be carried out under clear direction once it is finalized.

Lastly, the Committee recommends that once the Cultural Plan is finalized, OP works expediently to assemble and facilitate the Cultural Planning Steering Committee (Committee) pursuant to D.C. Code § 39-231(3)(b)(1). This Committee is charged with assisting the implementation of the Cultural Plan and is responsible for tracking the Plan's progress and recommendations. The timely formation of this Committee is essential for the Cultural Plan's success.

²³ In addition to OP's Citywide Planning Division, it has three other divisions: Development Review and Historic Preservation, Revitalization/Design and Neighborhood Planning, and Agency Management. All four divisions will contribute to OP's cross-divisional team focusing on the Comprehensive Plan Amendments.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal Year 2019 Operating Budget

The Committee recommends no change to the fiscal year 2019 budget for the Office of Planning as proposed by the Mayor.

Committee's Recommended Fiscal Year 2019 Capital Budget

The Committee recommends no change to the fiscal year 2019 budget for the Office of Planning capital budget as proposed by the Mayor.

Policy Recommendations

1. The Committee recommends that HPO considers providing access to HPO inspection cases and reports online so that the public can easily obtain the reports.
2. The Committee recommends that HPO Inspectors expand their coverage to monitor and respond to illegal construction occurring outside of its regular work hours.
3. The Committee recommends that new and tenured HPRB members receive rigorous training on the Secretary of Interior Standards for Evaluation of Historic Properties and District historic preservation standards. The Committee also recommends that HPO continues to partner with the appropriate federal entities to provide this training.
4. The Committee recommends that OP prepare a timeline of steps to completion of the Comprehensive Plan with specific dates that is publicly available.
5. The Committee recommends that OP proactively prepares the remaining package of Comprehensive Plan amendments as soon as feasibly possible and opens the amendments for the promised 60-day public review and comment period prior to submission to the Council.
6. The Committee recommends that OP provide a timeline of steps to completion of the DC Cultural Plan, including a finalization date that is publicly available.
7. The Committee recommends that OP provides more detail and specificity in the DC Cultural Plan to ensure that the Cultural Plan can be carried out under clear direction once it is finalized.
8. The Committee recommends that once the DC Cultural Plan is finalized, OP works expediently to assemble and facilitate the Cultural Planning Steering Committee (required by statute) to ensure that the Cultural Plan is implemented and carried out.

9. The Committee recommends that HPO uses its Historic Preservation Fund (“HPF”) for historic preservation outreach services to coordinate with entities such as the DC Preservation League on community outreach programs, particularly the District of Columbia Awards for Excellence in Historic Preservation.²⁴
10. The Committee recommends that OP continues to track pertinent food access data and that OP makes this data readily available for the Council and public to access.

OFFICE OF ZONING

Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The mission of the Office of Zoning (OZ) is to provide administrative, professional, and technical assistance to the Zoning Commission (ZC) and the Board of Zoning Adjustment (BZA) in support of their oversight and adjudication of zoning matters in the District of Columbia.

OZ administers the zoning application processes for the ZC and the BZA. The agency reviews and accepts applications, schedules hearings to determine whether cases meet specified zoning criteria, schedules meetings to make determinations with respect to pending applications, and issues legal orders. Technology plays a critical role in support of this process by enhancing effectiveness and transparency. OZ also spearheads outreach to citizens of the District of Columbia to ensure a robust understanding of the zoning application process.

II. MAYOR’S PROPOSED BUDGET

Mayor’s Proposed Fiscal Year 2019 Operating Budget²⁵

The Mayor’s fiscal year 2019 budget proposal for the Office of Zoning is \$3,141, an increase of \$47, or 1.5 percent, over the current fiscal year. The proposed budget supports 18.0 FTEs, a decrease of 1.0 FTE, or 5.3 percent, over the current fiscal year.

²⁴ The District of Columbia Awards for Excellence in Historic Preservation honor outstanding preservation projects and exceptional contributions by individuals and organizations in support of historic preservation in the District. Due to lack a funding, the Awards program has not been able to take place on an annual basis.

²⁵ The Mayor’s proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

**Table BJ-A: Office of Zoning;
 Total Operating Funds Budget FY 2013-2019**

	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Budget 2018	Mayor 2019
Total Funds	2,586	2,688	2,644	2,837	3,070	3,093	3,141
FTEs	19.0	19.2	19.0	19.6	19.0	19.0	18.0

Source: Budget Books (dollars in thousands)

Local Funds: The Mayor’s proposed budget is \$3,117, an increase of \$47, or 1.5 percent, over the current fiscal year. The proposed budget supports 18.0 FTEs, a decrease of 1.0 FTE, or 5.3 percent over the current fiscal year.

Intra-District Funds: The Mayor’s proposed budget is \$24, which represents no change from the current fiscal year and supports no FTEs.

III. COMMITTEE COMMENTARY

The Committee provides the following commentary and concerns in relation to the proposed fiscal year 2019 budget and agency performance over the last year.

Zoning Commission and Board of Zoning Adjustment Appeals: Over the past few years, the District has experienced an increase in the number of Board of Zoning Adjustment and Zoning Commission case appeals. Notably, many of the appealed cases are remanded. While the appeals process is an integral part of our judicial system, the Committee recognizes that there are ways to lessen the likelihood of appeals; doing so can prevent long delays, preserve District resources, and provide certainty for all involved.

First, the Committee recommends that OZ continues to rigorously train new and tenured ZC and BZA members. Included in this training, OZ and the Office of Attorney General (OAG) should provide training that reviews ZC and BZA cases appealed over the past two years. The Committee encourages OZ to integrate training sessions from the District Department of Transportation (DDOT) and the Office of Planning (OP) to educate ZC and BZA members on multidisciplinary matters relating to the impacts of development.

Secondly, the Committee recommends that OZ improves the quality of ZC and BZA orders. The Committee has observed that some ZC and BZA cases are remanded with guidance on the basis that the ZC or BZA did not thoroughly explain its reasoning for a reaching a decision due to a lack of detail and/or application of doctrine. Presumably, this could be prevented by providing more substance and detail in the orders they issue. At its budget hearing, OZ stated a commitment to improving orders by explaining decisions more thoroughly. Further, the Committee recommends that the ZC and BZA fully utilize the OAG attorneys assigned to the boards to ensure that ZC and BZA decisions are clearly conveyed in their orders.

Technology Innovations: OZ continues to integrate user-friendly technologies to enhance the effectiveness of the agency’s zoning processes and provide greater transparency. For example, OZ’s Interactive Zoning Information System provides real time access to BZA and ZC case records, including a full list of exhibits and interactive maps. OZ’s innovation has carried over into recent efforts, such as developing a 3D mapping tool that allows applicants to upload their projects for the community, ZC, and BZA to visualize in context and launching a new interactive BZA/ZC Calendar that links the agenda to case files and videos. The Committee recommends that OZ continues its efforts to integrate easily-accessible cutting-edge technology into the zoning process.

IV. COMMITTEE RECOMMENDATIONS

Committee’s Recommended Fiscal year 2019 Operating Budget

The Committee recommends no change to the fiscal year 2019 budget for the Office of Zoning as proposed by the Mayor.

Policy Recommendations

1. The Committee recommends that OZ continues to rigorously train ZC and BZA members, including training that reviews appealed ZC and BZA cases and integrating trainings from other District agencies, such as DDOT and OP.
2. The Committee recommends that OZ improves the quality of ZC and BZA orders by working with OAG to ensure orders are detailed and provide thorough explanations for the basis of decisions.
3. The Committee recommends that OZ continues to track pertinent data relating to BZA and ZC cases, including those that are appealed.
4. The Committee recommends that OZ continues its user-friendly and innovative technology efforts and improvements.

DEPARTMENT OF CONSUMER AND REGULATORY AFFAIRS

Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The mission of the Department of Consumer and Regulatory Affairs (DCRA) is to protect the health, safety, economic interests, and quality of life for residents, businesses, and visitors in the District of Columbia by ensuring code compliance and regulating business.

II. MAYOR’S PROPOSED BUDGET

Mayor’s Proposed Fiscal Year 2019 Operating Budget²⁶

The Mayor’s fiscal year 2019 budget proposal for the Department of Consumer and Regulatory Affairs (DCRA) is \$ 60,377,506, an increase of \$ 279,779, or 0.5 percent, over the current fiscal year. The proposed budget supports 448.0 FTEs, an increase of 11.0 FTEs, or 2.5 percent, over the current fiscal year.

**Table EB-A: Department of Consumer and Regulatory Affairs;
Total Operating Funds Budget FY 2013-2019**

	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Budget 2018	Mayor 2019
Total Funds	\$39,764	\$35,016	\$43,517	\$48,578	\$50,850	\$60,097	\$60,377
FTEs	268.3	290.2	335.4	335.8	391.4	437.0	448.0

Source: Budget Books (dollars in thousands)

Local Funds: The Mayor’s proposed budget is \$23,264 an increase of \$1,306, or 5.9 percent, over the current fiscal year. The proposed budget supports 187.0 FTEs, an increase of 7.0 FTEs, or 3.9 percent, over the current fiscal year.

Special Purpose Funds: The Mayor’s proposed budget is \$37,114, a decrease of \$1,026, or 2.7 percent, under the current fiscal year. The proposed budget supports 261.0 FTEs, an increase of 4.0 FTEs, or 1.6 percent, under the current fiscal year.

Federal Funds: The Mayor’s proposed budget is \$00,000, an increase/decrease of \$000, or 0.0 percent, over/under the current fiscal year. The proposed budget supports 00.0 FTEs, an increase/decrease of 00.0 FTEs, or 00.0 percent, over/under the current fiscal year.

Private Funds: The Mayor’s proposed budget is \$00,000, an increase/decrease of \$000, or 0.0 percent, over/under the current fiscal year. The proposed budget supports 00.0 FTEs, an increase/decrease of 00.0 FTEs, or 00.0 percent, over/under the current fiscal year.

Intra-District Funds: The Mayor’s proposed budget is \$00,000, an increase/decrease of \$000, or 0.0 percent, over/under the current fiscal year. The proposed budget supports 00.0 FTEs, an increase/decrease of 00.0 FTEs, or 00.0 percent, over/under the current fiscal year.

²⁶ The Mayor’s proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

Mayor's Proposed Fiscal Year 2019 Capital Budget²⁷

The Mayor's capital improvement plan includes \$1,500, for DCRA over the 6-year plan. The plan authorizes \$1,500 for fiscal year 2019, \$0 for fiscal year 2020, \$0 for fiscal year 2021, \$0 for fiscal year 2022, \$0 for fiscal year 2023, and \$0 for fiscal year 2024.

III. COMMITTEE COMMENTARY

The Committee provides the following commentary and concerns in relation to the proposed fiscal year 2019 (FY 2019) budget and agency performance over the last year.

Agency Operations and Performance: in the fiscal year 2018 budget the Mayor added \$1.2M one-time funding for 10 FTEs to the Performance Management program, known as the Process Improvement Team, to work on a Mayoral initiative to improve the business processes in the permitting and residential inspection functions. In the fiscal year 2019 proposed budget those one-time FTEs are being removed after completing their assigned task. The Committee is very optimistic about these efforts and is looking forward to learning more about the team's findings, recommendations, and next steps.

According to the City Administrator, Rashad Young, in the upending fiscal year, DCRA will prioritize the standardization of the Notice of Infraction ("NOI") workflows for better consistency, streamline permit tracking, and to improve the agency's internal customer service tool to further enhance external communication. The Committee is looking forward to the Mayor's efforts to address issues critical to the operations and performance of DCRA and being looped in with the different initiatives timeframes and goals.

Outside of the Mayor's proposed increase of \$2M to the information technology division to support investments into DCRA's enterprise information systems such as Accela and ProjectDox, the proposed budget does not seem to reflect any additional needs to implement the Process Improvement Team's recommendations. Though the Committee is pleased to see the agency utilizing technology to address intake inefficiencies and improve the customer experience, there are opportunities that remain to reengineer business processes and work flows, increase staff development, implement performance management strategies, expand its dialogue with high interaction stakeholder communities, improve its overall enforcement efforts, and when appropriate address longstanding issues through the legislative or rulemaking processes.

The Committee would like to see DCRA take more actionable steps that aggressively address the aforementioned areas, in addition to its work to update and connect the agency's technology infrastructure. Though the Committee does recognize the agency's efforts, it believes more needs to be done in a strategic and collaborative manner. Also, we would recommend that

²⁷ The Mayor's proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

DCRA engage in greater communication between itself and the Committee about the status and progress of this Mayoral initiative.

Rental Housing Inspections: The Scheduling and Enforcement Unit (SEU) processes all civil infractions initiated by DCRA with the Office of Administrative Hearings (OAH), collects fines, and places property liens on unpaid fines. While the Residential Inspections program inspects residential tenant housing for housing code violations and issues citations for non-compliance. These two programs work together within DCRA to protect District tenants by ensuring habitable housing through regulatory enforcement tools.

The Mayor's proposed fiscal year 2019 budget includes a decrease of \$79,000 from the SEU and \$86,000 from the Residential Inspections program. The \$165,000 in overall cuts come from each program's respective personnel services (PS) budgets, which includes the proposed reduction of an FTE from the SEU. These reductions put a further strain on programs that are already operating under capacity to meet the growing needs of tenants. The proposed budget's failure to invest in a more robust residential inspection and enforcement strategy will continue to allow habitually negligent and malicious landlords to operate without proper accountability and put the health and safety of tenants at greater risk.

Jurisdictions with similar housing stock, density, and populations, have both increased their numbers of housing code inspectors and have made investments into implementing an automated inspection and code enforcement system, such as Baltimore (95 inspectors), Philadelphia (85 inspectors), Boston (33 inspectors), and San Francisco (29 inspectors). While, according to both the organizational chart and the personnel position list (the "Schedule A") submitted to the Committee by DCRA, there are only nine housing code inspectors employed with the agency. Even more concerning is the agency still utilizes a paper-based process to draft and submit inspection reports. The Committee recommends that DCRA aggressively increase the number of housing code inspectors and expand its Mobile Inspections tool to include the Residential Inspections program. These technological upgrades could assist DCRA in monitoring and fining landlords that provide substandard housing more efficiently, and the ability to identify and escalate particularly egregious offenders to face additional regulatory or legal actions.

Proactive Inspections: In 2009, the Proactive Inspection program was launched to great fanfare as an initiative to ensure District tenants had habitable and safe housing. The program's primary goal was to ensure all multi-family rental housing units met residential property maintenance and building codes. Another motivation for the creation of the program, was to close a longstanding regulatory loophole that had allowed landlords of substandard housing to avoid enforcement of the District's housing code.

Prior to the Proactive Inspection program DCRA inspectors would only inspect a rental unit after a complaint was submitted. However, DCRA learned that many of the properties with the worst housing conditions had no complaints submitted. There are many reasons why – intimidation by landlords, fear of rising rents or other retribution, lack of knowledge of the District's inspections laws, or language barriers. It was clear that a complaint-based system was

no longer sufficient to maintain safe and habitable housing for District tenants, especially the most vulnerable – the poor, the elderly, and the non-English speakers.

When first launched, the Proactive Inspection program required all residential buildings with three or more rental units to be inspected by DCRA every five years. The program granted exemptions for properties that received federal Low-Income Housing Tax Credits or participated in other U.S. Housing and Urban Development (HUD) programs that made them subject to federal inspections. Once a property was inspected under the program, DCRA would decide whether to place it on a 5-year or 2-year inspection cycle. Properties placed on a 2-year cycle may have been cited for multiple severe violations and were unable to fully abate those issues within a required amount of time. While, properties placed on the 5-year cycle could have completed a successful inspection or may have been cited for a few minor violations but were able to fully abate those violations. Those placed on a 5-year cycle, were issued a certificate of compliance that was valid for five years.

Recently, DCRA revised the policies for the Proactive Inspection program, by eliminating exemptions and placing all properties on a 2-year cycle. These revisions not only expand the pool of properties to be inspected from approximately 4,800 to nearly 7,500, but it also shortens the timeframe to complete those additional inspections. The Committee is concerned that these policy changes will dilute the program's ability to focus on the identification and enforcement of housing code violations of silent "bad actors" and its ability to cite and abate the worst violations. Stretching resources to duplicate efforts, for properties already subject to HUD's regulations, is inefficient.

Though, the Committee is happy to see that the Mayor's proposed fiscal year 2019 budget includes funding for additional contracted personnel, five inspectors and two administrative assistants, based on the approximately 870 properties inspected (4252 rental units) in fiscal year 2017; the Committee believes five inspectors will not be able to meet the new universal 2-year inspection cycle for the expanded pool of 7,500 properties. Since the average number of properties inspected by each contracted inspector in fiscal year 2017 was 24 properties a month, it is anticipated that the five contracted inspectors should be able to complete approximately 1400-1500 proactive inspections next year. That is roughly 2300 properties short of what is needed under the new 2-year no exemption policy. The Committee would rather see these enhancements alongside the continuation of the bifurcated inspection cycle policy (5-year and 2-year). The Committee recommends that DCRA closely monitor the effect of the policy changes to the performance of the Proactive Inspection program.

Illegal Construction: The Illegal Construction Unit (ICU) is responsible for enforcing any construction work that is performed without a permit, or outside the scope of the permit, which includes unsafe or dangerous site conditions, or construction taking place outside set work hours, Sundays, and holidays. ICU inspectors can issue a stop work order (SWO) and/or a notice of infraction (NOI) for these violations. Most illegal construction cases are initiated in response to resident complaints. The ICU primarily receives telephone complaints, but also receives complaints from the District's 311 hotline, email requests from DCRA's website, walk-in

complaints at the agency's Waterfront office, and referrals from the Executive Office of the Mayor, the D.C. Council, or Advisory Neighborhood Commissioners.

The Office of the Inspector General (OIG) released a report in September 2017 regarding DCRA's administration of the ICU. The report included three findings: 1) DCRA's management information system (Accela), as it is currently configured, is insufficient to track illegal construction inspectors' performance, responsiveness, and workflow; 2) DCRA lacks adequate documented policies and procedures that standardize its response to allegations of illegal construction and response timelines; and 3) Although DCRA received additional funds to increase staffing levels to support enforcement on weekends, holidays, and after normal working hours, the agency was unable to fill the required positions and is not consistently covering those time periods. The Mayoral Process Improvement initiative looks to address these findings. In the meantime, these issues persist, and the Committee is looking forward to seeing how this initiative will affect the enforcement of illegal construction in the near future.

Stronger Enforcement: One of the agency's critical missions is ensuring the safety of rental housing, built structures, and construction work sites through enforcement efforts. The agency also classifies vacant and blighted properties to encourage their return to productive use. The division leading this effort is the Regulatory Enforcement Administration (REA), which coordinates and monitors the enforcement of violations and infractions cited by the agency's other regulatory programs. The REA works closely with the agency's Office of the General Counsel to build cases to be heard at the Office of Administrative Hearings or referred to the Office of the Attorney General.

Currently, the value of fines issued versus the number of fines collected is surprisingly low. The agency cited a myriad of obstacles ranging from statutory, regulatory, and administrative issues that slow the collection of these fines. The Committee is interested to see the results of DCRA's efforts to redesign the NOI process, with the hope to improve the effectiveness of the agency's enforcement efforts. In addition to the NOI redesign, the Committee would also like to see DCRA exercise a greater willingness to penalize habitual violators, by referring cases to OAG or even revoke licenses or permits in the most rare and egregious incidents. Fines alone are providing not to be enough. The Committee would like to see a more diligent effort at holding violators accountable and engaging in innovative approaches to deter non-compliance or criminal actions. The Committee recommends that DCRA evaluate the opportunity for legislative or regulatory solutions that could help resolve systemic issues related to enforcement, compliance, or deterrence.

Overall, even with the promises to assist in DCRA's goal of reducing wait times, improving transparency, and enhancing customer service and outreach; the Committee has broader doubts about how the agency operates and still has low confidence in its ability to produce performance improvements over the next few fiscal years. As long as these issues still exist the Committee believes a reorganization of the agency may be needed. It's the Committee's opinion that the agency's mission may be too important and the scope too wide, in its current iteration, to meet the needs of District property owners, tenants, businesses, consumers, occupational professionals, and developers, at once.

Last year the Committee made a commitment to oversee the management of DCRA's existing issues and monitor its efforts to resolve those issues. Since that time the Committee has not seen the type of progress or been made aware of plans to address issues identified by the Council or the public. Instead these issues have persisted, and in response the Chairman along with nine Councilmembers have introduced Bill 22-669, the "Department of Buildings Establishment Act of 2018". As introduced, the bill divides the agency into two, the Department of Buildings and the Department of Licensing and Consumer Protection. The Committee is looking forward to working with DCRA and the Executive on issues related to this bill.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal Year 2019 Operating Budget

The Committee recommends adoption of the fiscal year 2019 budget for the Department of Consumer and Regulatory Affairs as proposed by the Mayor.

Committee's Recommended Fiscal Year 2019 Capital Budget

The Committee recommends adoption of the fiscal year 2019 capital improvement plan budget for the Department of Consumer and Regulatory Affairs as proposed by the Mayor.

Policy Recommendations

1. The Committee recommends that the DCRA engage in greater communication between itself and the Committee about the status and progress of the Process Improvement Team's recommendations.
2. The Committee recommends that DCRA closely monitor the effect of the policy changes to the performance of the Proactive Inspection program.
3. The Committee recommends that DCRA aggressively increase the number of housing code inspectors and expand its Mobile Inspections tool to include the Residential Inspections program.
4. The Committee recommends that DCRA closely monitor the effects from the policy changes to the performance of the Proactive Inspection program.
5. The Committee recommends that DCRA evaluate the opportunity for legislative or regulatory solutions that could help resolve systemic issues related to enforcement, compliance, or deterrence.

DISTRICT OF COLUMBIA RETIREMENT BOARD

Committee Recommendations – See Page DY

I. AGENCY OVERVIEW

The mission of the District of Columbia Retirement Board (DCRB) is to invest prudently the assets of the police officers, firefighters, and teachers of the District of Columbia, while providing those employees with retirement services.

The DCRB is an independent agency that has exclusive authority and discretion to manage and control the District’s retirement funds for teachers, police officers, and firefighters (hereinafter referred to as the “Fund”) pursuant to D.C. Official Code § 1-711(a). In 2005, the responsibility of administering the teachers’, police officers’, and firefighters’ retirement programs was transferred to the DCRB from the Office of Pay and Retirement Services, a part of the Office of the Chief Financial Officer. The federal government assumed the District’s unfunded liability for the retirement plans of teachers, police officers, firefighters, and judges under provisions of the National Capital Revitalization and Self-Government Improvement Act of 1997. Under this law, the federal government pays the retirement benefits and death benefits, and a share of disability payments, for members for years of service earned up to the freeze date of June 30, 1997. The District of Columbia government is responsible for all subsequently earned benefits for the members of the retirement plans.

The DCRB Board of Trustees is comprised of 12 voting trustees: three appointed by the Mayor, three appointed by the Council, and six elected by employee participation groups. The District’s Chief Financial Officer, or his designee, serves as a non-voting, ex-officio member of the Board.

II. MAYOR’S PROPOSED BUDGET

Mayor’s Proposed Fiscal Year 2019 Operating Budget²⁸

The Mayor’s fiscal year 2019 budget proposal for the District of Columbia Retirement Board is \$43,579, an increase of \$1,935, or 4.6 percent, over the current fiscal year. The proposed budget supports 75.0 FTEs which represents no change from the current fiscal year.

²⁸ The Mayor’s proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

**Table DY-A: District of Columbia Retirement Board
Total Operating Funds Budget FY 2013-2019**

	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Budget 2018	Mayor 2019
Total Funds	30,338	30,338	28,738 ²⁹	31,819 ³⁰	33,852 ³¹	41,644	43,579
FTEs	52.0	56.2	57.6	62.6	69.6	75.0	75.0

Source: Budget Books (dollars in thousands)

Enterprise and Other Funds: The funding for this account is comprised entirely of enterprise funds.

III. COMMITTEE COMMENTARY

The Committee provides the following commentary and concerns in relation to the proposed fiscal year 2018 budget and agency performance over the last year.

Annually Determined Employer Contributions: Each year, DCRB must calculate and certify the annually determined employer contribution (ADEC) – previously known as the annual required contribution (ARC) – to both the Teachers’ Retirement System (TRS) and the Police Officers’ and Fire Fighters’ Retirement System (POFFRS).³² In 2012, the Board adopted a closed amortization period for the TRS of 20 years to fully fund the accrued unfunded liability. There are currently 14 years remaining in the TRS amortization period. The POFFRS is currently more than fully funded, meaning that the annual required contribution maintains a funding level that could pay out all current liabilities.

The District’s commitment to fully funding the two pension funds are the reason for the health of the pension system. This contributes to the District’s excellent bond ratings as compared to most other jurisdictions. District law requires the Mayor and Council to include the full actuarially determined amount necessary to fund the pensions in the annual budget.³³ While not required under the law, DCRB does use more conservative assumptions than most other plans across the country. The District uses a price inflation assumption of 3.5%, a payroll growth assumption of 4.25%, and a rate of return assumption of 6.5%.³⁴ This is in contrast to public

²⁹ DISTRICT OF COLUMBIA RETIREMENT BOARD FY2016 COMPREHENSIVE ANNUAL FINANCIAL AUDIT p 56 (March 31, 2017).

³⁰ DISTRICT OF COLUMBIA RETIREMENT BOARD FY2017 COMPREHENSIVE ANNUAL FINANCIAL AUDIT p 56 (March 31, 2018).

³¹ *Id.*

³² D.C. OFFICIAL CODE § 1-907.03(a).

³³ D.C. OFFICIAL CODE § 1-907.03(b).

³⁴ *District of Columbia Retirement Board: Budget Oversight Hearing before the Council of the District of Columbia Committee of the Whole* (Apr. 14, 2015) (oral testimony of Eric Stanchfield, Executive Director, District of Columbia Retirement Board).

pension systems nationwide that use an average inflation rate assumption of 3.2% and a rate of return assumption of 7.5%.³⁵

The Committee commends DCRB for its ongoing work to use sound judgment in managing the plan funds. However, the Committee notes that for FY 2019, the ADEC decreased by approximately \$20 million from last year's ADEC. The TRS decreased by approximately \$5.7 million while the POFFRS decreased by approximately \$14.3 million. According to the independent actuary, this is generally a result of strong returns over the last year (12%) on fund investments, positive demographics (lower salaries), and a cost-of-living adjustment for retirees that was less than expected. In FY 2018, the District finalized a new collective bargaining agreement with the Washington Teachers' Union that included modest pay increases prospectively and retroactively, however, this was not a factor in calculating the FY 2019 ADEC. According to the actuary, some growth had already been expected.

Finally, the Committee notes that the payouts from the fund will soon outpace contributions plus investment earnings on the fund – sometime between 2019 and 2023. According to the Executive Director of DCRB, this is an expected occurrence as pension funds mature. However, so long as the District continues to fund the pension funds pursuant to the ADEC calculations, they should stay fully funded.

Agency Management: The continues to monitor increases in the administrative costs of DCRB itself. All agency costs are paid out of the funds under management. The FY 2019 increase is 4.6 percent which is almost two percent less than the FY 2018 increase of 6.5 percent. The FY 2017 growth was 21 percent increase during the last fiscal year. The Committee notes that DCRB currently has a number of information technology contracts built in to the FY 2019 budget. DCRB may be able to recognize efficiencies if it could consolidate IT costs with the Office of the Chief Technology Officer.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal year 2019 Operating Budget

The Committee recommends no change to the fiscal year 2019 budget for the District of Columbia Retirement Board as proposed by the Mayor.

Policy Recommendations

1. The Committee recommends that DCRB develop rigorous benchmarks and performance metrics to justify future budget increases.

³⁵ See NATIONAL CONFERENCE ON PUBLIC EMPLOYEE RETIREMENT SYSTEMS AND COBALT COMMUNITY RESEARCH, 2015 NCPERS PUBLIC RETIREMENT SYSTEMS STUDY (November 2015).

2. The Committee recommends that DCRB seek to identify operational efficiencies to control administrative costs, including IT costs.

POLICE OFFICERS' AND FIRE FIGHTERS' RETIREMENT SYSTEM

Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The mission of the Police Officers' and Fire Fighters' Retirement System (POFFRS) is to provide the District's required contribution as the employer to these two pension funds, which are administered by the District of Columbia Retirement Board (DCRB).

Under provisions of the Police Officers, Fire Fighters, and Teachers Retirement Benefit Replacement Plan Act of 1998 ("the Act"), the federal government assumed the District's unfunded pension liability for the retirement plans for teachers, police officers, fire fighters and judges. Pursuant to the Act, the federal government will pay the retirement and death benefits, and a defined share of disability benefits, for employees for service accrued prior to July 1, 1997. The cost for benefits earned after June 30, 1997 is the responsibility of the government of the District of Columbia. This proposed FY 2016 budget reflects the required annual District contribution. Pursuant to D.C. Official Code § 1-907.02(a), the District is required to budget the pension contribution at an amount equal to, or greater than, the amount certified by the DCRB on the basis of a prescribed actuarial study and formula calculation that is set forth in § 1-907.03. On January 7, 2015, DCRB transmitted the certified contribution for inclusion in the Mayor's FY 2016 proposed budget, and it is reflected in this chapter.

II. MAYOR'S PROPOSED BUDGET

*Mayor's Proposed Fiscal Year 2019 Operating Budget*³⁶

The Mayor's fiscal year 2019 budget proposal for the Police Officer's and Fire Fighters' Retirement System is \$91,284, a decrease of \$14,312, or 13.6 percent, under the current fiscal year. The proposed budget supports no FTEs.

³⁶ The Mayor's proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

**Table FD-A: Police Officer’s and Fire Fighters’ Retirement System;
Total Operating Funds Budget FY 2013-2019**

	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Budget 2018	Mayor 2019
Total Funds	96,314	109,199	103,430	135,577	146,456	105,596	91,284
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Budget Books (dollars in thousands)

Local Funds: The funding for this account is comprised entirely of local funds.

III. COMMITTEE COMMENTARY

The Committee provides the following commentary and concerns in relation to the proposed fiscal year 2019 budget and agency performance over the last year.

Fund Contribution Levels: Funding for the POFFRS is set by law as a calculated annual required contribution, also known as an annually determined employer contribution (ADEC). For fiscal year 2019, the ADEC for POFFRS is \$91,284,000.00. Additional analysis of the ADEC can be found in the chapter for the District of Columbia Retirement Board.

**Table FD-B: Police Officers’ and Fire Fighters’ Retirement System;
Annual Required Contribution and Actual Contribution, FY 2008 – FY 2018**

Fiscal Year	Actual Contribution	Annual Required Contribution
2008	\$137,000	\$137,000
2009	\$106,000	\$106,000
2010	\$132,300	\$132,300
2011	\$127,200	\$127,200
2012	\$116,700	\$116,700
2013	\$96,300	\$96,300
2014	\$110,766	\$110,766
2015	\$103,430	\$103,430
2016	\$136,115	\$136,115
2017	\$145,631	\$145,631
2018	\$105,596	\$105,596

Source: D.C. Retirement Board (dollars in thousands)

Funding Ratio and Unfunded Liability: According to the most recent actuarial valuation, POFERS is currently 110.83 percent funded on an actuarial basis – virtually unchanged from last year’s level. The unfunded actuarial accrued liability is negative \$528,106 million.³⁷ The negative unfunded liability represents excess funding over the 100% ratio.

**Table FD-C: Police Officers’ and Fire Fighters’ Retirement System;
Plan Summary, Police Officers’ vs. Firefighters’**

SUMMARY OF PRINCIPAL RESULTS FOR FIREFIGHTERS’ RETIREMENT PLAN (\$ IN THOUSANDS)			SUMMARY OF PRINCIPAL RESULTS FOR POLICE OFFICERS’ RETIREMENT PLAN (\$ IN THOUSANDS)		
VALUATION DATE	October 1, 2017	October 1, 2016	VALUATION DATE	October 1, 2017	October 1, 2016
Total Number of Active Members	1,729	1,708	Total Number of Active Members	3,583	3,651
Total Annual Covered Payroll	\$142,370	\$139,672	Total Annual Covered Payroll	\$299,535	\$298,442
Number of Retired Members and Survivors	796	738	Number of Retired Members and Survivors	2,419	2,265
Annual Retirement Benefits	\$25,223	\$22,151	Annual Retirement Benefits	\$72,463	\$63,587
Total Assets:			Total Assets:		
Actuarial Value	\$1,611,413	\$1,456,508	Actuarial Value	\$3,794,954	\$3,528,543
Market Value	\$1,680,866	\$1,450,964	Market Value	\$3,949,045	\$3,503,500
Liabilities:			Liabilities:		
Actuarial Accrued Liability	\$1,465,707	\$1,389,931	Actuarial Accrued Liability	\$3,412,554	\$3,108,582
Unfunded Actuarial Accrued Liability (UAAL)	(\$145,706)	(\$86,577)	Unfunded Actuarial Accrued Liability (UAAL)	(\$382,400)	(\$419,961)
Funding Ratios:			Funding Ratios:		
Based on Actuarial Value	109.94%	104.79 %	Based on Actuarial Value	111.21%	113.51 %
Based on Market Value	114.68%	104.39 %	Based on Market Value	115.72%	112.70 %
CONTRIBUTION FOR FISCAL YEAR ENDING	09/30/2019	09/30/2018	CONTRIBUTION FOR FISCAL YEAR ENDING	09/30/2019	09/30/2018
Employer Normal Cost Rate*	35.46%	38.84%	Employer Normal Cost Rate*	32.15%	34.22%
Amortization of UAAL Rate	(10.07)	(4.58)	Amortization of UAAL Rate	(13.10)	(13.53)
Actuarially Determined Contribution Rate (ADC)	25.39%	34.26%	Actuarially Determined Contribution Rate (ADC)	19.05%	20.69%
Estimated Fiscal Year End Covered Payroll	\$148,421	\$145,608	Estimated Fiscal Year End Covered Payroll	\$312,265	\$311,126
Fiscal Year District Payment before 1-907.02(c)	\$37,684	\$49,885	Fiscal Year District Payment before 1-907.02(c)	\$59,486	\$64,372
Shortfall/(Overpayment)	(922)	(4,241)	Shortfall/(Overpayment)	(4,964)	(4,420)
Fiscal Year District Payment	\$36,762	\$45,644	Fiscal Year District Payment	\$54,522	\$59,952

* The normal cost rate includes the administrative expense rate of 2.10% for fiscal year ending 2019, and 1.20% for fiscal year ending 2018.

* The normal cost rate includes the administrative expense rate of 2.10% for fiscal year ending 2019, and 1.20% for fiscal year ending 2018.

IV. COMMITTEE RECOMMENDATIONS

Committee’s Recommended Fiscal year 2019 Operating Budget

The Committee recommends no change to the fiscal year 2019 budget for the Police Officer’s and Fire Fighters’ Retirement System as proposed by the Mayor.

³⁷ CAVANAUGH MACDONALD CONSULTING, LLC, REPORT ON THE ACTUARIAL VALUATIONS OF THE DISTRICT OF COLUMBIA RETIREMENT BOARD, TEACHERS’ RETIREMENT PLAN AND POLICE OFFICERS’ & FIREFIGHTERS’ RETIREMENT PLAN p 4 (Oct. 1, 2017)

TEACHERS' RETIREMENT SYSTEM
Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The Teachers' Retirement System (TRS) provides the District's required contribution to this retirement plan, which is administered by the District of Columbia Retirement Board (DCRB).

Under provisions of the Police Officers, Firefighters, and Teachers Retirement Benefit Replacement Plan Act of 1998 ("the Act"), the federal government assumed the District's unfunded pension liability for the retirement plans for teachers, police officers, firefighters and judges. Pursuant to the Act, the federal government will pay the retirement and death benefits, and a defined share of disability benefits, for employees for service accrued prior to July 1, 1997. The costs for benefits earned after June 30, 1997 are the responsibility of the District government. The Mayor's proposed budget reflects the required annual District contribution to fund these earned benefits. Pursuant to D.C. Official Code § 1-907.02(a), the District is required to budget the pension contribution at an amount equal to, or greater than, the amount certified by the DCRB on the basis of a prescribed actuarial study and formula calculation that is set forth in § 1-907.03. On January 7, 2015, the DCRB transmitted the certified contribution for inclusion in the Mayor's FY 2016 proposed budget as reflected in this chapter.

II. MAYOR'S PROPOSED BUDGET

Mayor's Proposed Fiscal Year 2019 Operating Budget³⁸

The Mayor's fiscal year 2019 budget proposal for the Teachers' Retirement System is \$59,046, an increase of \$2,265, or 4.0 percent, over the current fiscal year. The proposed budget supports no FTEs.

**Table GX-A: Teachers' Retirement System;
Total Operating Funds Budget FY 2012-2019**

	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Budget 2018	Mayor 2019
Total Funds	6,396	31,573	39,443	44,659	56,781	59,046	53,343
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Budget Books (dollars in thousands)

³⁸ The Mayor's proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

Local Funds: The funding for this account is comprised entirely of local funds.

III. COMMITTEE COMMENTARY

The Committee provides the following commentary and concerns in relation to the proposed fiscal year 2019 budget and agency performance over the last year.

Fund Contribution Levels: Funding for the Teachers’ Retirement System (TRS) is set by law as a calculated annual required contribution, also known as an annually determined employer contribution. For fiscal year 2019, the calculated amount for TRS is \$56,781,000. According to testimony at the budget hearing, much of the increase is a result of the hiring of new teachers in the last several fiscal years.

**Table GX-B: Teachers’ Retirement System;
 Annual Required Contribution and Actual Contribution, FY 2008 – FY 2018**

Fiscal Year	Actual Contribution	Annual Required Contribution
2008	\$5,964	\$6,000
2009	(\$3)	\$0
2010	\$3,000	\$0
2011	\$3,000	\$0
2012	\$3,000	\$2,983
2013	\$6,396	\$6,396
2014	\$31,573	\$31,636
2015	\$39,443	\$39,513
2016	\$44,469	\$44,469
2017	\$56,781	\$56,781
2018	\$59,046	\$59,046

Source: Actuarial Valuations and Budget Books (dollars in thousands)

Funding Ratio and Unfunded Liability: According to the most recent actuarial valuation, TRS is currently 92.51 percent funded, approximately 1½ points higher than at the last valuation. The unfunded actuarial accrued liability is negative \$160,472 million.³⁹

³⁹ CAVANAUGH MACDONALD CONSULTING, LLC, REPORT ON THE ACTUARIAL VALUATIONS OF THE DISTRICT OF COLUMBIA RETIREMENT BOARD, TEACHERS’ RETIREMENT PLAN AND POLICE OFFICERS’ & FIREFIGHTERS’ RETIREMENT PLAN p 1 (Oct. 1, 2017)

**Table FD-C: Teachers' Retirement System;
Plan Summary**

SUMMARY OF PRINCIPAL RESULTS FOR TEACHERS' RETIREMENT PLAN (\$ IN THOUSANDS)		
VALUATION DATE	October 1, 2017	October 1, 2016
Number of Active Members	5,199	5,141
Annual Covered Payroll	\$447,762	\$438,079
Number of Retired Members and Survivors	3,899	3,882
Annual Retirement Benefits	\$71,201	\$68,790
Assets:		
Actuarial Value	\$1,982,019	\$1,845,476
Market Value	\$2,051,006	\$1,822,113
Liabilities:		
Actuarial Accrued Liability	\$2,142,491	\$2,029,640
Unfunded Actuarial Accrued Liability (UAAL)	\$160,472	\$184,164
Funding Ratios:		
Based on Actuarial Value	92.51%	90.93 %
Based on Market Value	95.73%	89.78 %
CONTRIBUTION FOR FISCAL YEAR ENDING		
	09/30/2019	09/30/2018
Employer Normal Cost Rate*	7.55%	7.47%
Amortization of UAAL Rate	3.54	4.04
Actuarially Determined Contribution Rate (ADC)	11.09%	11.51%
Estimated Fiscal Year End Covered Payroll	\$466,792	\$456,697
Fiscal Year District Payment before 1-907.02(c)	\$51,767	\$52,566
Shortfall/(Overpayment)	1,576	6,480
Fiscal Year District Payment	\$53,343	\$59,046

*The normal cost rate includes the administrative expense rate of 1.20%.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal year 2019 Operating Budget

The Committee recommends no change to the fiscal year 2019 budget for the Teachers' Retirement System as proposed by the Mayor.

DISTRICT RETIREE HEALTH CONTRIBUTION (OPEB)
Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The mission of the District Retiree Health Contribution is to contribute to the funding of the District's other post-employment benefits (OPEB) liabilities.

District government retirees who were first employed after September 30, 1987 ("post-87") may obtain health insurance (pursuant to D.C. Code 1-622) and life insurance (pursuant to D.C. Code 1-623) from the District. The federal government is responsible for funding OPEB costs for District government retirees who were first employed prior to October 1, 1987 ("pre-87").

In 1999, the Council of the District of Columbia established the Annuitants' Health and Life Insurance Employer Contribution Trust Fund ("Trust Fund") to pay the District's portion of post-87 retirees' health and life insurance premiums. Through FY 2007, the District contributed to the Trust Fund from available funds. Beginning in FY 2008, the Governmental Accounting Standards Board requires state and local governments, including the District, to recognize any OPEB liability in their financial statements. The District is budgeting an actuarially determined annual OPEB contribution to gradually reduce its unfunded accrued liability. The proposed budget of the District Retiree Health Contribution represents the District's FY 2018 contribution to the funding of its OPEB liabilities.

The District passed permanent legislation effective in FY 2011 that changed the calculation of its contribution to the cost of health, vision, and dental insurance premiums for retirees and their dependents to a scale based on the amount of creditable service of the retiree. The District's maximum contribution for the cost of healthcare for retirees is 75.0 percent, the same as the contribution for all current employees.

II. MAYOR'S PROPOSED BUDGET

Mayor's Proposed Fiscal Year 2019 Operating Budget⁴⁰

The Mayor's fiscal year 2019 budget proposal for the Retiree Health Contribution is \$46,000, an increase of \$1,500, or 3.4 percent, over the current fiscal year. The proposed budget supports no FTEs.

**Table RH-A: Retiree Health Contribution;
Total Operating Funds Budget FY 2013-2019**

	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Budget 2018	Mayor 2019
Total Funds	107,800	86,600	91,400	29,000	31,000	44,500	46,000
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Budget Books (dollars in thousands)

Local Funds: The funding for this account is comprised entirely of local funds.

⁴⁰ The Mayor's proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

III. COMMITTEE COMMENTARY

The Committee provides the following commentary and concerns in relation to the proposed fiscal year 2019 budget and agency performance over the last year.

Administration of the OPEB: The Council passed legislation⁴¹ in 2014 that made changes to the administration of the OPEB fund, notably a requirement that the District contribute an actuarially determined amount each year to the fund. The legislation also requires the CFO to publish an annual report by April 1st of each year, and specifies what the report must include. The legislation also established an Other Post-Employment Benefits Fund Advisory Committee to advise the OCFO in its general administration of the Fund, investment objectives, asset allocation, establishment of assumptions, selection of consultants, and whether the Fund is employing best practices. This legislation was a result of past practice of the executive of reprogramming from the OPEB fund.

The OPEB plan is currently administered by the Treasurer of the District of Columbia, which is part of the OCFO. All expenses related to the plan are supported by the assets of the plan, much like is the case with the DC Retirement Board. Most administrative fees are borne by the OCFO rather than the fund itself. However, the fund does pay for investment management and insurance carrier premiums.⁴² The OCFO has suggested that the plan may be better managed by changing the administration of the plan to allow for fund expenses to be paid out of the fund itself rather than out of the District's General Fund. According to the Treasurer, OPEB has remained fully funded and has a large asset base which allows for the fund to absorb administrative expenses, including the cost of the OCFO personnel that supports the fund, Investment Consultants, Custodial Services, Actuarial Services, and Investment Software. Most other expenses – Insurance Carrier Premiums and Investment Management fees totaling \$19 million – are already paid out of the fund.⁴³

This proposed new structure would be similar to the structure of the District of Columbia Retirement Board, although the Retirement Board administers benefits in addition to investment. Proposed legislative language to effectuate this structure is included later in this report.

Calculation of the Annually Required Contribution: In 2015, the OCFO committed to a review of its assumptions in calculating the funding levels of the OPEB fund. This resulted in an experience study to look at the actual take-up rate for the program, the number of individuals participating, and the costs needed to cover the individuals. The OCFO hired PRM Consulting to conduct the study. The results found that the District has been significantly over-funding the

⁴¹ Bill 20-627, Other Post-Employment Benefits Fund Amendment Act of 2014.

⁴² *Other Post-Employment Benefits: Budget Oversight Hearing before the Council of the District of Columbia Committee of the Whole* (Mar. 27, 2018) (oral testimony of Jeffrey Barnette, Deputy Chief Financial Officer and Treasurer, Office of the Chief Financial Officer).

⁴³ *Id.*

OPEB program as compared the levels needed. The study found that actual retiree participation rates are lower than the initial assumptions.⁴⁴

As a result, OCFO worked with the DC Department of Human Resources to model a more appropriate participation rate which was validated by the Advisory Committee. An important change in assumption with regard to the take-up rate is that individuals hired before 1987 receive their health benefits from the federal government. Assuming retirement after 30 years of service, very few retirees meeting the minimum service requirements to claim OPEB benefits have retired on the District system.

The changes more closely align the OPEB assumptions to those of the DC Retirement Board. Unfortunately, the fund did have lower than anticipated gains in 2015. Smoothing policies were not sufficient to cover losses and the fiscal year 2018 ARC was higher than anticipated. This year, the methodology of the ARC calculation incorporates a five-year actuarial asset smoothing to dampen the impact of varying investment returns. The ARC also assumes a 20-year closed amortization period and a target return rate of 6.5%. As a result, the ARC payment for FY 2019 is \$46.0 million, rather than the previous assumption of \$49.1 million.⁴⁵

Funding Ratio and Unfunded Liability: According to the FY 2017 Comprehensive Annual Financial Report, OPEB is currently 111.57% funded – a decrease of approximately seven percent since 2016. This means that the OPEB fund has no unfunded liability.⁴⁶

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal year 2019 Operating Budget

The Committee recommends no change to the fiscal year 2019 budget for the Retiree Health Contribution as proposed by the Mayor.

Policy Recommendations

1. The Committee recommends that OPEB continue to closely monitor take-up rates for the plan to ensure plan assets reflect actual benefits.
2. The Committee recommends that OPEB administrative expenses be paid out of the plan assets rather than the General Fund.

⁴⁴ *Other Post-Employment Benefits: Agency Performance Oversight Hearing before the Council of the District of Columbia Committee of the Whole* (Mar. 27, 2018) (oral testimony of Jeffrey Barnette, Deputy Chief Financial Officer and Treasurer, Office of the Chief Financial Officer).

⁴⁵ *Id.*

⁴⁶ *Other Post-Employment Benefits: Performance Oversight Hearing before the Council of the District of Columbia Committee of the Whole* (Mar. 7, 2018) (oral testimony of Jeffrey Barnette, Deputy Chief Financial Officer and Treasurer, Office of the Chief Financial Officer).

OTHER POST-EMPLOYMENT BENEFITS TRUST ADMINISTRATION
Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

Other Post-Employment Benefits Administration is a paper agency used to account for expenditures related to the administration of the Other Post-Employment Benefits Fund.

II. MAYOR’S PROPOSED BUDGET

Mayor’s Proposed Fiscal Year 2019 Operating Budget⁴⁷

The fiscal year 2019 budget proposal for the Other Post-Employment Benefits Administration is \$1,186, an increase of \$1,186 over the current fiscal year. The proposed budget supports 3.5 FTEs.

**Table XX-A: Purchase Card Program
 Total Operating Funds Budget FY 2013-2018**

	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Budget 2018	Mayor 2019
Total Funds	0	0	0	0	0	0	1,186
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	3.5

Source: Budget Books (dollars in thousands)

Enterprise Funds: The funding for this account is comprised entirely of enterprise and other funds.

III. COMMITTEE COMMENTARY

Other Post-Employment Benefits Fund Administration is a new agency created by the Committee. While the agency will have 3.5 FTEs assigned to it, the Committee expects that the existing staff currently assigned to administration of OPEB at the Office of the Chief Financial Officer will continue to functionally work for the OCFO. This could be accomplished through additional changes to the OCFO’s budget using intra-District funding.

⁴⁷ The Mayor’s proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

See the District Retiree Health Contribution Budget chapter and proposed Budget Support Act subtitle COW-B for commentary on this account.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal Year 2019 Operating Budget

The Committee recommends \$1,186,149.00 in Enterprise and Other funds for the new Other Post-Employment Benefits Trust Administration agency supporting 3.5 FTEs. The attributes for the funding is as follows:

1. Increase of \$444,144.48 in new Program/Activity, CSG 11 (Regular Pay-Continuing)
2. Increase of \$112,004.52 in new Program/Activity, CSG 14 (Fringe Benefits)
3. Increase of 3.5 FTEs in new Program/Activity (Associated FTEs)
4. Increase of \$630,000.00 in new Program/Activity, CSG 41 (Contractual Services)

UNIVERSITY OF THE DISTRICT OF COLUMBIA

Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The University of the District of Columbia (UDC) is an urban land grant institution of higher education. Through its community college, flagship, and graduate schools, UDC offers affordable post-secondary education to District of Columbia residents at the certificate, baccalaureate, and graduate levels. These programs prepare students for immediate entry into the workforce, the next level of education, specialized employment opportunities, and life-long learning.

The University is governed by a board of trustees comprised of 15 members, 11 of whom are appointed by the Mayor, with the advice and consent of the Council, one who is a full-time student in good-standing at the University, and three who have either graduated UDC or one of its predecessors.

II. MAYOR’S PROPOSED BUDGET

Mayor’s Proposed Fiscal Year 2019 Operating Budget⁴⁸

The Mayor’s fiscal year 2019 budget proposal for the University of the District of Columbia is \$171,123, an increase of \$9,188, or 5.7 percent, over the current fiscal year. The proposed budget supports 968.4 FTEs, which represents no change from the fiscal year 2018 approved budget.

**Table GC-A: University of the District of Columbia;
Total Operating Funds Budget FY 2013-2019**

	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Budget 2018	Mayor 2019
Total Funds	169,270	141,850	139,524	154,968	164,015	161,935	171,123
FTEs	1090.7	948.4	948.4	932.4	957.7	968.4	968.4

Source: Budget Books (dollars in thousands)

Enterprise Funds: It is important to note that UDC’s entire budget is aggregated into an Enterprise Fund. The fiscal year 2019 budget proposal for UDC includes a \$87,168 subsidy provided via local funds. The remaining balance of UDC’s budget, \$83,955, is comprised of grants, tuition, fees, an endowment, and indirect costs. Please see pages 61-62 of this report for further information regarding the subsidy.

Mayor’s Proposed Fiscal Year 2019 Capital Budget

The Mayor’s proposed capital improvements plan includes \$132,202 for UDC, representing an increase of \$81,702, or 161.7%, over the six-year plan. The plan authorizes \$12,202 for fiscal year 2019, \$12,000 for fiscal year 2020, \$8,000 for fiscal year 2021, \$5,000 for fiscal year 2022, \$35,000 for fiscal year 2023, and \$60,000 for fiscal year 2024. This funding is for construction and renovation of UDC sites.

III. COMMITTEE COMMENTARY

The Committee provides the following commentary and concerns in relation to the proposed fiscal year 2019 budget and UDC’s performance over the last year.

Labor: Over the past several years, the University has expressed concern with regard to its ability to offer competitive salaries to both its unionized and non-unionized employees. Three unions represent the unionized faculty and staff at UDC: the UDC Faculty Association/National Education Association, which represents approximately 220 full-time faculty members; SEIU

⁴⁸ The Mayor’s proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

Local 500, which represents around 185 adjunct faculty; and AFSCME, as part of Compensation Unit 1&2, which represents approximately 60 UDC career service employees and around 120 UDC educational service employees.⁴⁹ The rest of UDC staff are non-union.

In 2013, the Office of Labor Relations and Collective Bargaining (OLRCB) negotiated a compensation collective bargaining agreement (CBA) between the District and the unions that represent the employees, including University employees, that make up Compensation Units 1&2. While other District agencies received funds from Workforce Investments to fund this CBA, UDC was responsible for absorbing the costs with respect to its employees.⁵⁰ Over the four-year financial plan, UDC's portion totaled \$5.58 million.⁵¹ The University voiced concern after the Council approved the CBA that it did not actually have the funds to satisfy its obligations.

Given this, the Committee stressed to UDC the need to ensure that it was involved in the next negotiation, which occurred during 2017, between the District and Compensation Units 1&2. However, when Compensation Units 1&2's most recent CBA was transmitted to the Council for approval earlier this year, the Committee discovered that UDC had not been fully included.⁵² Furthermore, the fiscal impact statement for the CBA stated that UDC would either have to absorb the costs associated with its portion – \$4.1 million – or would have to request additional subsidy funds from the District.⁵³ UDC submitted testimony stating that it could not, in fact, absorb the costs associated with its portion and pointed out a lack of parity between the University and other District agencies, as the latter received funds from Workforce Investments again to cover each agency's portion of the CBA.⁵⁴ UDC did not.⁵⁵

In addition to the lack of funding to cover the Compensation Units 1&2 CBA, UDC has indicated that some of its full-time faculty are drastically underpaid when comparing them to their counterparts at other universities.⁵⁶ For example, UDC's business faculty receives 40% less than their counterparts, and its engineering faculty are paid 30% below market rate.⁵⁷ Such differences have made it difficult for UDC to reach a compromise with regard to the 8th Master Agreement, the CBA that covers UDC's full-time faculty represented by the UDC Faculty Association/NEA. Given that the 7th Master Agreement expired in September 30, 2015,⁵⁸ the 8th Master Agreement is long overdue.

⁴⁹ UDC Round 2 2018 Performance Oversight Responses.

⁵⁰ See May 23, 2013 FIS for PR 20-263.

⁵¹ *Id.*

⁵² Per conversations between Committee staff and UDC officials. The Committee was informed that the University had been involved in some discussions but was not notified of the final versions of the CBA or costs associated with it until the Committee alerted the University to the transmittal of PR 22-738.

⁵³ Jan. 19, 2018 FIS for PR22-738.

⁵⁴ See UDC Feb. 9th Testimony on PR 22-738.

⁵⁵ *Id.*

⁵⁶ See President Mason's performance oversight testimony on February 27, 2018.

⁵⁷ President Mason's performance oversight testimony on February 27, 2018.

⁵⁸ See R 21-198, effective July 14, 2015.

Further, UDC has only been able to pay its non-unionized staff one cost-of-living increase in the past ten years.⁵⁹ When Mayor Bowser submitted a cost-of-living increase to the Council for fiscal year 2018 for non-union District employees, UDC's non-union staff were purposefully not included in the request because UDC did not have the funds to pay for the increase. According to the University, a three percent cost-of-living increase for fiscal year 2018 would cost almost \$950,000.⁶⁰ For fiscal year 2019, a two percent cost-of-living increase would cost UDC over \$643,000, and a three percent cost-of-living increase in fiscal year 2020 would cost the University over \$984,000.⁶¹

Given UDC's lack of funds to pay either its union or non-union employees, the University requested a recurring personnel services budget enhancement of \$5.7 million for fiscal year 2019 and beyond.⁶² Mayor Bowser included a \$4.7 million recurring enhancement in UDC's proposed fiscal year 2019 budget, but the University is concerned since the enhancement is almost a million less than what it needs.⁶³ Since the University did not receive all of the funds that it needs to satisfy its salary obligations, it may have to use one-time funds, which were meant to address its IT issues, to do so. Yet, this still does not fully address the University's needs since the funds are one-time and it needs recurring funds to meet its outstanding salary obligations.⁶⁴

The Committee shares in UDC's concerns, as it is will remain difficult to find and retain strong faculty and staff if the University cannot meet its financial responsibilities, and this in turn affects the education that its students receive. Moving forward, the Committee recommends that the University examine its priorities to determine if changes can be made that will allow UDC to meet its salary obligations and enable it to provide its non-union employees with some cost-of-living increase.

IT Issues: Due to UDC's financial issues over the past several years, the University has had to prioritize its needs, which has resulted in items being deferred until they can no longer be ignored. Such is the case with the University's IT needs. Currently, much of UDC's hardware is old, with its core networking infrastructure being over 15 years old, and incapable of being updated because of its age.⁶⁵ Additionally, with the increased use of laptops and tablets, UDC's faculty and students require more wireless access, but UDC's campuses do not have enough wireless access points, making it difficult for UDC's population to have reliable wireless connectivity.⁶⁶ Further, the University's firewalls and security devices are outdated, placing UDC at increased risk for a cyber-attack.⁶⁷

⁵⁹ The one cost-of-living increase was in 2013.

⁶⁰ See March 29, 2018 email from Thomas Redmond (on file with the Committee).

⁶¹ *Id.*

⁶² See May 2, 2019 email from Troy Stovall, UDC COO (on file with the Committee).

⁶³ UDC's March 28th budget hearing testimony.

⁶⁴ *Id.*

⁶⁵ UDC's 2nd round performance oversight responses, pages 22-26.

⁶⁶ *Id.* at 23-24.

⁶⁷ *Id.* at 24.

To circumvent its aging hardware, UDC has begun to move to more cloud-based applications, such as Microsoft Office 365.⁶⁸ Yet, this solution is not sufficient, so the University requested a recurring increase in the subsidy it receives from the District. For fiscal year 2019, UDC's proposed subsidy includes a \$4.7 million increase to address its IT needs, but despite this enhancement, which the Committee supports, the Committee is worried since it is only one-time.

At the University's March 28th budget hearing, President Mason testified that UDC is now reassessing how to use the \$4.7 million IT enhancement since it is not recurring, as well as having to potentially use some of the one-time funds to fulfill UDC's salary requirements, as mentioned above.⁶⁹ Furthermore, President Mason noted that in addition to UDC's recurring non-personnel service IT requirements, UDC's IT enhancement request included approximately one million dollars in personnel services for additional IT staff.⁷⁰ Because the IT enhancement is only one-time, UDC no longer plans to hire the additional IT staff during fiscal year 2019 and will have to wait until fiscal year 2020 to figure out how to address its desire for more IT staff.⁷¹

The Committee recognizes that the IT enhancement included in UDC's budget is only one-time making it difficult for the University to address its IT needs properly but cautions against reallocating all of the one-time funds in its proposed budget to non-IT matters. Such practices are what has led to the University being in such a dire situation with regard to its IT infrastructure. As the University looks ahead and works to increase its enrollment, its IT problems will only worsen if no action is taken to mitigate them. Thus, the Committee will focus on the University's progress in this area and is hopeful that UDC will find a path forward even though its IT enhancement is only one-time funds.

Community College Location: In 2010, the University entered into a 17-year lease with a for-profit entity for property located at 801 North Capitol Street, N.E., the current headquarters of UDC's Community College (UDC-CC). Since the beginning, this property has caused issues for the University. Originally, the District planned to buy the building, but that option did not come to fruition, leaving the University responsible for escalating rent costs that it has struggled to absorb over the past few years. Additionally, since the property is owned by a for-profit entity, it is subject to real property taxes, and the lease holds UDC responsible for paying the real property taxes in exchange for a lower base rent.⁷² As seen in the table below, the real property taxes have more than doubled since the inception of the lease.

⁶⁸ *Id.* at 22.

⁶⁹ UDC's March 28th budget hearing.

⁷⁰ UDC's March 28th budget hearing.

⁷¹ UDC's March 28th budget hearing.

⁷² See Bill 22-513 Finance and Revenue Committee Report, page 1.

**Table GC-B: University of the District of Columbia;
 801 N. Capitol Street N.E. Real Property Taxes: 2010-2018**

Year	Real Property Tax Liability
2010	\$383,000
2011	\$338,000
2012	\$436,000
2013	\$488,000
2014	\$534,000
2015	\$961,000
2016	\$963,000
2017	\$871,000
2018	\$851,000

Source: Tax Abatement Financial Analysis for Bill 22-513, the “University of the District of Columbia Leased Property Tax Abatement Act of 2017

This increase in real property taxes means that the University diverts more funds away from numerous areas, including, but not limited to, academics, student support services, and pay raises for the University’s faculty and staff. In turn, this leads to the University requesting a larger subsidy from the District so that it can minimize the impact on the aforementioned areas, but an increase in the subsidy is not guaranteed each year, as the University is competing with various other budget priorities.

Providing for a tax abatement, on the other hand, allows the University to receive some of the additional funds that it needs without being subject to the whims of budgetary process each year, which, in turn, should provide for more financial stability for the University. Given this, the Committee supports exempting the 801 North Capitol Street property from real property tax liability as long as the University leases the property. Once UDC ceases to lease the property, the exemption should end.

Capital Projects: Over the past several years, UDC has faced a decline in its capital budget. In the fiscal year 2014 budget, UDC had its capital budget reduced by nearly \$70 million over a six-year period.⁷³ Because of this reduction, the University had to reevaluate what capital projects it was going to carry forward and had to place several other projects on the back burner or eliminate them altogether. Then in the proposed fiscal year 2016 budget, Mayor Bowser eliminated all of UDC’s capital funds for fiscal year 2016 – reducing UDC’s capital budget by another \$15 million. Given that UDC had several projects already in progress that would have had to grind to a halt, as well as the fact that UDC needed capital funds to complete projects necessary for its reaccreditation by Middle States, the Council restored the \$15 million to UDC - \$5 million in fiscal year 2015, \$10 million in fiscal year 2016, and \$10 million in fiscal year 2017. Yet, despite the Council’s clear signal that capital investments needed to be made with regard to UDC, its fiscal year 2018 budget remained stagnant with no capital funds included.

⁷³ COW Report on Recommendations for the FY 2014 Budget at 69.

UDC's proposed fiscal year 2019 capital budget, on the other hand, is welcomed by the Committee. The budget proposes to increase UDC's capital budget by over \$81 million, or 161.7%, over the six-year capital plan. Such funds are much needed, as the University not only has to complete or begin projects that it has sidelined since fiscal year 2014 but is now faced with a whole host of other issues. Specifically, Building 41 on the University's Van Ness (flagship) campus is in disrepair and no longer safe to use.⁷⁴ Since this is the University's largest classroom building, as well as site of the University's library, UDC will have to reduce its course offerings until it can either renovate the building or find funds to lease additional property. Additionally, eight other buildings at UDC's Van Ness campus need repairs, and Bertie Backus, the main campus for the University's Workforce Development and Lifelong Learning (WDLL), also needs repairs and expansion if the University is to offer more WDLL and UDC-CC course offerings.⁷⁵

Notably these repairs only include the most crucial needs and the repairs/renovations that the University cannot continue to delay if it wants to maintain the status quo. Yet, despite the large increase in UDC's proposed capital budget, which the Committee supports, the Committee is concerned because UDC has indicated the \$132 million in its proposed capital budget is still not sufficient to make the most critical repairs and renovations.⁷⁶ All the projects needed over the next six years total \$233.66 million, meaning that the University still needs an additional \$101.74 million. This is a significant gap and not one that the Council can close on its own. Moving forward, the Committee stresses the importance of funding the University adequately both in terms of its capital and operating budgets. Further, the Committee urges the University to explore other avenues, such as a public-private partnership, to fund its capital projects.

Private Fundraising: Over the past five years, beginning with fiscal year 2014, the Council has set aside funds for the University as part of a fundraising match. Originally as a means of supporting UDC's accreditation efforts, the Council set aside a million dollars in matching funds in fiscal year 2014 to aid the University with accreditation activities and readiness.⁷⁷ For every dollar UDC raised in private donations, up to a maximum of a million dollars, the District matched those donations dollar for dollar. While the University was unsuccessful in raising private funds in fiscal year 2014 for this match, the Council agreed to extend the match opportunity to the University again in fiscal year 2015. UDC rose to the challenge that year and was able to meet, and indeed exceed, the million-dollar threshold, raising \$1,070,000 in private donations. Given that success, the Council again set aside a million-dollar match for the University in fiscal year 2016. UDC was once again successful at raising the funds and did so within the prescribed time frame.

For fiscal year 2017, the Council put forth more stringent match requirements, indicating that for every two dollars the University raised, it would receive a dollar. The University was just short of fulfilling the match in fiscal year 2017 but given its efforts and the more stringent match

⁷⁴ UDC's performance oversight oral testimony on February 27, 2018. UDC students testified at UDC's performance oversight hearing on February 27, 2018 and indicated that they often have to wear coats in the winter due to the insufficient heating system and also have to endure hot temperatures in the spring and summer due to a lack of sufficient air conditioning in UDC's buildings.

⁷⁵ See March 28th responses from UDC.

⁷⁶ See UDC's testimony at March 28th budget hearing.

⁷⁷ See Title X, Sec. 10002 of D.C. Law 20-61, the Fiscal Year 2014 Budget Support Act of 2013.

requirements, the Council extended the fundraising match opportunity to UDC again in fiscal year 2018. For fiscal year 2018, the University also received a dollar, up to a maximum amount of \$1.5 million, for every two dollars that UDC raised. At UDC's March 28, 2018 hearing on its proposed fiscal year 2019 budget, President Mason testified that the University has met the fiscal year 2018 match,⁷⁸ as the University raised over \$3.4 million by the April 1, 2018 deadline that the Council set for the University.

Since the inception of the fundraising match, the University's private fundraising efforts have drastically improved.⁷⁹ During the first few years of the fundraising match, the University relied heavily on donations from law school alumni to meet the match. However, over the past two years, UDC has been able to diversify its funding sources and has worked to identify other fundraising opportunities.⁸⁰ Just last month, UDC, Bowie State, and Morgan State announced a one million dollar scholarship program for emerging entrepreneurs.⁸¹ This program, which is funded through a three-year grant administered by the Thurgood Marshall College Fund, will allow District residents, who are either finishing their freshman year at one of the three universities or who are graduating from a District of Columbia school and matriculating at one of the three universities, to gain invaluable learning and experience in business management and entrepreneurship.⁸² This opportunity is the type of fundraising the Committee has wanted to see from UDC and what the Committee has envisioned with its continued support of the fundraising match.

Moving forward, the Committee recommends that the fundraising match should continue in fiscal year 2019. While the University's fundraising efforts have greatly improved, there's still room for growth, and the Committee believes that the fundraising match will aid the University with doing so, just as it has for the past five years. Additionally, the Committee urges UDC to continue to find ways to diversify its funding sources. At UDC's fiscal year 2019 budget hearing, President Mason testified that UDC may hit a bump in the road during fiscal year 2019 in terms of fundraising, as UDC Law School Dean Shelley Broderick is stepping down as dean in June 2018, and she has been influential in raising funds from law school alumni over the years.⁸³ Such a scenario is the reason the Committee has stressed the need for UDC to be aggressive with its fundraising and to ensure that it is coming from multiple avenues. The Committee is hopeful that UDC's trend in receiving increased donations from non-law school alumni continues and that it will offset any dip in donations from law school alumni but acknowledges that UDC also has more for growth in this area.

⁷⁸ UDC's testimony at March 28th budget hearing.

⁷⁹ See budget testimony.

⁸⁰ See UDC's 2nd round performance oversight responses, pages 43-44.

⁸¹ See UDC April 18th Press Release.

⁸² *Id.*

⁸³ UDC FY 19 March 28th Budget Hearing.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal year 2019 Operating Budget

The Committee recommends adoption of the fiscal year 2019 budget for the University of the District of Columbia as proposed by the Mayor.

Committee's Recommended Fiscal year 2019 Capital Budget

The Committee recommends adoption of the fiscal year 2019 budget for the University of the District of Columbia as proposed by the Mayor.

Policy Recommendations

1. The Committee recommends that the University examine its priorities to determine if changes can be made that will allow it to meet its salary obligations and enable it to provide its non-union employees with some cost-of-living increase.
2. The Committee recognizes that the IT enhancement included in UDC's budget is only one-time making it difficult for the University to address properly its IT needs but cautions against reallocating all of the one-time funds to non-IT matters.
3. The Committee supports exempting the 801 North Capitol Street property from real property tax liability as long as the University leases the property and recommends that the tax abatement be funded.
4. The Committee recommends that UDC explore other avenues, such as a public private partnership, to fund its capital projects.
5. The Committee urges the University to continue its fundraising efforts and to find additional ways to diversify its funding sources.

UNIVERSITY OF THE DISTRICT OF COLUMBIA SUBSIDY

Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The University of the District of Columbia (UDC) Subsidy Account reflects the total local funds that UDC receives from the District of Columbia.

II. MAYOR’S PROPOSED BUDGET

Mayor’s Proposed Fiscal year 2019 Operating Budget

The Mayor’s proposed budget is \$87,168, an increase of \$8,988, or 5.7 percent, over the current fiscal year. The proposed budget supports 0.0 FTEs, representing no change from the current fiscal year.

**Table GF-A: University of the District of Columbia Subsidy;
 Total Operating Funds Budget FY 2013-2019**

	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Budget 2018	Mayor 2019
Total Funds	65,555	66,691	73,458	71,942	77,671	78,180	87,168
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Budget Books (dollars in thousands)

Local Funds: The UDC subsidy is funded solely from local funds.

III. COMMITTEE COMMENTARY

For Committee Commentary related to the University of the District of Columbia, please see pages 53-61 of this report.

IV. COMMITTEE RECOMMENDATIONS

Committee’s Recommended Fiscal Year 2018 Operating Budget

The Committee recommends adoption of the fiscal year 2019 budget for the University of the District of Columbia Subsidy as proposed by the Mayor.

WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION

Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The mission of the Washington Metropolitan Area Transit Commission (“WMATC”) is to help assure that the public is provided passenger transportation services by responsible, privately owned, for-hire licensed carriers to service the metropolitan region. WMATC was established in 1960 pursuant to the Washington Metropolitan Area Transit Regulation Compact,⁸⁴ an interstate compact among Maryland, Virginia and the District of Columbia providing for regional regulation of private sector motor carriers transporting passengers for hire in the Washington Metropolitan Area Transit District.⁸⁵ A three-member Board of Commissioners directs the WMATC. One commissioner is appointed from a District of Columbia agency with oversight of matters relating to the WMATC by the Mayor of the District of Columbia; one commissioner is appointed from the Maryland Public Service Commission by the Governor of Maryland; and one commissioner is appointed from the Department of Motor Vehicles of the Commonwealth of Virginia by the Governor of Virginia.

The WMATC issues operating authority to van and bus operators and some sedan and limousine operators. Carriers holding authority from the WMATC must file fixed rates and fares with the WMATC and comply with WMATC-prescribed insurance, safety and vehicle-marking regulations. The WMATC also prescribes rates and charges for transportation by taxicab between one compact signatory and another, where both points are within the Metropolitan District.

II. MAYOR’S PROPOSED BUDGET

Mayor’s Proposed Fiscal Year 2019 Operating Budget:⁸⁶

The Mayor’s fiscal year 2019 budget proposal for the WMATC is \$151, an increase of \$10, or 7.1 percent, over the current fiscal year. The proposed budget supports no FTEs, representing no change from the current fiscal year. This represents the District’s annual payment to WMATC and is equal to the dues requested by WMATC.

⁸⁴ Pub. L. No. 86-794, § 1, 74 Stat. 1031 (1960), as amended by Pub. L. No. 87-767, 76 Stat. 764 (1962), Pub. L. No. 101-505, § 1, 104 Stat. 1300 (1990), and Pub. L. No. 111-160, 124 Stat. 1124 (2010). The latest amended compact is codified at District of Columbia Official Code Section 9-1103.01.

⁸⁵ The Washington Metropolitan Area Transit District (Metropolitan District) consists of the following jurisdictions: Arlington County, Virginia; City of Alexandria, Virginia; City of Falls Church, Virginia; District of Columbia; Fairfax County, Virginia; Montgomery County, Maryland; Prince George’s County, Maryland; and Washington-Dulles International Airport, Loudoun County, Virginia.

⁸⁶ The Mayor’s proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

**Table EA-A: Metropolitan Washington Council of Governments;
 Total Operating Funds Budget FY 2013-2019**

	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Budget 2018	Mayor 2019
Total Funds	126	126	127	127	139	141	151
FTEs	0	0	0	0	0	0	0

Source: Budget Books (dollars in thousands)

General Funds: The Mayor’s proposed budget is \$151, an increase of \$10, or 7.1 percent above the current fiscal year. The proposed budget supports no FTEs, representing no change from the current fiscal year.

III. COMMITTEE CONCERNS

Operating Costs: The District of Columbia, Maryland, and Virginia share the annual operating costs of WMATC. For fiscal year 2019, the District’s proportionate share of WMATC’s annual operating costs was increased by \$10,000.

Daily operations are directed by the Executive Director and carried out by WMATC staff. Specifically, the agency grants operating authority to carriers such as airport shuttles, charter group buses, tour buses, handicapped transport vehicles, businesses with private and government shuttle contracts, and carriers for conventions. As part of its regulatory program, WMATC also establishes interstate taxicab rates, which are used when taxicabs cross from one signatory jurisdiction to another. WMATC’s staff is a source for determination of fares for taxicab trips between the District of Columbia and area airports or other points in Maryland or Virginia that are in the metropolitan region. Staff is also available to mediate taxicab overcharge complaints regarding interstate travel.

IV. COMMITTEE RECOMMENDATIONS

Agency Operating Budget:

The Committee recommends no change to the fiscal year 2019 budget for the Washington Metropolitan Area Transit Commission as proposed by the Mayor.

Policy Recommendations:

1. The Committee recommends that WMATC should continue to implement programs and policies to assure the public is provided fair and adequate passenger transportation services by responsible, privately owned, for-hire licensed carriers in the metropolitan region.

DEBT SERVICE
Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The mission of Debt Service administration is to finance the District's capital and cash flow needs, minimize the costs associated with such financing, exercise fiscally responsible debt management practices, and make timely payments of all debt service. Debt Service administration is comprised of the following sub-entities: Repayment of Loans and Interest (DS0), Repayment of Revenue Bonds (DT0), Schools Modernization Fund (SM0), Repayment of Interest on Short-Term Borrowings (ZA0), Debt Service - Issuance Costs (ZB0), and Commercial Paper Program (ZC0).

II. MAYOR'S PROPOSED BUDGET

Mayor's Proposed Fiscal Year 2019 Operating Budget⁸⁷

The Mayor's fiscal year 2019 budget proposal for Debt Service is \$784,765, an increase of \$49,668, or 6.6 percent, over the current fiscal year. The proposed budget supports no FTEs.

**Table DS-A: Debt Service;
Total Operating Funds Budget FY 2013-2019**

	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Budget 2018	Mayor 2019
Total Funds	532,927	564,743	612,174	604,536	636,076	703,472	753,649
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Budget Books (dollars in thousands)

Local Funds: The Mayor's proposed budget is \$753,649, an increase of \$50,177, or 7.1 percent, over the current fiscal year. The proposed budget supports no FTEs.

⁸⁷ The Mayor's proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

Dedicated Taxes: The Mayor’s proposed budget is \$7,839, an increase of \$7, or 0.0 percent, over the current fiscal year. The proposed budget supports no FTEs.

Special Purpose Funds: The Mayor’s proposed budget is \$5,753, an increase of \$222, or 0.0 percent, over the current fiscal year. The proposed budget supports no FTEs.

Federal Funds: The Mayor’s proposed budget is \$17,525, a decrease of \$737, or 4.0 percent, under the current fiscal year. The proposed budget supports no FTEs.

**Table DS-B: Debt Service;
Operating Funds Budget by Sub-Entity, FY 2013-2019**

	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Budget 2018	Mayor 2019
Repayment of Loans and Interest (DS)	479,810	520,507	586,572	578,572	640,283	710,762	758,926
Repayment of Revenue Bonds (DT)	6,665	7,824	7,829	7,822	7,825	7,832	7,839
Schools Modernization (SM)	8,626	11,863	11,412	14,276	13,523	0	0
Short-Term Borrowing (ZA)	1,581	943	723	922	0	0	0
Debt Service – Issuance Cost (ZB)	4,420	983	5,638	2,945	5,721	8,000	8,000
Commercial Paper Program (ZC)	0	0	0	0	0	8,503	10,000
Total Funds	532,927	564,743	612,174	604,536	667,352	735,097	784,765

III. COMMITTEE COMMENTARY

The Committee provides the following commentary and concerns in relation to the proposed fiscal year 2019 budget and agency performance over the last year.

The Mayor’s proposed fiscal year 2019 budget includes over \$785 million in debt service payments – an almost \$70 million increase over the last fiscal year and more than \$251 million debt service payment in fiscal year 2013. To put the current spending into perspective, this is equivalent to the one-third of the proposed general fund budgets for the entire public education sector⁸⁸ and more than 1 ½ times the budget of the Metropolitan Police Department⁸⁹. While expenditures to service debt are necessary to fund vital government projects, the increase cost of borrowing reflected in our budget from year to year is an issue of concern. Some level of debt is essential to operations, meaning that servicing that debt, too, will be necessary. To be sure, as a

⁸⁸ FY 2019 Budget Book, Mayor’s Proposed Budget, Volume 1, p. F-4.

⁸⁹ *Id* at p. F-2.

city, county, and state, the District's level of debt service is not easily comparable to other jurisdictions and, as a consequence, may be higher. However, the government must closely monitor debt service expenditures.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal Year 2019 Operating Budget

The Committee recommends no changes to the fiscal year 2019 budget for Debt Service as proposed by the Mayor.

JOHN A. WILSON BUILDING FUND

Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The mission of the John A. Wilson Building Fund is to provide an efficient, clean, and safe working environment for District employees in a modernized century-old historic building. Easily accessible to the public, the Wilson Building is an emblem of District pride showcased on the elegant Pennsylvania Avenue corridor within the Federal Triangle, just blocks from the White House.

II. MAYOR'S PROPOSED BUDGET

Mayor's Proposed Fiscal Year 2019 Operating Budget⁹⁰

The Mayor's fiscal year 2019 budget proposal for the John A. Wilson Building Fund is \$4,726, an increase of \$643, or 15.8 percent, over the current fiscal year. The proposed budget supports no FTEs.

⁹⁰ The Mayor's proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

**Table ZZ-A: John A. Wilson Building Fund;
 Total Operating Funds Budget FY 2013-2019**

	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Budget 2018	Mayor 2019
Total Funds	3,690	3,926	4,336	4,289	4,210	4,082	4,726
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Budget Books (dollars in thousands)

Local Funds: The Mayor’s proposed budget is comprised entirely of local funds.

III. COMMITTEE COMMENTARY

Maintenance: The Committee continues to monitor the upkeep and maintenance of the historic, more than a century old, John A. Wilson Building. Deferred or, in some cases, indefinitely postponed maintenance in past decades precipitated deterioration of the building to the point it was uninhabitable for a number of years requiring renovation. The building, now restored, still shows its age, however, and so ongoing maintenance is necessary to prevent further damage and decay. Maintenance of the building is performed by the Department of General Services (DGS). A major roof replacement project continues which has addressed water intrusion issues that have plagued several Council offices, resulting in moderate water damage to offices and work spaces, including one of the historic District Commissioners’ offices. In addition, DGS has undertaken work to address floor sagging in some corridors. As an important symbol of our government, and a valuable asset, the District must do more to protect this historic building.

IV. COMMITTEE RECOMMENDATIONS

Committee’s Recommended Fiscal Year 2019 Operating Budget

The Committee recommends no changes to the fiscal year 2019 budget for the John A. Wilson Building Fund as proposed by the Mayor.

NON-DEPARTMENTAL
Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The mission of the Non-Departmental account provides for anticipated costs that were not allocated to specific agencies during the development of the proposed budget, to ensure that specific use requirements are met. Use of a Non-Departmental account is a common practice to include specific costs in the budget, while providing the flexibility to project and allocate these costs. Use of Non-Departmental improves budget formulation by ensuring that certain use criteria are met by agencies before the funds are released to those agencies.

II. MAYOR’S PROPOSED BUDGET

Mayor’s Proposed Fiscal Year 2019 Operating Budget⁹¹

The Mayor’s fiscal year 2019 budget proposal for the Non-Departmental is \$5,324, a decrease of \$388, or 6.9 percent, under the current fiscal year. The proposed budget supports 0.0 FTEs, a decrease of 40.0, or 100 percent, under the current fiscal year.

**Table DO-A: Non-Departmental;
Total Operating Funds Budget FY 2013-2019**

	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Budget 2018	Mayor 2019
Total Funds	0	0	0	0	0	5,622	5,234
FTEs	0.0	0.0	0.0	0.0	030	40.0	0.0

Source: Budget Books (dollars in thousands)

Local Funds: The Mayor’s proposed budget is \$1,750, a decrease of \$2,054, or 54.0 percent, under the current fiscal year. The proposed budget supports 0.0 FTEs, a decrease of 40.0, or 100 percent, under the current fiscal year.

Special Purpose Funds: The Mayor’s proposed budget is \$3,484, an increase of \$1,666, or 91.6 percent, over the current fiscal year. The proposed budget supports no FTEs.

⁹¹ The Mayor’s proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

III. COMMITTEE COMMENTARY

The Committee provides the following commentary and concerns in relation to the proposed fiscal year 2019 budget and agency performance over the last year.

Non-Departmental Funds: the Non-Departmental account serves as a holding area for anticipated funding needs during the fiscal year. A portion of this budget is special purpose revenue authority given to Non-Departmental which reflects the total of the unbudgeted special purpose revenue funds of various district agencies. According to documentation by the Office of Budget and Planning, the local funds are comprised of \$250,000.00 in funding for the Office of Risk Management's Return to Work Program, and \$1.5 million in funding for the University of the District of Columbia for a fundraising match program. The latter is discussed later in this report in the proposed subtitle COW-C.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal year 2019 Operating Budget

The Committee recommends no change to the fiscal year 2019 budget for Non-Departmental as proposed by the Mayor.

MASTER EQUIPMENT LEASE/PURCHASE PROGRAM

Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The mission of the Master Equipment Lease/Purchase Program (the program) is to provide District agencies with access to low cost, tax-exempt financing for short-term capital equipment needs. The program enables the District to improve its asset/liability management by matching the useful life of the asset being financed to the amortization of the liability.

II. MAYOR’S PROPOSED BUDGET

Mayor’s Proposed Fiscal Year 2019 Operating Budget⁹²

The Mayor’s fiscal year 2019 budget proposal for the Master Equipment Lease/Purchase Program is \$11,844, a decrease of \$7,410, or 38.5 percent, under the current fiscal year. The proposed budget supports no FTEs.

**Table EL-A: Master Equipment Lease/Purchase Program;
 Total Operating Funds Budget FY 2013-2019**

	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Budget 2018	Mayor 2019
Total Funds	49,953	45,617	43,778	38,914	27,445	19,254	11,844
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Budget Books (dollars in thousands)

Local Funds: The funding for this account is comprised entirely of local funds.

III. COMMITTEE COMMENTARY

The Committee has no comments in relation to the proposed fiscal year 2019 budget and agency performance over the last year.

IV. COMMITTEE RECOMMENDATIONS

Committee’s Recommended Fiscal year 2019 Operating Budget

The Committee recommends no change to the fiscal year 2019 budget for the Master Equipment Lease/Purchase Program as proposed by the Mayor.

⁹² The Mayor’s proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

PAY-AS-YOU-GO CAPITAL FUND
Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The mission of the Pay-As-You-Go Capital Fund is to provide an additional funding source and offset long-term bond borrowing costs for capital projects. The Mayor and Council can request the use of Pay-As-You-Go (Paygo) Capital funds following the determination and certification by the Chief Financial Officer that the funds are available and necessary for the designated purpose. Operating funds may be transferred to the capital fund through a Pay-As-You-Go Capital funds budget transfer to support the Capital Improvements Plan (CIP), and the proposed FY 2018 budget includes such a transfer.

II. MAYOR’S PROPOSED BUDGET

Mayor’s Proposed Fiscal Year 2019 Operating Budget⁹³

The Mayor’s fiscal year 2019 budget proposal for the Pay-As-You-Go Capital Fund is \$81,706, a decrease of \$48,591, or 37.3 percent, under the current fiscal year. The proposed budget supports no FTEs.

**Table PA-A: Pay-As-You-Go Capital Fund;
Total Operating Funds Budget FY 2013-2019**

	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Budget 2018	Mayor 2019
Total Funds	88,201	59,798	136,245	144,105	133,380	130,298	81,706
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Budget Books (dollars in thousands)

Local Funds: The Mayor’s proposed budget is \$41,181, a decrease of \$55,789, or 93.0 percent, under the current fiscal year. The proposed budget supports no FTEs.

Special Purpose: The Mayor’s proposed budget is \$77,535, an increase of \$31,373, or 68.0 percent, over the current fiscal year. The proposed budget supports no FTEs.

⁹³ The Mayor’s proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

III. COMMITTEE COMMENTARY

The Committee has no comments in relation to the proposed fiscal year 2019 budget and agency performance over the last year.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal year 2019 Operating Budget

The Committee recommends no change to the fiscal year 2019 budget for the Pay-As-You-Go Capital Fund as proposed by the Mayor.

REPAYMENT OF PILOT FINANCING

Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

Repayment of PILOT Financing is a program through which the District provides economic development projects funds by borrowing against the future receipts from Payment-in-Lieu-of-Taxes (PILOT).

II. MAYOR'S PROPOSED BUDGET

Mayor's Proposed Fiscal Year 2019 Operating Budget⁹⁴

The Mayor's fiscal year 2018 budget proposal for the Repayment of PILOT Financing is \$54,123, an increase of \$22,934, or 73.5 percent, over the current fiscal year. The proposed budget supports no FTEs.

⁹⁴ The Mayor's proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

**Table TY-A: Repayment of PILOT Financing;
 Total Operating Funds Budget FY 2013-2019**

	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Budget 2018	Mayor 2018
Total Funds	10,949	13,722	15,901	21,889	21,639	31,189	54,123
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Budget Books (dollars in thousands)

Enterprise and Other Funds-Dedicated Taxes: The funding for this account is comprised entirely of enterprise and other funds.

III. COMMITTEE COMMENTARY

The Committee has no comments regarding the proposed funding for the Repayment of PILOT Financing.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal Year 2019 Operating Budget

The Committee recommends no change to the fiscal year 2019 budget for the Repayment of PILOT Financing as proposed by the Mayor.

FISCAL YEAR 2019 BUDGET SUPPORT ACT LANGUAGE RECOMMENDATIONS

The Committee of the Whole provides comments on the following subtitles of Bill 22-753, the “Fiscal Year 2019 Budget Support Act of 2018”:

Title I. Government Direction and Support

Subtitle C. Continuation of Certain PPRA Exemptions

Title II. Economic Development and Regulation

Subtitle G. Targeted Historic Preservation Assistance Eligible Area Expansion

Subtitle H. Expedited Building Permit Special Purpose Revenue Account

Subtitle P. Non-Health Professional License Fees Adjustment

The Committee Also recommends the following additional subtitles:

Subtitle COW-A. Project Labor Agreement Procurement Costs

Subtitle COW-B. OPEB Fund Administrative Costs

Subtitle COW-C. University of the District of Columbia Matching Funds

TITLE I-C CONTINUATION OF CERTAIN PPRA EXEMPTIONS

I. PURPOSE, EFFECT, AND IMPACT ON EXISTING LAW

The purpose of this subtitle is to extend certain exemptions to the Procurement Practices Reform Amendment Act of 2010 granted as part of the Procurement Practices Reform Exemption Amendment Act of 2014 (D.C. Law 20-94).

II. COMMITTEE REASONING

The PPRA establishes purposes and policies for the procurement of goods and defines the organization of a government-wide procurement authority under a Chief Procurement Officer (CPO) who is the Director of the Office of Contracting and Procurement (OCP). While the PPRA and the CPO's authority apply to the vast majority of procurements, several agencies and activities are exempt from all or parts of the PPRA. The Procurement Practices Reform Exemption Amendment Act of 2014 added new exemptions to the PPRA, two of which were clarifications to harmonize agency establishing legislation with the PPRA – for the Health Benefit Exchange and the Medical Liability Captive Insurance Agency – and one of which was to exempt the procurement of permanent supportive housing which is procured through the authority of several agencies. The Committee has long believed that exemptions from the PPRA and the CPO's authority should be for exceptional circumstances, and therefore the three new exemptions were written to sunset at the end of fiscal year 2018.

As recommended by the Mayor, this subtitle would have effectively extended certain agency exemptions through the end of 2023 and would have repealed certain other conforming amendments contained in the 2014 legislation. The Committee continues to believe that the goal should be to centralize procurement under a single authority and set of rules. The Committee does not believe that a compelling case to wholesale readdress the exemptions at this time through the Budget Support Act. Therefore, the Committee recommends a narrowed continuation of the exemption by extending the sunset in the underlying legislation by three years from the end of fiscal year 2018 to the end of fiscal year 2021. Should the executive wish to reexamine the need for the individual exemptions, the Committee believes that permanent, standalone legislation with a full record should be introduced and considered by the Council.

III. SECTION BY SECTION ANALYSIS

Sec. 2001. Short title.

Sec. 2011. Amends sunset date contained in D.C. Law 20-94.

IV. LEGISLATIVE RECOMMENDATION

1	TITLE I, SUBTITLE C. CONTINUATION OF CERTAIN PPRA
2	EXEMPTIONS
3	Sec. 1021. Short title.
4	This subtitle may be cited as the “Procurement Practices Reform
5	Exemption Amendment Act of 2018”.
6	Sec. 1022. Section 3 of the Procurement Practices Reform Exemption
7	Amendment Act of 2014 (D.C. Law 20-94), is amended by striking the phrase
8	“fiscal year 2018” and inserting the phrase “fiscal year 2021” in its place.

V. FISCAL IMPACT

This subtitle has no impact on the budget and financial plan, according to the fiscal impact statement produced by the Chief Financial Officer.

TITLE II-G TARGETED HISTORIC PRESERVATION ASSISTANCE ELIGIBLE AREA EXPANSION

I. PURPOSE, EFFECT, AND IMPACT ON EXISTING LAW

The purpose of this subtitle is to include both the Emerald Street Historic District and Wardman Flats as historic districts or historic landmarks eligible for the Targeted Homeowner Grant program. The Targeted Homeowner Grant Program helps preserve the affordability of housing for low- and moderate-income homeowners who reside in the city’s historic districts by making non-taxable grants available for home repairs that have sometimes been left unattended for years due to lack of funds.

The Emerald Street Historic District includes Emerald Street N.E. bounded by F Street N.E., E Street N.E., 13th Street N.E., and 14th Street N.E., in Ward 6. Wardman Flats was designated as a Historic Landmark in 2017. Wardman Flats includes 28 two-story Victorian rowhouses built in 1902 and located in Square 519 bounded by 3rd Street N.W., 4th Street N.W., R Street N.W., and Florida Avenue N.W., in Ward 5.

II. COMMITTEE REASONING

The Committee recommends striking this subtitle. Currently, there is a bill before the Committee, Bill 22-434, the “Targeted Historic Assistance Amendment Act of 2017.” Bill 22-434 seeks to expand the list of historic districts eligible for the Targeted Homeowner Grant Program. Accordingly, the Committee believes that the best vehicle for expanding eligibility would be through this freestanding bill subject to the legislative process. The Committee plans on holding a hearing on Bill 22-434.

III. SECTION BY SECTION ANALYSIS

N/A

IV. LEGISLATIVE RECOMMENDATION

1	TITLE II, SUBTITLE G. Targeted Historic Preservation Assistance Eligible
2	Area Expansion
3	——— Sec. 2061. Short title.
4	——— This subtitle may be cited as the “Targeted Historic Preservation Assistance
5	Amendment Act of 2018”.
6	——— Sec. 2062. Section 11b(b) of the Historic Landmark and Historic District
7	Protection Act of 1978, effective March 2, 2007 (D.C. Law 16-189; D.C. Official Code §
8	6-1110.02(b)), is amended as follows:
9	——— (a) The lead-in text is amended by inserting the phrase “or historic landmarks”
10	after the phrase “historic districts”.
11	——— (b) Paragraph (11) is amended by striking the word “or”.
12	——— (c) Paragraph (12) is amended by striking the period at the end and inserting the
13	phrase “; and” in its place.
14	——— (d) New paragraphs (13) and (14) are added to read as follows:
15	——— “(13) Emerald Street Historic District; and
16	——— “(14) Wardman Flats.”.

V. FISCAL IMPACT

N/A

TITLE II-H EXPEDITED BUILDING PERMIT SPR ACCOUNT

I. PURPOSE, EFFECT, AND IMPACT ON EXISTING LAW

The purpose of this subtitle is to establish a special purpose revenue fund, known as the “Expedited Building Permit Review Program Fund” (Fund), within the Department of Consumer and Regulatory Affairs (DCRA), for expedited reviews of building permit applications. The effect of this subtitle is to ensure deposited fees for expedited reviews will be used to support the administration of the Accelerated Permit Review program, while any revenues generated beyond what is necessary to operate the program will be directed to the general fund. The impact on existing law is an amendment to Title 6 of the D.C. Official Code Section 1401 that adds a new section 6e.

II. COMMITTEE REASONING

This subtitle is related to an emergency rulemaking that became effective on October 20, 2017, that established fees for DCRA’s new accelerated review pilot program. The Accelerate Permit Review program currently operates two services the Velocity Service and the Expedition Service, which offer applicants the option of a fast-track plan review process that can result in permit approvals for a project in one-business day. The Velocity Service is for applicants whose design and plans are complete and ready for submission, which can often be completed in one day. While the Expedition Service is for applicants whose plans are still in the design phase. The Expedition Service applicants have the opportunity to schedule a series of plan review sessions with DCRA plans reviewers to discuss code issues and cite potential code violations, which must be addressed prior to the subsequent scheduled session.

The Committee is concerned about the operations of the Accelerate Permit Review program. Currently, the program has no dedicated staff to perform expedited reviews. This means DCRA must remove plans reviewers from standard duty plan reviews, to spend approximately eight hours at a time, to review project plans from applicants that are willing to pay from \$5,000 to \$75,000 to move to the head of the queue. These Accelerated Permit Review applicants get to circumvent the long permitting process, which can take anywhere from 30 days to six months. The Committee believes this is not an example of good management of government services.

Unfortunately, this subtitle will not address the Committee’s concerns, since the Office of the Chief Financial Officer (OCFO) will not be able to authorize budget authority to use the fees deposited into the Fund to administer the program for fiscal year 2019. According to the OCFO, due to insufficient data necessary to project the revenues of the Fund, no monies deposited in the Fund can be used to support the operation of the program. This means the program will likely operate without dedicated staff for another year and continue to disadvantage applicants engaging in the standard plans review process. The Committee does not believe that the same staff should support the operation of two programs: The Accelerated Permit Review program and the Standard Permit Review program. The Committee believes that until budget authority is granted that DCRA should have to use available funds for the hiring of additional FTEs to support the administration of the Accelerated Permit Review program. However, the Committee agrees with the general purpose of the subtitle.

III. SECTION BY SECTION ANALYSIS

Sec. 1. Short title.

Sec. 2. Amends D.C. Official Code § 6-1401 *et seq.* by adding a new section

IV. LEGISLATIVE RECOMMENDATION

1 TITLE II, SUBTITLE H. EXPEDITED BUILDING PERMIT SPECIAL

2 PURPOSE REVENUE ACCOUNT

3 Sec. 2071. Short title.

4 This subtitle may be cited as the “Expedited Building Permit Review Fund
5 Amendment Act of 2018”.

6 Sec. 2072. The Construction Codes Approval and Amendments Act of 1986,
7 effective March 21, 1987 (D.C. Law 6-216; D.C. Official Code § 6-1401 *et seq.*), is
8 amended by adding a new section 6e to read as follows:

9 “Sec. 6e. Expedited Permit Review Fund.

10 “(a) There is established as a special fund the Expedited Building Permit Review
11 Program Fund (“Fund”), which shall be administered by the Director of the Department
12 in accordance with subsection (c) of this section.

13 “(b) Revenue from fees imposed by the Department for the expedited review of
14 building permit applications shall be deposited in the Fund.

15 “(c) Money in the Fund shall be used to administer the expedited building permit
16 review program at the Department.

17 “(d) Amounts in excess of the money needed to pay for the costs described in
18 subsection (c) of this section shall be deposited into the unrestricted fund balance of the
19 General Fund of the District of Columbia.

 “(e) Money remaining in the Fund at the end of a fiscal year shall revert to the
20 unrestricted fund balance of the General Fund of the District of Columbia.”.

IV. FISCAL IMPACT

For fiscal year 2019, this subtitle will not have an impact on the District’s budget and financial plan.

TITLE II-P NON-HEALTH PROFESSIONAL LICENSE FEES ADJUSTMENT

I. PURPOSE, EFFECT, AND IMPACT ON EXISTING LAW

The purpose of this subtitle is to ratify the licensing fees that are currently collected by the Department of Consumer and Regulatory Affairs (DCRA) for elevator inspectors, elevator mechanics, elevator contractors, tour guides and body artists. The effect of this subtitle is that fees for body artist licenses that have been collected since October 1, 2012 would be ratified, and those that have not been collect as of the effective date of the fiscal year 2019 Budget Support Act will be waived. Similarly, fees for tour guide and referenced elevator licenses that have been collected since May 1, 2004 would be ratified, and those that have not been collected by the effective date of the fiscal year 2019 Budget Support Act are also waived. The impact on existing law is an amendment to Title 17 of the District of Columbia Municipal Regulations (DCMR) Section 3500.2 that adds (s), (t), and (u) as new paragraphs.

II. COMMITTEE REASONING

Authority is granted to the Mayor to establish a fee schedule for all services related to the regulation of occupations and professions, which includes elevator inspectors, elevator mechanics, elevator contractors, tour guides and body artists. When the abovementioned occupations were statutorily added to the list of non-health occupations regulated under Title 47 of the D.C. Official

Code, in 2004 and 2012 respectively, those professions were not subsequently added to the schedule of licensing fees listed in Title 17 of the DCMR. Without specific guidance for those occupation's licensing fees in the DCMR, DCRA had been collecting a generic fee of \$65.00 for applications fees for each of the referenced occupations, and a \$110.00 license fee for body artist and a \$260.00 for elevator professions. The fees collected for application and licensure have supported the administration of the relevant occupational or professional boards. This subtitle will finally ratify the application and license fees already being collected. The Committee supports the purpose of this subtitle.

III. SECTION BY SECTION ANALYSIS

Sec. 2151. Short title.

Sec. 2152. Amends 17 DCMR § 35 by adding new paragraphs.

Sec. 2153. Applicability.

IV. LEGISLATIVE RECOMMENDATION

1	TITLE II, SUBTITLE P. NON-HEALTH PROFESSIONAL LICENSING	
2	FEES ADJUSTMENT	
3	Sec. 2151. Short title.	
4	This subtitle may be cited as the "Non-Health Professional Licensing Fees	
5	Adjustment Amendment Act of 2018".	
6	Sec. 2152. Section 3500.2 of Title 17 of the District of Columbia Municipal	
7	Regulations (17 DCMR § 3500.2) is amended by adding new paragraphs (s), (t),	
8	and (u) to read as follows:	
	<u>“(s) ELEVATOR CONTRACTOR, ELEVATOR MECHANIC,</u>	
	<u>ELEVATOR INSPECTOR</u>	
	Application	\$65.00
	License (D.C. Official Code § 47-	
	2853.99)	\$260.00
	<u>(t) TOUR GUIDE</u>	
	Application	\$65.00

	(u) <u>BODY ARTIST</u>	
	Application	\$65.00
	License	\$110.00".
9	Sec. 2153. Applicability.	
10	(a) The application fees imposed by section 2152 for elevator contractors,	
11	elevator mechanics, elevator inspectors, and tour guides shall apply beginning May	
12	1, 2004. The collection of all such fees during the period from May 1, 2004, to the	
13	effective date of this act is ratified. Any such fees for that period not already	
14	collected as of the effective date of this act shall be waived.	
15	(b) The application and license fee imposed by section 2152 for body artists	
16	shall apply beginning October 1, 2012. The collection of all such fees during the	
17	period from October 1, 2012, to the effective date of this act is ratified. Any such	
18	fees for that period not already collected as of the effective date of this act shall be	
19	waived.	

IV. FISCAL IMPACT

For fiscal year 2019, this subtitle will not have an impact on the District's budget and financial plan.

TITLE COW-A PROJECT LABOR AGREEMENT PROCUREMENT FUNDING

I. PURPOSE, EFFECT, AND IMPACT ON EXISTING LAW

The purpose of this subtitle is to require budgeting for the inclusion of project labor agreements for procurements over \$75 million at agencies covered by the Procurement Practices Reform Act of 2010 (PPRA). The effect of the subtitle is to make applicable an amendment to Section 606(a)(3) of the PPRA made by the Procurement Integrity, Transparency, and Accountability Amendment Act of 2016 (PITAA). The impact on existing law is an amendment to Title 47 of the D.C Official Code requiring the Mayor to account for the potential cost of including a project labor agreement in any construction procurement over \$75 million of 10%, or

an amount determined by the Mayor, in compiling the Capital Improvement Plan (CIP) for submission to the Council in the budget process. In addition, the subtitle amends PITAA to clarify that a PLA is triggered only by projects over \$75 in *construction* costs.

II. COMMITTEE REASONING

The Procurement Integrity, Transparency, and Accountability Amendment Act of 2016 added a new requirement that most construction projects with an anticipated value of \$75 million or more include a project labor agreement (PLA) between project contractors and subcontractors. The Committee believes that PLAs are an effective tool for protecting the District interests, working conditions for labor, and management protections for prime contractors to set forth procedures to resolve labor disputes arising under the contract. This provision was subject-to-appropriations because the Chief Financial Officer opined that a PLA could increase the cost of a construction project by 10% or more. However, a number of studies disagree with that assessment. Beginning in fiscal year 2020, the capital improvement plan must be formulated by including anticipated funding for project labor agreements of 10% or an amount deemed sufficient by the Mayor. The subtitle also contemplates funding current projects that meet the PLA criteria in the capital improvement plan.

According to a letter from the Chief Financial Officer, there are currently five construction projects valued at over \$75 million in the CIP. Of those, three projects have not yet started and exceed the \$75 million construction threshold for construction costs as shown in the table below from a letter from the Chief Financial Officer. Under the proposed subtitle, a PLA would be required in the solicitations for those construction projects. However, it is the Committee's understanding that there have already been initial discussions to include a PLA with the H Street bridge project within the current CIP funding – PLAs are common in transportation construction projects, including the South Capitol Street Bridge project which has already commenced.

Table A: Construction Projects in the CIP over \$75 million which have not Started

#	Owner Agency	Project No	Project Title	Impl Agency	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	6-yr Total	Project Status
2	HTD- DEPARTMENT OF HEALTH CARE FINANCE	UMV01C	CONSTRUCTION COSTS *	DHCF	-	40,783,505	63,835,052	77,134,021	31,030,928	45,216,495	258,000,000	Not Started
			OTHER COSTS		9,000,000	5,216,495	8,164,948	9,865,979	3,969,072	5,783,505	42,000,000	
			SAINT ELIZABETHS MEDICAL CENTER - TOTAL		9,000,000	46,000,000	72,000,000	87,000,000	35,000,000	51,000,000	300,000,000	
4	KAD- DEPARTMENT OF TRANSPORTATION	BRO05C	CONSTRUCTION COSTS *	DDOT	-	-	26,839,810	54,126,893	61,572,296	17,635,997	160,174,996	Not Started
			OTHER COSTS		-	13,541,136	3,597,722	7,255,397	8,253,411	2,364,003	35,011,669	
			H STREET BRIDGE - TOTAL		-	13,541,136	30,437,532	61,382,290	69,825,707	20,000,000	195,186,665	
7	GAO- DISTRICT OF COLUMBIA PUBLIC SCHOOLS	YY101C	CONSTRUCTION COSTS	DGS	-	29,573,776	65,549,224	-	-	-	95,123,000	Not Started
			OTHER COSTS		9,707,000	8,751,224	19,396,776	-	-	-	37,855,000	
			BANNEKER HS MODERNIZATION/RENOVATION - TOTAL		9,707,000	38,325,000	84,946,000	-	-	-	132,978,000	

Source: Letter to Chairman Mendelson from Chief Financial Officer Jeffery DeWitt, April 10, 2018.

III. SECTION BY SECTION ANALYSIS

- Sec. 1. Short title.
- Sec. 2. Requires the Mayor to budget for Project Labor Agreements beginning with the fiscal year 2020 budget.
- Sec. 3. Amends the Procurement Integrity, Transparency, and Accountability Amendment Act of 2016 by clarifying that the PLA threshold applies only to construction costs and removes the subject-to-appropriations clause for Section 3(m).

IV. LEGISLATIVE RECOMMENDATION

1	TITLE I, SUBTITLE COW-A. PROJECT LABOR AGREEMENT
2	PROCUREMENT FUNDING
3	Sec. 1. Short title.
4	This subtitle may be cited as the “Project Labor Agreements in Construction
5	Procurement Amendment Act of 2018”.
6	Sec. 2. Section 47-339.01(a) of the District of Columbia Official Code is amended
7	by adding a new paragraph (3) to read follows:
8	“(3)(A) For a capital project meeting the requirements of § 2-356.06(a)(3),
9	the estimated fully funded cost information provided pursuant to paragraph (1)(C) shall
10	account for the cost of compliance with the requirements of § 2-356.06 in an amount
11	equal to 10% of the total estimated cost of the project or some other amount determined

12 to be sufficient by the Mayor.

13 “(B) This paragraph shall apply to capital projects for which
14 construction costs will be incurred beginning in or after Fiscal Year 2020.”

15 Sec. 3. Section 606(a)(3) of the Procurement Practices Reform Act of 2010,
16 effective October 8, 2016 (D.C. Law 21-158; D.C. Official Code § 2-356.06(a)(3), is
17 amended by striking the phrase “total cost, not including ongoing” and inserting the
18 phrase “total construction costs, not including planning or ongoing” in its place.

19 Sec. 4. Section 5 of the Procurement Integrity, Transparency, and Accountability
20 Amendment Act of 2016, effective October 8, 2016 (D.C. Law 21-158; 63 DCR 10752),
21 is amended as follows:

22 (a) Subsection (a) is amended by striking the phrase “Amendatory sections
23 205(c)(3) and 606 of the Procurement Practices Reform Act of 2010, effective April 8,
24 2011 (D.C. Law 18-371; D.C. Official Code § 2-351.01 *et seq.*), within section 3(e) and
25 (m), respectively, each” and inserting the phrase “Amendatory section 205(c)(3) of the
26 Procurement Practices Reform Act of 2010, effective April 8, 2011 (D.C. Law 18-371;
27 D.C. Official Code § 2-351.01 *et seq.*), within section 3(e)” in its place.

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

29 (1) Strike the phrase “fiscal effect for each provision specified in
30 subsection (a) of this section” and insert the phrase “fiscal effect” in its place.

31 (2) Strike the phrase “each certification” and insert the phrase “the
32 certification” in its place.

33 (c) Subsection (c) is amended by striking the phrase “of each certification” both
34 times it appears and inserting the phrase “of the certification” in its place.

V. FISCAL IMPACT

This subtitle has no impact on the budget and financial plan. However, funds will be necessary in the CIP to implement the PLA provision, which is currently subject to appropriations.

TITLE COW-B OPEB FUND ADMINISTRATIVE COSTS

I. PURPOSE, EFFECT, AND IMPACT ON EXISTING LAW

The purpose of this subtitle is to provide for administrative expenses of the Other Post-Employment Benefits Fund (OPEB) to be paid out the Fund. The effect is supplanting General Fund dollars currently spent on administering the OPEB fund by the Chief Financial Officer with dollars from the OPEB fund itself. The impact on existing law is an amendment to the Comprehensive Merit Personnel Act.

II. COMMITTEE REASONING

Analysis of this subtitle can be found in the Committee Comments section of the District Retiree Health Contribution section earlier in this report.

III. SECTION BY SECTION ANALYSIS

Sec. 1. Short title.

Sec. 2. Amends the Comprehensive Merit Personnel Act to allow for administrative expenses for the Other Post-Employment Benefits Fund to be paid out of the fund.

IV. LEGISLATIVE RECOMMENDATION

1	TITLE I, SUBTITLE COW-B. OPEB Fund Administrative Costs
2	Sec. 1. Short title.
3	This subtitle may be cited as the “Other Post-Employment Benefits Fund
4	Administrative Costs Amendment Act of 2018”.
5	Sec. 2. The District of Columbia Government Comprehensive Merit
6	Personnel Act of 1978, effective March 3, 1979 (D.C. Law 2-139; D.C. Official
7	Code § 1-601.01 <i>et seq.</i>) is amended as follows:
8	(a) Section 2109 (D.C. Official Code § 1-621.09) is amended as follows:
9	(1) Subsection (c) is amended by striking the phrase “other fund of
10	the District.” and inserting the phrase “other fund of the District and, subject to

11 authorization in an approved budget and financial plan, any funds appropriated in
12 the Fund shall be continually available without regard to fiscal year limitation.” in
13 its place.

14 (2) A new subparagraph (d-3) is added to read as follows:

15 “(d-3) All expenses incurred by the Chief Financial Officer in
16 administering the Fund, including hiring staff for the Office of the Chief Financial
17 Officer, shall be paid out of the Fund, subject to appropriation. The budget
18 prepared and submitted by the Mayor pursuant to section 442 of the District of
19 Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 798; D.C.
20 Official Code § 1-204.42), shall include recommended expenditures at a
21 reasonable level for the forthcoming fiscal year for the administrative expenses of
22 the Fund. The budget enacted pursuant to section 446 of the District of Columbia
23 Home Rule Act, approved December 24, 1973 (87 Stat. 798; D.C. Official Code §
24 1-204.46), may designate the portion of the Fund to be allocated for the
25 administrative expenses of the Fund; provided, that it shall not specify the specific
26 manner in which, or the specific purposes for which, the Chief Financial Officer
27 may expend such portion of the Fund.”.

28 (b) Section 2109a (D.C. Official Code § 1-621.09a) is amended as
29 follows:

30 (1) Subsection (a)(1) is amended by striking the phrase “enrolled
31 actuary,” and inserting the phrase “enrolled actuary, to be paid for out of the
32 Fund,” in its place.

33 (2) Subsection (b)(1) is amended by striking the phrase “February
34 1st” and inserting the phrase “March 1st” in its place.

35 (3) Subsection (c)(1) is amended by striking the phrase “shall
36 engage and pay for an enrolled actuary” and inserting the phrase “shall engage an
37 enrolled actuary” in its place.

38 (c) Section 2109d(2) (D.C. Official Code § 1-621.09d(2)) is amended by
39 striking the phrase “Rebid its contract with an enrolled actuary” and inserting the
40 phrase “Rebid the contract for the enrolled actuary” in its place.

41 (d) Section 2109e (D.C. Official Code § 1-621.09e), is amended by
42 striking “auditing standards.” and inserting the phrase “auditing standards. The
43 annual audit of the Fund shall be conducted by a contracted auditor as part of the
44 Comprehensive Annual Financial Report. The cost of the financial statement
45 preparation shall be paid for out of the Fund.” in its place.

46 (e) Section 2116 (D.C. Official Code § 1-621.16), is repealed.

47 (f) Section 2153(a)(1)(F) (D.C. Official Code § 1-621.53(a)(1)(F)), is
48 amended by striking the phrase “Selection of other” and inserting the phrase
49 “Review the selection of other” in its place.

V. FISCAL IMPACT

For fiscal year 2019, this subtitle will reduce expenditures for the Office of the Chief Financial Officer by \$205,000.

TITLE COW-C UNIVERSITY OF THE DISTRICT OF COLUMBIA MATCHING FUNDS

I. PURPOSE, EFFECT, AND IMPACT ON EXISTING LAW

The purpose of this subtitle is to direct non-departmental funds to the University of the District of Columbia (UDC). Specifically, this amendment indicates that for every two dollars that UDC raises from private donations by April 1, 2019, one dollar shall be transferred to UDC.

II. COMMITTEE REASONING

Beginning with fiscal year 2014, originally as a means of supporting UDC’s accreditation efforts, the Council set aside a million dollars in matching funds to aid the University with accreditation activities and readiness.⁹⁵ For every dollar UDC raised in private donations, up to a maximum of a million dollars, the District matched those donations dollar for dollar. While the University was unsuccessful in raising private funds in fiscal year 2014 for this match, the Council agreed to extend the match opportunity to the University again in fiscal year 2015. UDC rose to

⁹⁵ See Title X, Sec. 10002 of D.C. Law 20-61, the Fiscal Year 2014 Budget Support Act of 2013.

the challenge that year and was able to meet, and indeed exceed, the million-dollar threshold, raising \$1,070,000 in private donations. Given that success, the Council again set-aside a million-dollar match for the University in fiscal year 2016. UDC was once again successful at raising the funds and did so within the prescribed time frame.

For fiscal year 2017, the Council put forth more stringent match requirements, indicating that for every two dollars the University raised, it would receive a dollar. The University was just short of fulfilling the match in fiscal year 2017, but it did so for fiscal year 2018, raising over \$3.4 million by the April 1, 2018 deadline set by the Council. Due to the Council provided match over the past five years, the University’s private fundraising efforts have drastically improved.⁹⁶ The funds raised by the University and the match funds have enabled UDC to provide merit-based scholarships to students who have graduated from a District of Columbia public school or public charter school.⁹⁷

Thus, the Committee recommends that UDC continue to receive matching funds in fiscal year 2019 if it can meet the prescribed requirements. The Committee is pleased that the match has helped spur the University’s private fundraising efforts and is hopeful that it will continue to push the University to find ways to support itself outside of the subsidy provided to it by the District government.

III. SECTION BY SECTION ANALYSIS

Sec. 1. Short title.

Sec. 2. Indicates that for every two dollars that UDC raises from private donations by April 1, 2019, one dollar of non-departmental funds shall be transferred to the University.

IV. LEGISLATIVE RECOMMENDATION

1	SUBTITLE COW-C. UNIVERSITY OF THE DISTRICT OF COLUMBIA
2	FUNDRAISING MATCH
3	Sec. 1. Short title.
4	This subtitle may be cited as the “University of the District of Columbia
5	Fundraising Match Act of 2019”.
6	Sec. 2 (a) In Fiscal Year 2019, of the funds allocated to the Non-Departmental
7	agency, \$1, up to a maximum of \$1.5 million, shall be transferred to the University of the

⁹⁶ See budget testimony.

⁹⁷ See budget testimony.

8 District of Columbia (“UDC”) for every \$2 that UDC raises from private donations by
9 April 1, 2019.
10 (b) Of the amount transferred to UDC pursuant to subsection (a) of this section,
11 no less than one-third of the funds shall be deposited into UDC’s endowment fund.

V. FISCAL IMPACT

This subtitle has no impact on the budget and financial plan, according to the fiscal impact statement produced by the Chief Financial Officer.

COMMITTEE ACTION
