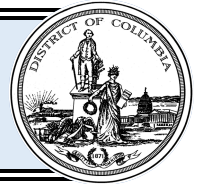


COUNCIL OF THE DISTRICT OF COLUMBIA
COMMITTEE OF THE WHOLE
FISCAL YEAR 2018 COMMITTEE BUDGET REPORT



DRAFT 5/17/17

TO: Members of the Council of the District of Columbia

FROM: Chairman Phil Mendelson
Committee of the Whole

DATE: May 18, 2017

SUBJECT: Report and Recommendations of the Committee of the Whole on the
Fiscal Year 2018 Budget and Corresponding Budget Support Act

The Committee of the Whole, having conducted hearings and received testimony on the Mayor's proposed fiscal year 2018 operating and capital budgets for the agencies under its purview, reports its recommendations for consideration by members for inclusion in the final Fiscal Year 2018 Budget. The Committee also comments on several subsections of the Fiscal Year 2018 Budget Support Act of 2017, 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 2018 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 7 paper agencies, that, in the Mayor's proposed budget for fiscal year 2018, comprise a total budget of over \$1.54 billion in gross funds and approximately 2,115 full-time equivalents (FTEs).

On April 4, 2017, Mayor Muriel Bowser submitted to the Council of the District of Columbia a proposed Fiscal Year 2018 Budget and Financial Plan entitled "DC VALUES IN ACTION: *a roadmap to inclusive prosperity*," which 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 May 12, 2017, 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.

With regards to the University of the District of Columbia, the Committee's recommendation would convert one-time funding budgeted for fiscal year 2017 into recurring funding going forward in the financial plan. With regards to services at the Department of Consumer and Regulatory Affairs, the Committee recommends more of a commitment to the critical issues of illegal construction and dangerous housing conditions by adding new inspectors. An additional inspector at the Office of Planning is also added in the Historic Preservation Office. Finally, with regards to improving the effectiveness of Effective Government Procurement, the budget provides for a new Ombudsman for Contracting and

Procurement at the Office of Contracting and Procurement.

Having thoroughly reviewed the Mayor's fiscal year 2018 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 2018 budget.

Committee of the Whole Fiscal Year 2018 Budget Oversight Hearing Schedule

Monday, **April 10, 2017** at 10:00 a.m. in Room 412

- | | |
|--|----------------------|
| ▪ Metropolitan Washington Council of Governments | ▪ Office of Planning |
|--|----------------------|

Tuesday, **April 11, 2017** at 11:00 a.m. in Room 123

- | | |
|---|---|
| ▪ University of the District of Columbia | ▪ Teacher's Retirement Fund |
| ▪ District of Columbia Retirement Board | ▪ District Retiree Health Contribution (Other Post-Employment Benefits) |
| ▪ Police Officers' and Fire Fighters' Retirement Fund | |

Thursday, **April 13, 2017** at 10:00 a.m. in the Council Chamber

- | | |
|---------------------------------|---|
| ▪ Office of Budget and Planning | ▪ Department of Consumer and Regulatory Affairs |
| ▪ Office of Zoning | |

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

- | | |
|---------------------------------------|---|
| ▪ Council of the District of Columbia | ▪ Contract Appeals Board |
| ▪ District of Columbia Auditor | ▪ Office of Contracting and Procurement |
| ▪ New Columbia Statehood Commission | |

SUMMARY TABLES

AGENCY OPERATING BUDGET SUMMARY TABLE

(dollars in thousands)

Agency	FY 2016 Actual	FY 2017 Approved	FY 2018 Mayor	FY 2018 Committee	Committee Change	Percent Change
Council of the District of Columbia (AB)						
Local Funds	21,174	24,002	24,136	25,343	1,207	5.0%
Special Purpose	28	0	0	0	0	0.0%
Intra-District	20	30	35	35	0	0.0%
Gross Funds	21,222	24,032	24,171	25,378	1,207	5.0%
Office of the District of Columbia Auditor (AC)						
Local Funds	4,549	5,202	5,227	5,837	610	11.7%
Gross Funds	4,549	5,202	5,227	5,837	610	11.7%
Office of Contracting and Procurement (PO)						
Local Funds	58,338	23,446	22,724	22,840	116	0.5%
Special Purpose	297	375	1,276	1,276	0	0.0%
Intra-District	38,232	27,380	28,029	3,029	(25,000)	-89.2%
Gross Funds	96,867	51,201	52,029	27,145	(24,884)	-47.8%
Contract Appeals Board (AF)						
Local Funds	1,378	1,492	1,490	1,490	0	0.0%
Gross Funds	1,378	1,492	1,490	1,490	0	0.0%
Metropolitan Washington Council of Governments (EA)						
Local Funds	472	495	520	520	0	0.0%
Gross Funds	472	495	520	520	0	0.0%
Statehood Initiatives Agency (ST)						
Local Funds	290	234	234	234	0	0.0%
Gross Funds	290	234	234	234	0	0.0%
Office of Budget and Planning (AT)						
Local Funds	6,191	6,365	6,215	6,215	0	0.0%
Gross Funds	6,191	6,365	6,215	6,215	0	0.0%
Office of Planning (BD)						
Local Funds	9,116	9,459	9,361	9,657	296	3.2%
Special Purpose	87	100	200	200	0	0.0%
Federal Funds	507	525	525	525	0	0.0%
Private Funds	218	10	20	20	0	0.0%
Intra-District	0	140	0	0	0	0.0%
Gross Funds	9,928	10,234	10,106	10,402	296	2.9%

Agency	FY 2016 Actual	FY 2017 Approved	FY 2018 Mayor	FY 2018 Committee	Committee Change	Percent Change
Office of Zoning (BJ)						
Local Funds	2,817	2,915	3,069	3,069	0	0.0%
Intra-District	0	24	24	24	0	0.0%
Gross Funds	2,817	2,939	3,093	3,093	0	0.0%
Department of Consumer and Regulatory Affairs (CR)						
Local Funds	17,222	19,988	23,040	23,260	220	1.0%
Special Purpose	31,163	35,518	38,140	38,140	0	0.0%
Intra-District	193	0	0	0	0	0.0%
Gross Funds	48,578	55,506	61,180	61,400	220	0.4%
District of Columbia Retirement Board (DY)						
Enterprise/Other	0	39,096	41,644	41,644	0	0.0%
Gross Funds	0	39,096	41,644	41,644	0	0.0%
Police Officers' and Fire Fighters' Retirement System (FD)						
Local Funds	135,577	146,456	105,596	105,596	0	0.0%
Gross Funds	135,577	146,456	105,596	105,596	0	0.0%
Teachers' Retirement System (GX)						
Local Funds	39,443	44,469	56,781	56,781	0	0.0%
Gross Funds	39,443	44,469	56,781	56,781	0	0.0%
District Retiree Health Contribution (RH)						
Local Funds	29,000	31,000	44,500	44,500	0	0.0%
Gross Funds	29,000	31,000	44,500	44,500	0	0.0%
University of the District of Columbia (GC)						
Local Funds		0	0	0	0	0.0%
Enterprise/Other	0	162,543	160,435	160,435	0	0.0%
Gross Funds	0	162,543	160,435	160,435	0	0.0%
University of the District of Columbia Subsidy Account (GF)						
Local Funds	71,942	76,680	76,680	76,680	0	0.0%
Gross Funds	71,942	76,680	76,680	76,680	0	0.0%
Debt Service (DS)						
Local Funds	573,240	639,873	708,869	708,869	0	0.0%
Dedicated Taxes	7,822	7,835	7,832	7,832	0	0.0%
Special Purpose	5,114	5,319	5,531	5,531	0	0.0%
Federal Funds	18,361	18,262	18,262	18,262	0	0.0%
Intra-District					0	0.0%
Gross Funds	604,537	671,289	740,494	740,494	0	0.0%

Agency	FY 2016 Actual	FY 2017 Approved	FY 2018 Mayor	FY 2018 Committee	Committee Change	Percent Change
John A. Wilson Building Fund (ZZ)						
Local Funds	4,289	4,369	4,082	4,082	0	0.0%
Gross Funds	4,289	4,369	4,082	4,082	0	0.0%
Non-Departmental (DO)						
Local Funds	0	3,804	4,847	4,847	0	0.0%
Special Purpose	0	3,420	1,630	1,630	0	0.0%
Gross Funds	0	7,224	6,477	6,477	0	0.0%
Master Equipment Lease/Purchase Program (EL)						
Local Funds	38,914	29,381	19,254	19,254	0	0.0%
Gross Funds	38,914	29,381	19,254	19,254	0	0.0%
Pay-As-You-Go Capital Fund (PA)						
Local Funds	88,043	6,614	48,087	48,087	0	0.0%
Special Purpose	56,062	53,928	46,162	46,162	0	0.0%
Gross Funds	144,105	60,542	94,249	94,249	0	0.0%
Repayment of PILOT Financing (TY)						
Enterprise/Other	21,889	31,113	31,189	31,189	0	0.0%
Gross Funds	21,889	31,113	31,189	31,189	0	0.0%
P-Card Transactions						
Intra-District	0	0	0	25,000	25,000	N/A
Gross Funds	0	0	0	25,000	25,000	N/A
Additional Certified Revenue						
Local Funds				783	783	N/A
Gross Funds				783	783	N/A
Transfer In from Other Committees						
Local Funds				1,854	1,854	N/A
Gross Funds				1,854	1,854	N/A
Transfer Out to Other Committees						
Local Funds				(188)	(188)	N/A
Gross Funds				(188)	(188)	N/A
TOTAL COMMITTEE EXPENDITURES						
Local Funds	1,101,995	1,076,244	1,164,712	1,167,161	2,449	0.2%
Dedicated Taxes	7,822	7,835	7,832	7,832	0	0.0%
Special Purpose	92,751	98,660	92,939	92,939	0	0.0%
Enterprise/Other	21,889	232,752	233,268	233,268	0	0.0%
Federal Funds	18,868	18,787	18,787	18,787	0	0.0%
Private Funds	218	10	20	20	0	0.0%
Intra-District	38,445	27,574	28,088	28,088	0	0.0%
Gross Funds	1,281,988	1,461,862	1,545,646	1,548,095	2,449	0.2%

AGENCY FULL-TIME EQUIVALENT SUMMARY TABLE

(by all funding sources)

Agency	FY 2016 Actual	FY 2017 Approved	FY 2018 Mayor	FY 2018 Committee	Committee Change	Percent Change
Council of the District of Columbia (AB)						
Local Funds	181.00	197.50	197.50	197.50	0.00	0.0%
Intra-District	0.00	4.50	0.00	0.00	0.00	0.0%
Gross Funds	181.00	202.00	197.50	197.50	0.00	0.0%
Office of the District of Columbia Auditor (AC)						
Local Funds	29.20	33.00	33.00	32.00	-1.00	-3.0%
Gross Funds	29.20	33.00	33.00	32.00	-1.00	-3.0%
Office of Contracting and Procurement (PO)						
Local Funds	170.50	198.00	191.00	192.00	1.00	0.5%
Special Purpose	0.00	0.00	7.00	7.00	0.00	0.0%
Intra-District	19.50	20.00	25.00	25.00	0.00	0.0%
Gross Funds	190.00	218.00	223.00	224.00	1.00	0.4%
Contract Appeals Board (AF)						
Local Funds	9.90	10.00	10.00	10.00	0.00	0.0%
Gross Funds	9.90	10.00	10.00	10.00	0.00	0.0%
Metropolitan Washington Council of Governments (EA)						
Gross Funds	0.00	0.00	0.00	0.00	0.00	0.0%
Statehood Initiatives Agency (ST)						
Local Funds	1.30	1.00	1.00	1.00	0.00	0.0%
Gross Funds	1.30	1.00	1.00	1.00	0.00	0.0%
Office of Budget and Planning (AT)						
Local Funds	42.00	42.00	42.00	42.00	0.00	0.0%
Gross Funds	42.00	42.00	42.00	42.00	0.00	0.0%
Office of Planning (BD)						
Local Funds	61.10	66.00	67.50	68.50	1.00	1.5%
Federal Funds	3.50	3.50	3.50	3.50	0.00	0.0%
Intra-District	1.00	0.00	0.00	0.00	0.00	0.0%
Gross Funds	65.60	69.50	71.00	72.00	1.00	1.4%
Office of Zoning (BJ)						
Local Funds	19.60	19.00	19.00	19.00	0.00	0.0%
Gross Funds	19.60	19.00	19.00	19.00	0.00	0.0%

Agency	FY 2016 Actual	FY 2017 Approved	FY 2018 Mayor	FY 2018 Committee	Committee Change	Percent Change
Department of Consumer and Regulatory Affairs (CR)						
Local Funds	134.00	149.00	178.00	180.00	2.00	1.1%
Special Purpose	201.80	251.00	257.00	257.00	0.00	0.0%
Gross Funds	335.80	400.00	435.00	437.00	2.00	0.5%
District of Columbia Retirement Board (DY)						
Enterprise/Other	0.00	69.60	75.00	75.00	0.00	0.0%
Gross Funds	0.00	69.60	75.00	75.00	0.00	0.0%
Police Officers' and Fire Fighters' Retirement System (FD)						
Gross Funds	0.00	0.00	0.00	0.00	0.00	0.0%
Teachers' Retirement System (GX)						
Gross Funds	0.00	0.00	0.00	0.00	0.00	0.0%
District Retiree Health Contribution (RH)						
Gross Funds	0.00	0.00	0.00	0.00	0.00	0.0%
University of the District of Columbia (GF)						
Enterprise/Other	0.00	968.40	968.40	968.40	0.00	0.0%
Gross Funds	0.00	968.40	968.40	968.40	0.00	0.0%
University of the District of Columbia Subsidy Account (GG)						
Gross Funds	0.00	0.00	0.00	0.00	0.00	0.0%
Debt Service (DS)						
Gross Funds	0.00	0.00	0.00	0.00	0.00	0.0%
John A. Wilson Building Fund (ZZ)						
Gross Funds	0.00	0.00	0.00	0.00	0.00	0.0%
Non-Departmental (DO)						
Local Funds	0.00	44.00	40.00	40.00	0.00	0.0%
Gross Funds	0.00	44.00	40.00	40.00	0.00	0.0%
Master Equipment Lease/Purchase Program (EL)						
Gross Funds	0.00	0.00	0.00	0.00	0.00	0.0%
Pay-As-You-Go Capital Fund (PA)						
Gross Funds	0.00	0.00	0.00	0.00	0.00	0.0%

Agency	FY 2016 Actual	FY 2017 Approved	FY 2018 Mayor	FY 2018 Committee	Committee Change	Percent Change
Repayment of PILOT Financing						
Gross Funds	0.00	0.00	0.00	0.00	0.00	0.0%
P-Card Transactions						
Gross Funds	0.00	0.00	0.00	0.00	0.00	0.0%
Transfer In from Other Committees						
Gross Funds				0.00	0.00	0.0%
Transfer Out to Other Committees						
Local Funds				1.00	1.00	N/A
Gross Funds				1.00	1.00	N/A
NET EXPENDITURES						
Local Funds	648.60	759.50	779.00	782.00	3.00	0.4%
Dedicated Taxes	0.00	0.00	0.00	0.00	0.00	0.0%
Special Purpose	201.80	251.00	264.00	264.00	0.00	0.0%
Enterprise/Other	0.00	1,038.00	1,043.40	1,043.40	0.00	0.0%
Federal Funds	3.50	3.50	3.50	3.50	0.00	0.0%
Private Funds	0.00	0.00	0.00	0.00	0.00	0.0%
Intra-District	20.50	24.50	25.00	25.00	0.00	0.0%
Gross Funds	874.40	2076.50	2114.90	2117.90	3.00	0.1%

Committee of the Whole
Summary Narrative: Budget and Policy Recommendations

AGENCY FY 2018 CAPITAL BUDGET SUMMARY TABLE
(thousands of dollars)

The Mayor's proposed fiscal year 2018 capital budget for agencies under the purview of the Committee of the Whole includes the following capital projects in fiscal year 2018. The Committee recommends adoption of the capital budget as shown below.

Project No.	Project Title	Available Allotments	FY 2018 Budget	Total FY 18-23
OFFICE OF CONTRACTING AND PROCUREMENT				
DWB03C	Procurement Systems	0	1,284	1,284
Total		0	1,284	1,284
DEPARTMENT OF CONSUMER AND REGULATORY AFFAIRS				
ISM07C	IT Modernization - DCRA	224	0	7,500
ISM11C	DCRA Business Portal	0	675	675
Total		224	675	8,175
UNIVERSITY OF THE DISTRICT OF COLUMBIA				
UG706C	Renovation of University Facilities	45,389	0	50,500
Total		45,389	0	50,500
GRAND TOTAL		45,613	1,959	59,959

Committee of the Whole
Summary: Budget and Policy Recommendations

COMMITTEE TRANSFERS
(whole dollars)

Transfers Out of the Committee

Fund Type	Description	Amount
Local (recurring)	Transfer Out of 1.0 FTE and associated funds to the Committee on Housing and Neighborhood Revitalization to implement the ANC Omnibus Law (Law 21-269)	\$92,998.83
Local (recurring)	Transfer Out to the Committee on the Judiciary and Public Safety to implement the Council Financial Disclosure Law (Law 21-240) – Personnel Costs	\$45,000.00
Local (one time)	Transfer Out to the Committee on the Judiciary and Public Safety to implement the Council Financial Disclosure Law (Law 21-240) – E-file IT System	\$50,000.00
	Total:	\$187,998.83

Transfers In to the Committee

Fund Type	Description	Amount
Local (recurring)	Transfer In from the Committee on Transportation and the Environment for Council budget enhancements.	\$650,000.00
Local (recurring)	Transfer In from the Committee on Transportation and the Environment for legislative branch employee retirement match.	\$300,000.00
Local (one-Time)	Transfer in from the Committee on Transportation and the Environment for a study on school enrollment at the Office of the DC Auditor.	\$550,000.00
Local (one-Time)	Transfer in from the Committee on Transportation and the Environment for a competitive grant for federally-owned parkland improvements through OP.	\$200,000.00
Local (recurring)	Transfer in from the Committee on Labor and Workforce Development for legislative branch employee retirement match.	\$54,135.49
Local (recurring)	Transfer in from the Committee on Business and Economic Development for legislative branch employee retirement match.	\$50,000.00
Local (recurring)	Transfer in from the Committee on Health for Council for legislative branch employee retirement match.	\$50,000.00
	Total:	\$1,854,135.49

Committee of the Whole
Summary: Budget and Policy Recommendations

SUMMARY OF COMMITTEE BUDGET RECOMMENDATIONS

The following is a summary of changes and recommendations made by the Committee to the fiscal year 2018 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:

- Increase of \$473,941.00 in local funds to CSG 14, Program 1000, Activity 1101.
- Increase of \$50,000.00 in local funds to CSG-11, Program 3000, Activity 0100.
- Increase of \$50,000.00 in local funds to CSG-11, Program 3000, Activity 0200.
- Increase of \$50,000.00 in local funds to CSG-11, Program 3000, Activity 0300.
- Increase of \$50,000.00 in local funds to CSG-11, Program 3000, Activity 0400.
- Increase of \$50,000.00 in local funds to CSG-11, Program 3000, Activity 0500.
- Increase of \$50,000.00 in local funds to CSG-11, Program 3000, Activity 0600.
- Increase of \$50,000.00 in local funds to CSG-11, Program 3000, Activity 0700.
- Increase of \$50,000.00 in local funds to CSG-11, Program 3000, Activity 0800.
- Increase of \$50,000.00 in local funds to CSG-11, Program 3000, Activity 0900.
- Increase of \$50,000.00 in local funds to CSG-11, Program 3000, Activity 1000.
- Increase of \$50,000.00 in local funds to CSG-11, Program 3000, Activity 1100.
- Increase of \$50,000.00 in local funds to CSG-11, Program 3000, Activity 1200.
- Increase of \$50,000.00 in local funds to CSG-11, Program 3000, Activity 1300.
- Recognize \$124,175.00 in one-time revenue from the Council Information Technology Fund to fund IT enhancements for the Auditor and to implement the Council Financial Disclosure Act IT enhancements at the Board of Ethics and Government Accountability.

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

Operating Budget Recommendation:

- Decrease of \$70,345.00 in local funds to CSG-11, Program 2000, Activity 2010 (OANC Staff).
- Decrease of \$15,053.83 in local funds to CSG-14, Program 2000, Activity 2010 (OANC Staff).
- Decrease of 1.0 FTEs in local funds to Program 2000, Activity 2010 (OANC Staff).
- Decrease of \$7,600.00 in local funds to CSG-41, Program 2000, Activity 2010 (OANC NPS).
- Increase of \$18,000.00 in local funds to CSG-70, Program 2000, Activity 2010 (Website and Software).
- Increase of \$74,175.00 in local funds to CSG-70, Program 2000, Activity 2010 (Network Upgrades).
- Increase of \$5,791.00 in local funds to CSG-14, Program 1000, Activity 1040 (Retirement Match).
- Increase of \$55,209.00 in local funds to CSG-14, Program 2000, Activity 2010 (Retirement Match).
- Increase of \$550,000.00 in local funds to CSG-41, Program 2000, Activity 2010 (School Audit).

Policy Recommendations:

- The Committee recommends that the Auditor continue to adhere to the rigorous standards and make clear in audit reports information on where to review those standards.

Committee of the Whole
Summary: Budget and Policy Recommendations

- The Committee recommends that the Auditor continue to implement a performance bonus system that rewards high-performing employees.
- The Committee recommends that the Auditor and the Council work with the Executive to identify space in the building for the Auditor and a new tenant for the 717 14th Street NW space.

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

Operating Budget Recommendation:

- Decrease of 25,000,000.00 in intra-District funds to Program 1000, Activity 1020, CSG-40 (Other Services and Charges).
- Increase of \$95,791.00 local funds to Program 8000, Activity 8030, CSG-11 (Regular Pay).
- Increase of \$19,925.00 in local funds to Program 8000, Activity 8030, CSG-14 (Fringe).

Capital Budget Recommendation:

- Recommend adoption of the fiscal year 2018 capital budget as proposed by the Mayor.

Policy Recommendations:

- The Committee recommends that OCP continue to aggressively fill vacant positions and employ strategies to reduce turnover.
- 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 that OCP closely monitor its IT improvement projects to contain costs..

Contract Appeals Board **(AF)**

Operating Budget Recommendation:

- Recommend adoption of the fiscal year 2018 budget as proposed by the Mayor.

Policy Recommendations:

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

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

Operating Budget Recommendation:

- Recommend adoption of the fiscal year 2018 budget as proposed by the Mayor.

Policy Recommendations:

- The Committee recommends that MWCOG 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.

Committee of the Whole
Summary: Budget and Policy Recommendations

Statehood Initiatives

(AR)

Operating Budget Recommendation:

- Recommend adoption of the fiscal year 2018 budget as proposed by the Mayor.

Policy Recommendations:

- The Committee recommends that the Commission convene to adopt a fiscal year 2017 budget and a fiscal year 2018 budget based on the budget approved by the Council.
- The Committee recommends that the Commission adopt a proposed budget for fiscal year 2019 to be submitted to the Mayor before the Mayor's budget submission.
- 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:

- Recommend adoption of the fiscal year 2018 budget as proposed by the Mayor.

Policy Recommendations:

- Recommend that OBP maximize the capital resources available to make necessary improvements to its IT systems to prevent system degradation and obsolescence.

Office of Planning

(BD)

Operating Budget Recommendation:

- Increase of \$79,275.00 in local funds to CSG 11, Program 2000, Activity 2020 (HPO Staff salary).
- Increase of \$16,965.00 in local funds to CSG 14, Program 2000, Activity 2020 (HPO Staff Fringe).
- Increase of 1.0 FTE in Activity 2020, Local Funds (Create new HPO Inspector).
- Increase of \$200,000.00 in local funds to CSG 50, Program 7000, Activity 7010 for a competitive grant to improve federally-owned parkland in the District (one time).

Policy Recommendations:

- The Committee recommends that OP work with DCRA to streamline 311 calls pertaining to illegal historic preservation construction for quicker response times.
- The Committee recommends that OP continue to engage with the community and stakeholders across the District throughout the Comprehensive Plan Amendment Cycle.
- The Committee recommends that OP continues its internal organization and cross divisional efforts to address the Comprehensive Plan Amendment Cycle in order to ensure the Comprehensive Plan Amendment package is ready for submission to Council by early 2018.
- 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 OP continue to track pertinent data (such as median home prices, District population change, change in transit ridership, walkability, and food access), despite dropped Key Performance Indicators ("KPIs") and that OP make this data readily available for the public to access.

Committee of the Whole
Summary: Budget and Policy Recommendations

Office of Zoning

(BJ)

Operating Budget Recommendation:

- Recommend adoption of the fiscal year 2018 budget as proposed by the Mayor.

Policy Recommendations:

- The Committee recommends that OZ ensure that BZA members are rigorously trained in the legal standards for variances and special exceptions, including training days devoted exclusively to that topic.
- The Committee recommends that the OZ fully utilize its dedicated OAG staff attorney assigned specifically to the Zoning Commission to ensure its increasing caseload demands are properly met.
- The Committee recommends that the Mayor and Council approve a BZA nominee to fill the current vacancy who can meet the required time commitment and adhere strictly to the zoning code.

Department of Consumer and Regulatory Affairs

(CR)

Operating Budget Recommendation:

- Decrease of \$245,964 in local funds to CSG-11, Program 4000, Activity 3050 (Laborers positions salary). Decrease of \$60,507.16 in local funds to CSG-14, Program 4000, Activity 3050 (Laborers positions fringe).
- Decrease of 4.0 FTEs in local funds to Program 4000, Activity 3050 (Positions 10008289, 10008290, 10008291, 10008292)).
- Increase of \$122,982.00 in local funds to CSG-11, Program 4000, Activity 3080 (Building Code Inspector salary)
- Increase of \$30,253.58 in local funds to CSG-14, Program 4000, Activity 3080 (Building Code Inspector fringe)
- Increase of 2.0 FTEs in local funds to Program 4000, Activity 3080 (Positions 10008289, 10008290)
- Increase of \$122,982.00 in local funds to CSG-11, Program 4000, Activity 3085 (Housing Code Inspector salary)
- Increase of \$30,253.58 in local funds to CSG-14, Program 4000, Activity 3085 (Housing Code Inspector fringe)
- Increase of 2.0 FTEs in local funds to Program 4000, Activity 3085 (Positions 10008291, 10008292)
- Increase of \$87,657.00 in local funds to CSG-11, Program 6000, Activity 6010 (Zoning Technician salary)
- Increase of \$22,564.88 in local funds to CSG-11, Program 6000, Activity 6010 (Zoning Technician fringe)
- Increase of 1.0 FTE in local funds to Program 6000, Activity 6010 (Zoning Technician position)
- Increase of \$87,657.00 in local funds to CSG-11, Program 2000, Activity 2020 (Plans Reviewer salary)
- Increase of \$22,564.88 in local funds to CSG-11, Program 2000, Activity 2020 (Plans Reviewer fringe)
- Increase of 1.0 FTE in local funds to Program 2000, Activity 2020 (Plans Reviewer position)

Capital Budget Recommendation:

- Recommend adoption of the fiscal year 2018 capital budget as proposed by the Mayor.

Policy Recommendations:

- The Committee recommends that DCRA produce a briefing memorandum, regarding: 1) investigate the administrative, technical, and data capacity obstacles it faces in order to be compliant with the

Committee of the Whole
Summary: Budget and Policy Recommendations

law; and 2) develop a preliminary scope of work, estimated budget, and anticipated timeline to satisfy the law.

- The Committee recommends that DCRA develop a strategic plan, to do the following: 1) identify rental properties with a common owner that owns more than 20 units disbursed among more than two properties; 2) develop a plan and a timeline to assess (and if necessary inspect) such units to ensure compliance with the housing code; and 3) identify the authority necessary to prevent a recurrence of a similar situation.
- The Committee recommends that DCRA developing a proactive outreach strategy to educate property owners, tenants, developers, and design professionals on not only the permitting process, but solutions to the most commonly encountered issues and frequently asked questions.
- The Committee also recommends that DCRA develop a IT needs assessment that outlines, schedules, prices, and prioritizes each of the agency's IT projects/needs.
- The Committee recommends that DCRA encourage continuing education and training opportunities for staff in the Permitting Operations Division, Regulatory Enforcement Administration, Inspections & Compliance Administration, Zoning Administration, Business & Professional Licensing Administration, and Green Building Division.

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

Operating Budget Recommendation:

- Recommend adoption of the fiscal year 2018 budget as proposed by the Mayor.

Policy Recommendations:

- The Committee recommends that DCRB continue to monitor its investments in line with its ESG policies to avoid investments in fossil fuels.
- The Committee recommends that DCRB move expeditiously to shift pre-1997 annuitant processing from Treasury in-house to better account for annuitant liabilities.
- The Committee recommends that DCRB develop rigorous benchmarks and performance metrics to justify future budget increases.

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

Operating Budget Recommendation:

- Recommend adoption of the fiscal year 2018 budget as proposed by the Mayor.

Teachers' Retirement System ***(GX)***

Operating Budget Recommendation:

- Recommend adoption of the fiscal year 2018 budget as proposed by the Mayor.

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

Operating Budget Recommendation:

- Recommend adoption of the fiscal year 2018 budget as proposed by the Mayor.

Committee of the Whole
Summary: Budget and Policy Recommendations

Policy Recommendations:

- The Committee recommends that OPEB continue to work to minimize exposure to carbon investments.
- The Committee recommends that OPEB examine shifting its governance model to more closely align with DCRB and use the fund to cover administrative expenses rather than taking resources from the OCFO.

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

Operating Budget Recommendation:

- Recommend adoption of the fiscal year 2018 budget as proposed by the Mayor.

Capital Budget Recommendation:

- Recommend adoption of the fiscal year 2018 capital budget as proposed by the Mayor.

Policy Recommendations:

- The Committee recommends that UDC-CC provide it with a detailed summary of its efforts to gain accreditation in its programs.
- The Committee recommends that UDC work with DGS to transition out of the building as soon as possible.
- The Committee urges the University to continue aggressively fundraising.
- The Committee recommends that UDC work to limit its reliance on fund balances to balance future year budgets.

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

Operating Budget Recommendation:

- Recommend adoption of the fiscal year 2018 budget as proposed by the Mayor.

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

Operating Budget Recommendation:

- Recommend adoption of the fiscal year 2018 budget as proposed by the Mayor.

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

Operating Budget Recommendation:

- Recommend adoption of the fiscal year 2018 budget as proposed by the Mayor.

Non-Departmental **(DO)**

Operating Budget Recommendation:

- Recommend adoption of the fiscal year 2018 budget as proposed by the Mayor.

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

Operating Budget Recommendation:

- Recommend adoption of the fiscal year 2018 budget as proposed by the Mayor.

Committee of the Whole
Summary: Budget and Policy Recommendations

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

Operating Budget Recommendation:

- Recommend adoption of the fiscal year 2018 budget as proposed by the Mayor.

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

Operating Budget Recommendation:

- Recommend adoption of the fiscal year 2018 budget as proposed by the Mayor.

Purchase Card Program ***(XX)***

Operating Budget Recommendation:

- Recommend new agency with \$25,000,000.00 in intra-District funds to Program ____, Activity ____, CSG-40 (Other Services and Charges).

AGENCY FISCAL YEAR 2018 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 2018 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 2018 Operating Budget¹

The Mayor's fiscal year 2018 budget proposal for the Council of the District of Columbia is \$24,171, an increase of \$138, or 0.6 percent, over the current fiscal year. The proposed budget supports 197.5 FTEs, which represents no change from the current fiscal year.

**Table AB-A: Council of the District of Columbia;
Total Operating Funds Budget FY 2012-2018**

	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Budget 2017	Mayor 2018
Total Funds	18,542	19,405	19,971	19,539	21,295	24,032	24,171
FTEs	184.5	184.5	182.1	171.2	181.0	197.5	197.5

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 \$24,136, an increase of \$133, or 0.6 percent, over the current fiscal year. The proposed budget supports 197.5 FTEs, which represents no change from the current fiscal year.

Intra-District Funds: The Mayor's proposed budget is \$35, an increase of \$5, or 16.7 percent, 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 2018 (FY 2018) budget and agency performance over the last year.

FY 2016 and FY 2017 Accomplishments: The Secretary to the Council is responsible for internal administrative, budget, and operational support to the Council, shared with other centralized responsibilities including 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 improvements to its Legislative Information Management System, or LIMS. The Secretary's office completed part 1 of the project that completed quality checks and scanning of missing data starting with Council Period 19 and working backwards. Part 2 of the project is currently underway which will support electronic filing of documents.² The Secretary has also continued an inventory and audit of all legislative record files from Council Period 13 forward, digitizing those records and making them available on LIMS. At the conclusion of the inventory, appropriate records will be transmitted to the Archives.

The Council has also continued its focus on bringing Council history to light through several projects including restoration and installation of a World War II memorial plaque commemorating District employees who served, conservation of the District flag outside of the Council Chamber, and installation of various photo exhibits highlighting the John A. Wilson Building's history. The Council is also communicating contemporary information through public engagement through social media, website improvements, and informational publications.

FY 2018 Budget: The FY 2018 budget reflected in the Mayor's submission reflects changes including a decentralization of the accounting for fringe benefits for staff, inclusion of a personal services increase of one percent for Council staff, and continued funding for the 11 committee structure of the Council through Council Period 22. Additionally, the Secretary, on behalf of the Council, requested two additional enhancements over the Mayor's submission. First,

² Council of the District of Columbia: Budget Oversight Hearing before the Council of the District of Columbia Committee of the Whole (Apr. 25, 2017) (oral testimony of Nyasha Smith, Secretary to the Council of the District of Columbia).

an increase in personal services funds to implement a matching program for Council staff retirement funding whereby the Council would match employee contributions up to 3%. The Secretary estimates that the cost for this program is approximately \$560,000. A proposed Budget Support Act subtitle to effectuate this proposal can be found later in this report. Second, an increase of \$50,000 per Councilmember office in personal services to enable Councilmembers to offer more competitive salaries and support staff retention. The total increase for the personal services budget enhancement for the 13 Councilmembers

is \$650,000.

Uniform Law Commission: The Uniform Law Commission was established by the District of Columbia Uniform Law Commission Act of 2010.³ The Council administers the budget for the Commission which, by law, is in its own free-standing budget chapter. The funds are used for the purpose of paying annual dues to the National Conference of Commissioners on Uniform State Law and for registration fees and travel expenses associated with the annual meeting.

The 2018 proposed budget for the Uniform Law Commission is \$51, an increase of \$1, or 2.5 percent, over the current fiscal year. The proposed budget supports no FTEs.

**Table AB-B: Uniform Law Commission;
Total Operating Funds Budget FY 2012-2018**

	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Budget 2017	Mayor 2018
Total Funds	0	44	41	50	48	50	51
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 which 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 2018 Operating Budget

The Committee recommends the following changes to the fiscal year 2018 budget for the Council from the budget proposed by the Mayor:

1. Increase of \$473,941.00 in local funds to CSG 14, Program 1000, Activity 1101 (Retirement Match).
2. Increase of \$50,000.00 in local funds to CSG-11, Program 3000, Activity 0100.

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

3. Increase of \$50,000.00 in local funds to CSG-11, Program 3000, Activity 0200.
4. Increase of \$50,000.00 in local funds to CSG-11, Program 3000, Activity 0300.
5. Increase of \$50,000.00 in local funds to CSG-11, Program 3000, Activity 0400.
6. Increase of \$50,000.00 in local funds to CSG-11, Program 3000, Activity 0500.
7. Increase of \$50,000.00 in local funds to CSG-11, Program 3000, Activity 0600.
8. Increase of \$50,000.00 in local funds to CSG-11, Program 3000, Activity 0700.
9. Increase of \$50,000.00 in local funds to CSG-11, Program 3000, Activity 0800.
10. Increase of \$50,000.00 in local funds to CSG-11, Program 3000, Activity 0900.
11. Increase of \$50,000.00 in local funds to CSG-11, Program 3000, Activity 1000.
12. Increase of \$50,000.00 in local funds to CSG-11, Program 3000, Activity 1100.
13. Increase of \$50,000.00 in local funds to CSG-11, Program 3000, Activity 1200.
14. Increase of \$50,000.00 in local funds to CSG-11, Program 3000, Activity 1300.
15. Recognize \$142,175.00 in one-time revenue from the Council Information Technology Fund to fund IT enhancements for the Auditor and to implement the Council Financial Disclosure Act IT enhancements at the Board of Ethics and Government Accountability.

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 2018 Operating Budget⁴

The Mayor’s fiscal year 2018 budget proposal for the Office of the District of Columbia Auditor is \$5,227, an increase of \$25, or 0.5 percent, over the current fiscal year. The proposed budget supports 33.0 FTEs, which represents no change from the current fiscal year.

**Table AC-A: Office of the District of Columbia Auditor;
Total Operating Funds Budget FY 2012-2018**

	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Budget 2017	Mayor 2018
Total Funds	3,361	4,118	3,758	4,460	4,549	5,202	5,227
FTEs	28.5	28.5	28.4	31.0	29.2	33.0	33.0

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 2018 budget and agency performance over the last year.

Audit Standards: During performance and budget hearings on the Office of the District of Columbia Auditor, concerns were raised over the standards used in issuing various Auditor work products including financial and performance audits. Specifically, questions arose over what standards the Auditor uses for performance audits that do not examine the accounting of dollars, but instead the performance of programs. All “yellow book” audit engagements conducted by the

⁴ 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.

Auditor conform to Generally Accepted Government Auditing Standards (GAGAS) created by the Government Accountability Office. These standards and ODCA's individual policies are available on ODCA's website. The most current version of the policies and procedures was effective as of December 10, 2014.⁵ The Committee recommends that the Auditor continue to adhere to the rigorous standards and make clear in audit reports information on where to review those standards.

Staffing: Concern over staffing was also expressed at the performance and budget hearing for the Auditor. One witness noted significant turnover of staff at the office under the tenure of the current Auditor. According to the Auditor, approximately 10 to 12 positions have turned over since she became auditor and noted that there were approximately nine positions vacant at the time of her appointment. In addition, two positions were added in the fiscal year 2017 budget. As of April 6, 2017, the Auditor had three vacant positions, with one of those proposed to be transferred to the Office of Advisory Neighborhood Commissions as discussed below. An important tool for hiring and retaining high-performing staff are issuance of performance bonuses. In her testimony for the fiscal year 2018 budget request, the Auditor recommended clarifying authorizing language for employee performance bonuses contained in the Fiscal Year 2017 Budget Support Act of 2016. Her interpretation is that the bonus authority is too prescriptive for her to implement for her relatively small agency. Had the authority been adequate, the Auditor testified that four individuals would have received bonus pay. The Committee agrees with her concern and proposed language to clarify bonus authority for the Council and the Auditor are contained later in this report. The Committee recommends the Auditor continue to implement a performance bonus system that rewards high-performing employees. The Committee also recommends an increase of \$60,023.00 to implement a new retirement contribution employee matching program as authorized in a new budget support act subtitle found later in this report.

ANC Audit Requirements: In 2016, the Council adopted the Advisory Neighborhood Commissions Omnibus Amendment Act of 2016. In part, that legislation transferred the Auditor's Advisory Neighborhood Commission (ANC) financial report audit function to the Office of ANCs. This change in rolls was done in part because the Auditor expressed to the Committee her concern over the accounting practices whereby it audited funds that it also reported on. In addition, the Auditor played a role in corrective actions for non-compliant ANCs including seizing ANC checkbooks until corrective actions were undertaken. On March 7, 2017, the Council adopted an emergency measure to make the ANC audit function applicable immediately. For fiscal year 2017, the Auditor and Office of ANCs, both being legislative branch agencies, were able to effectuate a reprogramming to transfer the funds associated the with FTE conducting the audit and \$7,600 in non-personal services funding associated with necessary information technology systems to support the audit process. However, this transfer was not reflected in the Mayor's proposed budget. Therefore, the Committee recommends transferring the FTE, associated personal services, funding, and recurring non-personal services funding to the Office of ANCs.

Auditor Space and IT Needs: During testimony on the proposed fiscal year 2016 budget for the Auditor, she testified with regard to the Office's existing office space at 717 14th Street, NW. The Office of the District of Columbia Auditor has occupied the same suite since 1998. The

⁵ Office of the District of Columbia Auditor Policy and Procedure Manual. December 20, 2014 at 23.

Auditor was requesting support for funding for an office renovation stating that the current “space is old and worn, and made up almost exclusively of individual enclosed offices, and a renovation could create more work stations in an open environment and provide us with flexibility to bring on board additional staff that could include summer interns and loaned executives from either the private sector or the federal government- not necessarily employees who would be additional FTEs.” However, the Council did not adopt an increase at that time given, in part, the already escalating costs of the rent for the space. The rent paid for the space from fiscal year 2015 to fiscal year 2017 has increased by approximately \$27,000. Proposed for fiscal year 2018 is \$557,000, an increase of \$12,000. Continued escalation of the price is expected until the expiration of the lease in 2021. The lease is currently managed by the Department of General Services.

The Committee believes that the physical space occupied by the Auditor is well past its useful life for the purposes of the function of the office. For example, according to the Auditor, much of the audit staff spends significant amounts of time away from the central office an on-site at agencies that are under audit. However, the Auditor’s earlier testimony indicates that much of the current space is made up of enclosed offices which are not space efficient.

The Committee sees several advantages to the Auditor instead moving to the John A. Wilson Building given that it is the only office space of the legislative branch of the government that is housed outside of the building that the Council controls. First, the Auditor could leverage the significant existing investment by OCTO in the Wilson building that is sufficiently firewalled on OCTO’s network to separate the Council’s IT infrastructure from that of the Executive. Second, the Auditor could fit into approximately 2/3’s of its existing space if the space were configured with less offices and more workstations. Third, co-location offers other opportunities for operational efficiencies including shared IT facilities. Fourth, and finally, it would free the Auditor from relying on the Executive – through DGS – to manage its physical space requirements and negotiate terms under a future lease. According to testimony from the Secretary of the Council, sufficient contiguous space could be identified in the building to accommodate the Auditor. Therefore, the Committee recommends that the Auditor and the Council work with the Executive to identify space in the building for the Auditor and a new tenant for the 717 14th Street NW space.

Additional IT Resources: During the hearing on the fiscal year 2018 budget, the Auditor testified that critical information technology equipment used to connect the office to the District’s network and the Internet is past its warranty period and is no longer serviceable should it break down. The Office of The Chief Technology Officer estimated that the cost to modernize the network equipment to provide reliable service would be \$74,135 in one-time costs comprising equipment and installation costs. In addition, the Auditor requested an additional \$18,000 for website upgrades and project software to support audit work. While the Committee notes that moving the auditor the Wilson Building may alleviate the need to provide separate IT equipment for the existing space, the equipment is critical to network security for the Auditor. The Committee recommends that should the Auditor leave the space, the equipment should stay with the Office of the Auditor or the costs of the equipment should be reimbursed.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal year 2018 Operating Budget

The Committee recommends the following changes to the fiscal year 2018 budget for the District of Columbia Auditor from the budget proposed by the Mayor:

1. Decrease of \$70,345.00 in local funds to CSG-11, Program 2000, Activity 2010 (OANC Staff).
2. Decrease of \$15,053.83 in local funds to CSG-14, Program 2000, Activity 2010 (OANC Staff).
3. Decrease of 1.0 FTEs in local funds to Program 2000, Activity 2010 (OANC Staff).
4. Decrease of \$7,600.00 in local funds to CSG-41, Program 2000, Activity 2010 (OANC NPS).
5. Increase of \$18,000.00 in local funds to CSG-70, Program 2000, Activity 2010 (Website and Software).
6. Increase of \$74,175.00 in local funds to CSG-70, Program 2000, Activity 2010 (Network Upgrades).
7. Increase of \$5,791.00 in local funds to CSG-14, Program 1000, Activity 1040 (Retirement Match).
8. Increase of \$55,209.00 in local funds to CSG-14, Program 2000, Activity 2010 (Retirement Match).
9. Increase of \$550,000.00 in local funds to CSG-41, Program 2000, Activity 2010 for a study on student enrollment that assesses the District's current methodology against best practices for student enrollment projections and estimates current and projected enrollment numbers for the District's public schools based on the District's demographic trends.

Policy Recommendations

1. The Committee recommends that the Auditor continue to adhere to the rigorous standards and make clear in audit reports information on where to review those standards.
2. The Committee recommends that the Auditor continue to implement a performance bonus system that rewards high-performing employees.

3. The Committee recommends that the Auditor and the Council work with the Executive to identify space in the building for the Auditor and a new tenant for the 717 14th Street NW space.
4. The Committee recommends that should the Auditor should be reimbursed any funds should the IT equipment not stay with the Auditor in the future.

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. And, 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 2018 Operating Budget⁶

The Mayor's fiscal year 2018 budget proposal for the Office of Contracting and Procurement is \$52,029, an increase of \$828, or 1.6 percent, over the current fiscal year. The proposed budget supports 223.0 FTEs, an increase of 5.0 FTEs, or 2.3 percent, over the current fiscal year.

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.

**Table PO-A: Office of Contracting and Procurement;
Total Operating Funds Budget FY 2012-2018**

	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Budget 2017	Mayor 2018
Total Funds	28,238	29,366	33,042	45,682	96,867	51,201	52,029
FTEs	87.7	80.4	107.4	180.7	190.0	218.0	223.0

Source: Budget Books (dollars in thousands)

Local Funds: The Mayor's proposed budget is \$22,724, a decrease of \$11, or 3.1 percent, under the current fiscal year. The proposed budget supports 919.0 FTEs, a decrease of 7.0 FTEs, or 3.5 percent, under the current fiscal year.

Special Purpose Funds: The Mayor's proposed budget is \$1,276, an increase of \$901, or 240.3 percent, over the current fiscal year.

Intra-District Funds: The Mayor's proposed budget is \$28,029, an increase of \$649, or 2.4 percent, over the current fiscal year. The proposed budget supports 25.0 FTEs, an increase of 5.0 FTEs, or 25.0 percent, over the current fiscal year.

Mayor's Proposed Fiscal Year 2018 Capital Budget⁷

The Mayor's capital improvements plan includes \$1,284 for the Office of Contracting and Procurement over the 6-year plan. The plan authorizes \$1,284 for fiscal year 2018, and \$0 for fiscal years 2019 through 2023.

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.

Delegated Procurement Authority and Staffing: In 2014, the Office of Contracting and Procurement shifted to a new staffing model known as the Delegated Procurement Authority model (DPA) whereby contracting staff out from OCP's headquarters and in to agencies to conduct procurements side-by-side with agency staff and agencies that had their own contracting staff converted those staff to OCP employees.⁸ This resulted in the addition of over 40 new positions at OCP shifted from other agencies. This new approach allows contracting staff deliver services

⁷ 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.

⁸ Letter from Office of Budget and Planning Deputy Chief Financial Officer Gordon McDonald to Office of Contracting and Procurement Chief Procurement Officer James Staton Re: Request for 41.0 Temporary FTEs in FY 2014 (Apr. 15, 2014) (on file with the Committee of the Whole).

to a specific agency where they can better understand the agency's business and needs, and where they can develop subject matter expertise on the special procurement needs of an agency. This model also has the advantage of seating contracting professionals next to agency program staff to better understand their needs and culture.

The Mayor's proposed budget includes 5.0 new FTEs. Those positions are reflected as intra-District funded positions because they are comprised of 2.0 District Department of Transportation staff and 3.0 Department of Employment Services staff that must be funded out of the budgets of their respective agencies under federal funding restrictions. However, those staff are OCP employees under the DPA. In total, increased resourcing to OCP and the influx of staff under the DPA has increased OCP's FTE count from a low of 74.0 in fiscal year 2012 to 223.0 proposed in fiscal year 2018. While the Committee believes that the resources and model have greatly contributed to OCP's increased performance, it has nonetheless created a challenge for keeping the vacancy rate as low as it should be. OCP's average quarterly vacancy rate since January of 2015 has been 8.2 percent overall. Among procurement staff the average quarterly rate is even higher at 9.2 percent. The Committee believes that OCP must continue to aggressively seek to fill vacancies as they occur. Also important to minimize attrition is a clear path to promotion opportunities within OCP and competitive benefits to minimize loss to other agencies or the federal government. Employee attrition is especially concerning given the resources invested in training and certification for contracting staff as detailed below.

**Table PO-B: Office of Contracting and Procurement;
Quarterly Vacancy Rate CY 2015-2017**

CY	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	Avg.
Procurement	9.3	11.4	7.7	7.8	8.5	8.5	8.5	10.4	10.4	9.2
Non-Procurement	1.6	4.8	10.6	6.8	3.4	3.4	3.4	10.2	8.5	5.9
Overall	6.9	9.4	8.7	7.5	7.1	7.1	7.1	10.4	9.9	8.2

Extrapolated from OCP Prehearing Responses

Training and Certification: In 2015, OCP shifted its approach to the training and certification through the Procurement Training Institute. The current Procurement Training 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 through the George Washington University component is proposed to be raised by \$58,000 for a total of \$915,000 for training.

The statutory requirement for the training institute gives the Chief Procurement Officer (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 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. 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.

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.⁹ 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 percent 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.

The surplus property division is proposed to consist of 8.0 FTEs, which is a reduction of 1.0 FTE. However, according to the CPO, that position was shifted to the support services division and the FTE supervises both divisions. There is no practical change to the staffing for either division. However, under the proposed budget, up to \$1.276 million of surplus sales would accrue to the special purpose fund to fund the surplus property division FTEs and some non-personal services funding such as transportation and temporary services. This means an overall reduction in local funds spending by OCP of approximately \$722,000. However, those funds have been accounted for in the overall budget by reducing the amount of surplus sales that would accrue to the General Fund by the same amount that is being set aside in special purpose funds at OCP.

⁹ Performance Oversight Testimony

**Table PO-B: Office of Contracting and Procurement;
Surplus Property Sales FY 2014-2018.**

Actual*		Target**	
FY 2014	\$ 3,808,182.18	FY 2017	\$ 4,000,000
FY 2015	\$ 4,420,879.35	FY 2018	\$ 4,000,000
FY 2016	\$4,033,555.95		
FY 2017 (Q1 and Q2)	\$1,297,882.01		

* OCP Round 2 Prehearing Responses

** OCP FY 2018 Annual Performance Plan

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: The proposed budget includes, for the first time in many years, a capital allotment for OCP. The funds are proposed to be spent in fiscal year 2018 to focus on further automation of procurement systems and systems improvement to manage staff assignments and workload. The funds will support a dashboard to centralize review of contract review and approval, p-card spending, FOIA requests, protest outcomes, internal audits, and other data. The automation improvements will be through enhancements to the Procurement Automated Support System which is OCP's procurement data system. Some of those improvements will support additional transparency requirements adopted as part of the Procurement Integrity, Transparency, and Accountability Amendment Act of 2016 including central contract publication and vendor payment processing. The Committee supports improvements to OCP's information technology but urges close oversight to contain costs which often escalate in agency IT projects.

Ombudsman for Contracting and Procurement: The Procurement Integrity, Transparency, and Accountability Amendment Act of 2016 (D.C. Law 21-158) created the Ombudsman for Contracting and Procurement within the Office of Contracting and Procurement. The purpose of an Ombudsman is to provide a one-stop-shop for complaints, concerns, and possible resolution of any issue related to District contracting. The office can also serve as a resource for potential contractors that have questions about doing business with the District, and for eliciting feedback from the vendor community. The Ombudsman was created as a direct-report to the CPO, and provides flexibility for exempt agencies to appoint their own Agency Ombudsmen to address agency-specific concerns. However, this provision was not made effective because it

had a fiscal impact of \$113,000 to fund an ombudsman. The Committee recommends funding this position. According to the agency fiscal officer, OCP's fringe rate is 20.8 percent for FY 2018.

Technical Change to the Budget Format: OCP manages purchase card transactions for all agencies. As agencies make purchases on their individual cards, the funds are sent to OCP through intra-District funds from the agencies' budgets, and OCP makes the actual payment to the card vendors. OCP accounts for the p-card transactions through activity 1020 in the budget. However, in past budgets, the intra-District funds transferred to OCP have only shown the p-card transactions from two fiscal years ago but not in the most recent fiscal year. This creates a distortion of approximately \$25 million in what appears to be a reduction of funding for OCP in its two-year prior actuals versus the previous approved fiscal year. To make this accounting clearer, in last year's budget recommendation, the Committee added \$25,000,000 in intra-District funds into the activity 1020 which represented the anticipated p-card spending as determined by the Office of Budget and Planning.

However, the Committee believes that including such a large amount of funding in OCP's budget still distorts its overall budget because the funds represent transfers from other agencies that OCP then forwards on to the p-card vendors. Unlike other agencies that receive intra-District funds for services provided by that agency, OCP is not the service provider but is a pass-through to the p-card vendors. Therefore, with the support of the Executive, the Committee recommends removing the funds from OCP's budget and transferring the intra-District funds to a new paper agency to be administered by OCP. This accounting will more accurately reflect the revenues and expenses of OCP in future budgets.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal Year 2018 Operating Budget

The Committee recommends the following changes to the fiscal year 2018 budget for the Office of Contracting and Procurement as proposed by the Mayor:

1. Decrease of 25,000,000.00 in intra-District funds to Program 1000, Activity 1020, CSG-40 (Other Services and Charges).
2. Increase of \$95,791.00 local funds to Program 8000, Activity 8030, CSG-11 (Regular Pay).
3. Increase of \$19,925.00 in local funds to Program 8000, Activity 8030, CSG-14 (Fringe).

Policy Recommendations

1. The Committee recommends that OCP continue to aggressively fill vacant positions and employ strategies to reduce turnover.
2. 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.
3. 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.
4. The Committee recommends OCP closely monitor its IT improvement projects to contain costs.

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 2018 Operating Budget¹⁰

The Mayor's fiscal year 2018 budget proposal for the Contract Appeals Board is \$1,490, a decrease of \$2, or 0.1 percent, under 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 2012-2018**

	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Budget 2017	Mayor 2018
Total Funds	835	1,041	1,068	1,201	1,378	1,492	1,490
FTEs	5.6	6.1	8.3	9.6	9.9	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 2018 budget and agency performance over the last year.

On-Time Case Disposition: 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,¹¹ while decisions on protests are appealed to the D.C. Superior Court.

By law, *protests* must be resolved within 60 days.¹² It is best practice, according to the Board, that *disputes* be resolved within three years.¹³ However, as a result of increased case filings between 2006 and 2010, exacerbated by a vacancy on the Board from 2005 to 2011, the CAB grew a substantial backlog of cases. In recent years, the Board eliminated all of the most historic backlog of cases filed from 1998 to 2007. However, there are a number of open cases remaining on CAB's

¹⁰ 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.

¹¹ D.C. OFFICIAL CODE § 2-360.05 *et seq.* (2013).

¹² D.C. OFFICIAL CODE § 2-360.08(d) (2013).

¹³ *Contract Appeals Board: Performance Oversight Hearing before the Council of the District of Columbia Committee of the Whole* (Mar. 15, 2017) (oral testimony of Marc Loud, Chief Administrative Judge, Contract Appeals Board).

docket. The charts below detail the number of cases filed per year (AF-B), and the number of cases filed during previous periods and the number of outstanding cases to be resolved (AF-C).

**Table AF-B: Contract Appeals Board;
Total Cases Filed.**

	Disputes Filed	Protests Filed	Total Filed
FY 2014	4	28	32
FY 2015	8	16	24
FY 2016	12	24	36

Source: Oral Testimony of Judge Marc Loud (March 15, 2017)

**Table AF-C: Contract Appeals Board;
Cases by Filing Period and Resolution.**

Period	Cases Filed	Cases Resolved	Cases Pending
1998-2007	42	42	0
2008-2010	88	83	5
2011-2013	77	73	4

Source: Oral Testimony of Judge Marc Loud (March 15, 2017)

Most of the current cases are resolved within or nearly within the statutory or recommended deadline, however the few cases that are still pending going back at least six years. For example, a current appeal for construction delays (D-1422) was filed with CAB on January 18, 2011.¹⁴ The Committee understands that each case is unique and various factors can lead to missing timeliness goals. However, timely resolution of cases involving protests or disputes from the vendor community is essential to foster positive business relationships with the District. The Committee recommends that the CAB continue to aggressively work to resolve aging cases.

Budget Changes over FY 2017: CAB's recommended budget is virtually identical to the approved FY 2017 budget. According to the Chief Administrative Judge at the budget hearing, CAB is on track to spend its FY 2017 funds in accordance with the approved budget. There is no vacancy savings built into the proposed budget and all positions are currently filled. However, there was a reduction of \$17,000 in fringe benefits because of a decrease in the associated fringe rate from 18.4 percent in FY 2017 to 16.9 percent for FY 2018. This amount is calculated by the Office of Budget and Finance.

¹⁴ Office of Contracting and Procurement Prehearing Responses: Round 1 (Feb. 17, 2017) at 14.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal Year 2018 Operating Budget

The Committee recommends no change to the fiscal year 2018 budget for the Contract Appeals Board as proposed by the Mayor.

Policy Recommendations

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

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. COG’s overarching mission is to make “Region Forward” a reality by being a discussion forum, expert resource, issue advocate, and catalyst for action. COG fulfills its mission by fostering cooperative relationships among government bodies throughout the metropolitan region, advocating quality of life for all, promoting better air and water quality, promoting a multi-modal transportation system that prioritizes management, performance, maintenance, and promoting 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 Metrorail system was fully built, and strengthening emergency preparedness after September 11, 2001. Most recently COG has been tasked with helping the three jurisdictions develop a new State Safety Oversight Agency for the Metrorail system, the Metro Safety Commission. 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 2018 Operating Budget:¹⁵

The Mayor's fiscal year 2018 budget proposal for the MWCOG is \$520, an increase of \$25, or 5.0 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 MWCOG and is equal to the dues requested by MWCOG.

**Table EA-A: Metropolitan Washington Council of Governments;
Total Operating Funds Budget FY 2012-2018**

	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Budget 2017	Mayor 2018
Total Funds	396	408	428	450	472	495	520
FTEs	0	0	0	0	0	0	0

Source: Budget Books (dollars in thousands)

Local Funds: The Mayor's proposed budget is \$520, an increase of \$25, or 5.0 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 MWCOG is determined by a funding formula based in large part on the population of each of the member jurisdiction. As population grows, each jurisdiction can count on owning more in MWCOG dues up to a five percent cap in any given year.

Under MWCOG'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 MWCOG member jurisdiction. Based on population estimates, the District's FY 2017 proposed contribution to MWCOG is \$495, up from \$495 from the previous year.

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

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.

percent represents funding from federal and state contracts that involve regional projects, including transportation and homeland security projects.

IV. COMMITTEE RECOMMENDATIONS

Agency Operating Budget:

The Committee recommends no change to the fiscal year 2018 budget for the Metropolitan Washington Council of Governments as proposed by the Mayor.

Policy Recommendations:

1. The Committee recommends that MWCOG 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.

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, education of District residents and citizens throughout the United States, and to align 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 2018 Operating Budget¹⁶

The Mayor's fiscal year 2018 budget proposal for the Statehood Initiatives Agency is \$234, a decrease of 0.2 percent, under the current fiscal year. The proposed budget supports 1.0 FTEs, which represents no change from the current fiscal year.

¹⁶ 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 AR-A: Statehood Initiatives Agency;
Total Operating Funds Budget FY 2012-2018**

	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Budget 2017	Mayor 2018
Total Funds	0	0	0	137	290	234	234
FTEs	0	0	0	2.2	1.3	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 2018 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.

NCSC Budget Formulation: The implementing legislation creating the office for the Statehood Delegation and the Commission requires that “The Mayor’s submission shall be based on a budget prepared by the Commission, and shall include the rationale for any variance from the Commission’s request.” Unfortunately, the Commission has failed, since its creation, to formulate and pass its own proposed budget for inclusion in the Mayor’s submission. Indeed, the Commission, as of the date of this report, has yet to adopt a budget for fiscal year 2017. The Committee recommends that the Commission convene to adopt a fiscal year 2017 budget and a fiscal year 2018 budget based on the budget approved by the Council. The Committee further recommends that the Commission adopt a proposed budget for fiscal year 2019 to be submitted to the Mayor before the Mayor’s budget submission.

New Columbia Statehood Fund: The implementing legislation also created the New Columbia Statehood fund to support the Delegation and the Commission in advocating for statehood. The fund is non-lapsing and is comprised of revenue from local funds and revenues from a tax check-off on District residents’ tax returns and other minor fees.

**Table AR-B: Statehood Initiatives Agency;
Tax Check-Off Funds Raised FY 2010-2016**

FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
\$13,522	\$35,258	\$32,013	\$26,630	\$26,167	\$38,247	\$33,871

In the last fiscal year the tax check-off funds received were \$33,871 and the local funds appropriated in the budget were \$229,701. Actual expenditures in fiscal year 2016 were \$289,688 due to reprogramming of budget authority.¹⁷ For fiscal year 2017, the agency was budgeted \$234,298, but according to testimony by the Delegation, additional funds will be expended over the local portion to cover personnel costs. This authority was granted in the fiscal year 2017 budget.

Better Budgeting and Planning by the Commission and the Delegation: The Committee continues to be critical over the perceived lack of a realistic budget to move statehood efforts forward. The Commission has funded a series of one-off initiatives such as advertising, radio shows, sponsorships, and other activities. What the Commission and the Delegation have yet to put forward is a comprehensive, multi-year statehood strategy which would include the funding necessary to implement the strategy. The budget must follow the needs identified by the plan, not the other way around. At the budget oversight hearing for the Commission, such a plan was put forward, not by the Delegation, but by the statehood advocacy non-profit DCVote. That detailed plan included a “landscape analysis,” strategic direction, structure, timeline, election cycle goals, and a detailed budget broken down by individual staffing needs and non-staffing needs. According to testimony by Bo Shuff, DCVote’s proposed effort would cost approximately \$12 million between 2017 and 2022. The Committee recommends that the Commission develop a comprehensive, multi-year strategy to achieve statehood and develop future budget requests to support the plan.

IV. COMMITTEE RECOMMENDATIONS

Committee’s Recommended Fiscal Year 2018 Operating Budget

The Committee recommends no change to the fiscal year 2018 budget for the Statehood Initiatives Agency as proposed by the Mayor.

¹⁷ Letter from Jeffrey S. DeWitt, Chief Financial Officer, to Phil Mendelson, Chairman, Council of the District of Columbia (Dec. 15, 2016) (on file with the Committee of the Whole).

Policy Recommendations

1. The Committee recommends that the Commission convene to adopt a fiscal year 2017 budget and a fiscal year 2018 budget based on the budget approved by the Council.
2. The Committee recommends that the Commission adopt a proposed budget for fiscal year 2019 to be submitted to the Mayor before the Mayor's budget submission.
3. 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 ensures fiscal integrity and maximizes service to taxpayers. Additionally, OBP advises policymakers on the District government's budget and has primary responsibility for expenditure forecasts.

II. MAYOR'S PROPOSED BUDGET

Mayor's Proposed Fiscal Year 2018 Operating Budget

The Mayor's fiscal year 2018 budget proposal for the Office of Budget and Planning is \$6,365, an increase of \$173, or 2.8 percent, over the current fiscal year. The proposed budget supports 42.0 FTEs, which represents no change from the current fiscal year.

**Table ATX-A: Office of Budget and Planning;
Total Operating Funds Budget FY 2012-2018**

	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Budget 2017	Mayor 2018
Total Funds	4,883	4,834	5,047	5,364	5,715	6,365	6,215
FTEs	40.4	40.1	41.3	42.0	38.8	42.0	42.0

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 2018 budget and agency performance over the last year.

Financial Management Systems: 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

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.

Management and Planning System (BMAPS) to replace the current Budget Formulation Application.

However, the SOAR and BMAPS projects, originally envisioned to be in place for the fiscal year 2013 budget process, were placed on hold. During the past six years, the OCFO has focused on development of its integrated tax system modernization project. However, in the Mayor's FY 2018 proposal budget authority for \$91,000,000 over a 6-year period was added to a new SOAR Modernization project, with proposed funding beginning in FY 2019. The Committee is pleased to finally see a commitment to this important program with the necessary funding to maintain current systems that 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 2018 Operating Budget

The Committee recommends no change to the fiscal year 2018 budget for the Office of Budget and Planning as proposed by the Mayor.

Committee's Recommended Fiscal year 2018 Capital Budget

The Committee recommends adoption of the fiscal year 2018 capital improvement plan budget for the Office of Budget and Planning as proposed by the Mayor.

Policy Recommendations

1. The Committee recommends that OBP maximize the capital resources available to make necessary improvements to its IT systems to prevent system degradation and obsolescence.

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 2018 Operating Budget¹⁸

The Mayor's fiscal year 2018 budget proposal for the Office of Planning is \$10,106, a decrease of \$128, or 1.3 percent, under the current fiscal year. The proposed budget supports 71.0 FTEs, an increase of .5 FTEs, or .7 percent, under the current fiscal year.

**Table BD-A: Office of Planning;
Total Operating Funds Budget FY 2012-2018**

	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Budget 2017	Mayor 2018
Total Funds	7,975	7,622	10,960	10,617	9,927	10,234	10,106
FTEs	56.4	57.6	69.8	70.1	64.6	70.5	71

Source: Budget Books (dollars in thousands)

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.

Local Funds: The Mayor's proposed budget is \$9,361, a decrease of \$98, or 1.0 percent, under the current fiscal year. The proposed budget supports 67.5 FTEs, an increase of 1.5 FTEs, or 2.3 percent, under the current fiscal year.

Special Purpose Funds: The Mayor's proposed budget is \$200, an increase of \$100, or 100% from the previous fiscal year. The proposed budget supports no FTEs.

Federal Grant Funds: The Mayor's proposed budget is \$525, which represents no change 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 \$20, an increase of \$10, or 100 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, a decrease of \$140, or 100 percent from the previous fiscal year. The proposed budget supports one FTE, an increase of 1 FTE, or 100 percent from the previous fiscal year.

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.

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. 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.

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.

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.

Currently, HPO has two inspectors, the same number as five years ago. However, over the past five years, historic preservation permit reviews have increased by 20%. Despite an increase in permits, the number of enforcement actions remains constant; in fiscal year 2015, OP reported 62 enforcement actions (fines and SWOs) were taken against illegal historic preservation construction, and 54 in fiscal year 2016. According to public testimony at both the OP performance and budget hearings, residents have observed an increase in the amount of unenforced illegal construction occurring in historic preservation districts, and especially after HPO’s regular operating hours, such as on nights and weekends. Likewise, the DC Preservation League has expressed its concerns and constant issues with inadequate enforcement. This inadequate enforcement is attributed to the tremendous amount of permit applications that the current HPO staff processes (nearly 5,000 per year), in addition to its other duties such as providing technical assistance to residents and supporting the Historic Preservation Review Board. Thus, the Committee believes that funding for a new HPO inspector FTE would allow for increased historic preservation illegal construction enforcement that is readily-available. Funding for this position is available as a result of a new subtitle that would raise certain fines at the Department of Consumer and Regulatory Affairs.

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 began the second amendment of the District Elements of the Comprehensive Plan in the spring of 2016. Over the past year, OP launched an engagement process (including seven major public meetings, two ANC workshops, and meetings with stakeholders across the District) and has completed a preliminary analysis of the Area Elements and Citywide Elements for potential updates. OP’s recent “Open Call for Amendments” will close at the end of May 2017.

The amendment process is scheduled to take approximately 18-24 months, and represents OP’s most significant endeavor in terms of scope and resource demands. The process will seek to integrate planning and policy work done in the District since the 2011 Amendment cycle, as well as new ideas from community stakeholders and government agencies. Using an evaluation for

proposed amendments and a robust public process, OP will submit to the DC Council for approval a set of Comprehensive Plan amendments to the text and maps that guide land use in the District. OP aims to submit this legislative package to Council in early 2018.

OP's Citywide Planning Division, which is responsible for developing and monitoring the District Elements of the Comprehensive Plan, will experience a decrease of \$242 and 1.2 FTEs under the Mayor's proposed fiscal year 2018 budget. However, at its budget hearing, OP assured the Committee that these budget decreases will not be an impediment to the Comprehensive Plan Amendment Cycle, as OP has identified a cross-divisional team¹⁹ within the agency to staff the Comprehensive Plan project, as well as day-to-day project managers. Additionally, OP has procured a consultant team to support the agency's Comprehensive Plan work.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal Year 2018 Operating Budget

The Committee recommends the following changes to the fiscal year 2018 budget for the Office of Planning as proposed by the Mayor:

1. Increase of \$79,275.00 in local funds to CSG 11, Program 2000, Activity 2020 (HPO Staff salary).
2. Increase of \$16,965.00 in local funds to CSG 14, Program 2000, Activity 2020 (HPO Staff Fringe).
3. Increase of 1.0 FTE in Activity 2020, Local Funds (Create new HPO Inspector).
4. Increase of \$200,000.00 in local funds to CSG 50, Program 7000, Activity 7010 for a competitive grant to improve federally-owned parkland in the District (one time).

Committee's Recommended Fiscal Year 2018 Capital Budget

1. The Committee has no recommendations for OP's Fiscal Year 2018 Capital Budget.

Policy Recommendations

1. The Committee recommends that OP work with DCRA to streamline 311 calls pertaining to illegal historic preservation construction for quicker response times.

¹⁹ 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.

2. The Committee recommends that OP continue to engage with the community and stakeholders across the District throughout the Comprehensive Plan Amendment Cycle.
3. The Committee recommends that OP continues its internal organization and cross divisional efforts to address the Comprehensive Plan Amendment Cycle in order to ensure the Comprehensive Plan Amendment package is ready for submission to Council by early 2018.
4. The Committee recommends that HPO Inspectors expand their coverage to monitor and respond to illegal construction occurring outside of its regular work hours.
5. The Committee recommends that OP continue to track pertinent data (such as median home prices, District population change, change in transit ridership, walkability, and food access), despite dropped Key Performance Indicators (“KPIs”) and that OP make this data readily available for the 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 2018 Operating Budget²⁰

The Mayor's fiscal year 2018 budget proposal for the Office of Planning is \$2,939, an increase of \$309, or 11.7 percent, over the current fiscal year. The proposed budget supports 19.0 FTEs which represents no change from the current fiscal year.

**Table BJ-A: Office of Zoning;
Total Operating Funds Budget FY 2012-2018**

	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Budget 2017	Mayor 2018
Total Funds	2,540	2,586	2,688	2,644	2,837	2,939	3,093
FTEs	18.5	19.0	19.2	19.0	19.6	19.0	19.0

Source: Budget Books (dollars in thousands)

Local Funds: The Mayor's proposed budget is \$3,069, an increase of \$154, or 5.3 percent, over the current fiscal year. The proposed budget supports 19.0 FTEs, which represents no change from 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 2018 budget and agency performance over the last year.

Board of Zoning Adjustment Member Training: The Board of Zoning Adjustment ("BZA") has experienced high-turnover rates recently and has one District Resident Appointee vacancy. Based on OZ's performance oversight hearing, the Committee and District residents have expressed concerns with the increased number of variances and special exceptions granted by the BZA to applicants. As pointed out at OZ's performance oversight hearing, a closer look at BZA cases over the past several years beginning in 2010, indicates a lax application of the District's stringent variance standards promulgated under D.C. Official Code § 6-641.07(g)(3).²¹

²⁰ 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.

²¹ Variances provide relief from the strict application of the zoning regulations, specifically: "[w]here, by reason of exceptional narrowness, shallowness, or shape of a specific piece of property at the time of the original adoption of the regulations or by reason of exceptional topographical conditions or other extraordinary or exceptional situation or condition of a specific piece of property, the strict application of any [zoning regulation] would result in peculiar

To more accurately assess the issue, the Committee asks that OZ begin tracking specific data pertaining to the number of variances and special exceptions approved by the BZA in comparison to those not approved. Thus, the Committee recommends that OZ ensure that BZA members are rigorously trained in the legal standards for variances and special exceptions, including training days devoted exclusively to that topic. Such training will be advantageous for the newer BZA members. OZ has expressed its commitment to providing this type of training.

Staffing and Workload: OZ's FTE count of has not changed in several years. However, just with the Zoning Commission, the agency supported a 37 percent increase in cases from fiscal year 2015 to fiscal year 2016. At OZ's budget hearing, witnesses testified on the need for more staffing support to the Zoning Commission. Recognizing this need, OZ requested funding for an additional attorney through its MOU with the Office of the Attorney General ("OAG") to provide dedicated service to the Zoning Commission. Previously, OAG had provided a dedicated staff attorney for the BZA, but not for the Zoning Commission. This additional attorney will provide the Zoning Commission with the legal support and guidance it needs while facing an increased caseload. The funding for this request is reflected in the Mayor's fiscal year 2018 and the Committee is in support.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal year 2018 Operating Budget

The Committee recommends no change to the fiscal year 2018 budget for the Office of Zoning as proposed by the Mayor.

Policy Recommendations

1. The Committee recommends that OZ ensure that BZA members are rigorously trained in the legal standards for variances and special exceptions, including training days devoted exclusively to that topic.
2. The Committee recommends that the OZ fully utilize its dedicated OAG staff attorney assigned specifically to the Zoning Commission to ensure its increasing caseload demands are properly met.
3. The Committee recommends that the Mayor and Council approve a BZA nominee to fill the current vacancy who can meet the required time commitment and adhere strictly to the zoning code.

and exceptional practical difficulties to or exceptional and undue hardship upon the owner of such property...."
D.C. Official Code § 6-641.07(g)(3).

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 residents, businesses, and visitors in the District of Columbia by issuing licenses and permits, conducting inspections, enforcing building, housing, and safety codes, regulating land use and development, and providing consumer education and advocacy services.

II. MAYOR'S PROPOSED BUDGET

Mayor's Proposed Fiscal Year 2018 Operating Budget²²

The Mayor's fiscal year 2018 budget proposal for the Department of Consumer and Regulatory Affairs (DCRA) is \$61,179,877, an increase of \$ 5,673,698, or 10.2 percent, over the current fiscal year. The proposed budget supports 435.0 FTEs, an increase of 35.0 FTEs, or 8.8 percent, over the current fiscal year.

**Table EB-A: Department of Consumer and Regulatory Affairs;
Total Operating Funds Budget FY 2012-2018**

	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Budget 2017	Mayor 2018
Total Funds	\$24,615	\$39,764	\$35,016	\$3,517	\$48,578	\$55,506	\$61,179
FTEs	245.5	268.3	290.2	335.4	335.8	400.0	435.0

Source: Budget Books (dollars in thousands)

Local Funds: The Mayor's proposed budget is \$23,040 an increase of \$3,052, or 15.3 percent, over the current fiscal year. The proposed budget supports 178.0 FTEs, an increase of 29.0 FTEs, or 19.5 percent, over the current fiscal year.

Special Purpose Funds: The Mayor's proposed budget is \$38,140, an increase of \$2,622, or 7.4 percent, over the current fiscal year. The proposed budget supports 257.0 FTEs, an increase of 6.0 FTEs, or 2.4 percent, over the current fiscal year.

²² 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.

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.

Mayor's Proposed Fiscal year 2018 Capital Budget²³

The Mayor's capital improvements plan includes \$8,175, for DCRA over the 6-year plan. The plan authorizes \$675 for fiscal year 2018, \$1,500 for fiscal year 2019, \$2,000 for fiscal year 2020, \$2,000 for fiscal year 2021, \$2,000 for fiscal year 2022, and \$0 for fiscal year 2023.

III. COMMITTEE COMMENTARY

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

Information Technology Infrastructure: The FY 2018 proposed operating budget for DCRA provides \$1.74M to support the creation and or enhancement of customer facing information technology systems. The agency will be making upgrades to various applications used by the public, most notably with a cost of \$900,000 the Special Events Licensing system will enable the agency to automate the process for special event license applications and reviews. According to the agency the special event license requires approval from multiple government agencies and specific processes that must be completed sequentially. Because the current process is paper-based, an automated system for special events licensing would save time and allow for greater efficiency. The FY 2018 proposed budget also allocates \$524,000 to create a virtual single sign-on for both the Corporations and Business Licensing online system, which will allow customers to conduct seamlessly. Agency has also proposed a DC Business Portal enhancement that will streamline functionality between the Portal and the Office of Tax and Revenue's Clean Hands Validation system.

Second, the Committee was made aware of a January 29, 2016 advisory opinion from the Office for Open Government ("OOG") that found DCRA non-compliant with FOIA laws, which require that all District agencies allow the public to inspect and copy any public record without a FOIA

²³ 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.

request.²¹ OOG noted that the District's FOIA laws have been in existence since 2001, and DCRA has not been able to comply with them since their inception.²⁶ The opinion also found that DCRA has not complied with the requirement that public records not requiring a FOIA request for inspection be posted to the agency's website.²⁴ The OOG's opinion cited systematic failures that has prevented the agency from being able to comply with the District's FOIA law. The agency's FileNet and ProjectDox systems are particularly in need of updating in order for DCRA to be able to fully comply with District laws and regulations. FileNet contains all of the approved building permit applications and plans prior to 2013, and ProjectDox contains records submitted to DCRA from 2013 to the present.²⁵ OOG found that the absence of these records from DCRA's website needed to be addressed; in order, to be in compliance with District law. The OOG also advised that the agency make FileNet and ProjectDox interoperable, although the opinion recognized the cost and data capacity necessary to update the systems infrastructure, as well as provide an aggressive agency-wide FOIA training program²⁶. OOG also expressed its concern that the agency is at risk for litigation for non-compliance with FOIA laws. The Committee, is bothered by the agency's non-compliance of this law, and recommends the agency to produce a briefing memorandum, regarding: 1) investigate the administrative, technical, and data capacity obstacles it faces in order to be compliant with the law; and 2) develop a preliminary scope of work, estimated budget, and anticipated timeline to satisfy the law.

Lastly, the Committee supports the agency in its endeavor to use technology to reduce wait times, improve transparency, and enhance customer service and outreach. However, the Committee finds it odd that funds were allocated for what seems like an arbitrary list of IT enhancements, but IT investments that would bring the agency into compliance with the law are ignored. In relation to what comes across as piecemeal IT projects, the Committee would like to a clearer idea of the agency's IT needs and goals. It is recommended by the Committee that the agency develop a IT needs assessment that outlines, schedules, prices, and prioritizes each of the agency's IT projects/needs.

Regulatory Enforcement: One of the agency's critical missions is ensuring the safety of residential buildings and rental units. The Regulatory Enforcement Administration coordinates and monitors the enforcement of violations cited by the agency's regulatory programs and works closely with the Office of the Attorney General to compel compliance through judicial orders. This division also registers vacant properties to encourage their return to productive use and abates nuisances on properties throughout the District.

The FY18 proposed budget proposes an increase of \$5.67M. Funding for the Rehabilitation program will be increased by \$1.29M that support an additional 15 FTEs. The Performance Management program funding will be increased by \$1.2M in one-time funds, for 12 additional FTEs that will support a Mayoral initiative to. The funding for the Construction Compliance division will be increased by \$16,000 and will maintain 4 FTEs. The Inspections and Compliance

²⁴ See Attachment D.

²⁵ *Id.* at page 3.

²⁶ *Id.* at page 5

division has a large amount of ground to cover between identifying vacant buildings and illegal construction safety.

The Committee believes, DCRA should be more stringent in citing, issuing and collecting fines from housing, zoning, and construction code violators. The number of fines issued versus the amount of funds 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 looks forward to working with the agency to identify solutions to those challenges. The Committee also would like to see the agency exercise a greater willingness to refer habitual violators to OAG or even revoke licenses in the most rare and egregious incidents. Fines and other punitive actions are tools, to not only penalize but to deter bad actors and negligent behaviors, and should be used objectively to safeguard consumer protection in the District.

Inspections and Compliance: The Inspection and Compliance Division performs building and construction site inspections for code, and zoning and permit compliance. It also monitors elevators and boilers in District buildings and maintains the District's construction codes. The division is tasked with protecting District residents and visitors by performing inspections ensure habitable housing through and by inspecting construction sites for code violations and proper permits. There are three activities in this unit, building inspections, residential inspections and construction compliance. The building inspections division manages commercial building and permit-related inspection requests and issues citations for violations of the District's building codes and zoning regulations to correct construction code violations. The residential inspection division manages the requests for inspection of residential properties and issues housing code violations.

The FY18 proposed budget proposes an increase of \$210,000. Funding for the Building Inspection division will be increased by \$111,000 while maintaining 33 FTEs. The Residential Inspections division's funding will be increased by \$84,000, but will be reduced by 1 FTE. The funding for the Construction Compliance division will be increased by \$16,000 and will maintain 4 FTEs. The Inspections division has a large amount of ground to cover between identifying vacant buildings, illegal construction, and rental unit safety.

First, there have been numerous reports of landlords in the District that own multiple properties that take advantage of the LLC structure to avoid showing a pattern of allowing properties to fall into disrepair. Recently, the agency prioritized inspecting properties owned by Sanford Capital²⁷, by temporarily diverting all housing code inspectors to review the property owner's 66-building portfolio. This approach is unsustainable and the agency should move away from addressing issues by way of crisis management. It's fair to believe that Sanford Capital is not the only large property owner with substandard housing in the District. The Committee is concerned the agency has shown no strategic effort to address this issue proactively, nor has the agency identified any statutory or regulatory authority that would be necessary to empower the agency to minimize any future risk. For example, Director Bolling stated during her performance oversight testimony²⁸ that the agency was unable to attribute or track housing code violations to a

²⁷ Nirappil, F. "Sanford Capital faces \$539,500 in fines after D.C. inspects some of its buildings." *Washington Post*, April 3, 2017, D.C. Politics

²⁸ Performance Oversight Testimony

single property owner who owns multiple properties, but did not define the nature of the agency's limitations to resolve this matter. In light of this issue, the Committee recommends that the agency develop a strategic plan, to do the following: 1) identify rental properties with a common owner that owns more than 20 units disbursed among more than two properties; 2) develop a plan and a timeline to assess (and if necessary inspect) such units to ensure compliance with the housing code; and 3) identify the authority necessary to prevent a recurrence of a similar situation.

Secondly, the Committee is also troubled about inspector's lack of to report housing code violations in a standardized manner. The Committee has been made aware, in many instances that obvious violations of the code are missed, or left uncited. Inconsistencies in reporting can leave tenants vulnerable to negligent landlords and substandard housing conditions. Without proper documentation citing accurate violations, tenants may lack evidence necessary to protect their rights before a court or administrative hearing. DCRA inspectors should be trained and evaluated on performance regularly to make sure that they are thorough, neutral, and accurate. In the future, the Committee would like to see DCRA's budget bolstered to fund continuing education opportunities and professional development training for housing code inspectors.

Lastly, since fiscal year 2009, the agency has slowly worked to restore staff levels in increments of 2-4 FTEs. The pace the agency has taken to restore staff levels for housing code inspectors has lagged behind the District's growing housing supply and strong rental demand²⁹. In the proposed FY 2018 budget, the agency is budgeted for 28 FTEs that only includes 16 actual housing code inspectors, the remaining staff being desk-bound contact representatives and program support staff. In comparable jurisdictions, such as Boston and Baltimore, in population, geographic size, and housing stock, there are 3 times as many housing code inspectors as the District. To address this issue, the Committee is proposing to shift two (2) FTEs from the Regulatory Enforcement Administration in the Rehabilitation activity, that were included as Mayoral enhancements in the FY 2018 budget, to the Inspection and Compliance Administration in the Residential Inspections activity. The new FTEs would be designated as housing code inspectors that would inspect residential properties and issue citations of housing code violations.

Permitting Process: The Permitting Operations Division issues permits for District construction projects, reviews plans, certifies code compliance for large and small-scale building and renovation projects, and produces and maintains land records. The division hosts a consolidated permit application intake center, homeowner center, and a "development ambassador" program, which assists with largescale projects. The permit intake, application and issuance process varies depending upon the scope of the project. An applicant requesting a permit must submit an application and building plans to the Permit Review Center, where the application is then categorized as a "walkthrough", "file-job", or "large scale project" that requires the review of other agencies prior to permit issuance. Five agencies that are involved in the building permit review process are collocated at the Permit Review Center. Walk-through permits may be issued on the same day that the permit is requested, whereas file-job permits will take between 14 to 30 days to complete.

²⁹ DHCD FY 2016-FY 2021 District of Columbia Consolidated Plan

The FY18 proposed budget and financial plan increases funding for the permitting division by \$1,016,000 with the greatest allocations targeted for the following divisions/activities: 1) Plan Review division, increased by 414,000 but loses two FTEs for a total of 32 FTEs; 2) Development Ambassador division, increased by \$377,000 and two additional FTEs; 3) Permits division, increased by \$322,000 and two additional FTEs. The Surveyor division is scheduled for a funding reduction of \$100,000 under the Mayor's financial plan and a reduction of one FTE.

First, the Committee has concerns about the permitting process for residential construction, especially projects with abutting homes. The Committee has received numerous complaints from constituents in various Wards across the District about developers causing damage to their property, developers forging their signatures on paperwork necessary to receive construction permits; and developers working outside of the scope of the permit they were issued, such as the use of indoor renovation permits to tear down or renovate the exterior of the property.¹⁸

Second, the Committee has received a number of complaints from constituents about DCRA's permitting staff erroneously cited conflicting or outdated codes, and provided direction to inaccurate procedures that have not only caused confusion and frustration with the permitting process, but also incur delays and additional costs to projects. The Committee would like DCRA to prioritize resources to continued education and training opportunities for permitting staff. The Committee recommends developing a proactive outreach strategy to educate property owners, tenants, developers, and design professionals on not only the permitting process, but solutions to the most commonly encountered issues and frequently asked questions.

Third, the Committee would like to recognize the agency's continued effort to implement new business processes and customer service solutions to improve the level of service in the Permitting Operation Division. In FY16 and FY17, DCRA launched the new online scheduling portal for permit center appointments and on-site inspections; released a how-to guide to obtain a deck permit; and enhanced the existing ProjectDox system, which allows customers to submit their building plans electronically and the plans review are conducted electronically, to support its Safe and Simple Initiative. The Committee looks forward to the agency's previous promise of a fully paperless permitting process for both large commercial and small residential projects in the future.

Overall, even with the types of aforementioned innovative solutions 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 has low confidence in its ability to produce performance improvements over the next few fiscal years. Considering that fact, 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, design experts, professional licensees, and developers, all at once. If over the next fiscal year existing issues continue to persist, the Committee may become interested in taking steps to divide the agency.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal Year 2018 Operating Budget

The Committee recommends the following changes to the fiscal year 2018 budget for the Department of Consumer and Regulatory Affairs as proposed by the Mayor:

1. Decrease of \$245,964 in local funds to CSG-11, Program 4000, Activity 3050 (Laborers positions salary).
2. Decrease of \$60,507.16 in local funds to CSG-14, Program 4000, Activity 3050 (Laborers positions fringe).
3. Decrease of 4.0 FTEs in local funds to Program 4000, Activity 3050 (Positions 10008289, 10008290, 10008291, 10008292)).
4. Increase of \$122,982.00 in local funds to CSG-11, Program 4000, Activity 3080 (Building Code Inspector salary)
5. Increase of \$30,253.58 in local funds to CSG-14, Program 4000, Activity 3080 (Building Code Inspector fringe)
6. Increase of 2.0 FTEs in local funds to Program 4000, Activity 3080 (Positions 10008289, 10008290)
7. Increase of \$122,982.00 in local funds to CSG-11, Program 4000, Activity 3085 (Housing Code Inspector salary)
5. Increase of \$30,253.58 in local funds to CSG-14, Program 4000, Activity 3085 (Housing Code Inspector fringe)
6. Increase of 2.0 FTEs in local funds to Program 4000, Activity 3085 (Positions 10008291, 10008292)
7. Increase of \$87,657.00 in local funds to CSG-11, Program 6000, Activity 6010 (Zoning Technician salary)
8. Increase of \$22,564.88 in local funds to CSG-11, Program 6000, Activity 6010 (Zoning Technician fringe)
9. Increase of 1.0 FTE in local funds to Program 6000, Activity 6010 (Zoning Technician position)
10. Increase of \$87,657.00 in local funds to CSG-11, Program 2000, Activity 2020 (Plans Reviewer salary)

11. Increase of \$22,564.88 in local funds to CSG-11, Program 2000, Activity 2020 (Plans Reviewer fringe)
12. Increase of 1.0 FTE in local funds to Program 2000, Activity 2020 (Plans Reviewer position)

Committee's Recommended Fiscal Year 2018 Capital Budget

The Committee recommends adoption of the fiscal year 2018 capital improvement plan budget for the Department of Consumer and Regulatory Affairs as proposed by the Mayor.

Policy Recommendations

1. The Committee recommends that DCRA produce a briefing memorandum, regarding: 1) investigate the administrative, technical, and data capacity obstacles it faces in order to be compliant with the law; and 2) develop a preliminary scope of work, estimated budget, and anticipated timeline to satisfy the law.
2. The Committee recommends that DCRA develop a strategic plan, to do the following: 1) identify rental properties with a common owner that owns more than 20 units disbursed among more than two properties; 2) develop a plan and a timeline to assess (and if necessary inspect) such units to ensure compliance with the housing code; and 3) identify the authority necessary to prevent a recurrence of a similar situation.
3. The Committee recommends that DCRA developing a proactive outreach strategy to educate property owners, tenants, developers, and design professionals on not only the permitting process, but solutions to the most commonly encountered issues and frequently asked questions.
4. The Committee also recommends that DCRA develop a IT needs assessment that outlines, schedules, prices, and prioritizes each of the agency's IT projects/needs.
5. The Committee recommends that DCRA encourage continuing education and training opportunities for staff in the Permitting Operations Division, Regulatory Enforcement Administration, Inspections & Compliance Administration, Zoning Administration, Business & Professional Licensing Administration, and Green Building Division.

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 2018 Operating Budget*³⁰

The Mayor's fiscal year 2018 budget proposal for the District of Columbia Retirement Board is \$41,644, an increase of \$2,548, or 6.5 percent, over the current fiscal year. The proposed budget supports 75.0 FTEs, an increase of 5.4 FTEs, or 7.8 percent, over the current fiscal year.

³⁰ 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 2012-2018**

	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Budget 2017	Mayor 2018
Total Funds	18,621	30,338	30,338	28,738 ³¹	31,819 ³²	39,096	41,644
FTEs	42.0	52.0	56.2	57.6	62.6	69.6	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).³³ 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 16 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.³⁴ 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%.³⁵ This is in contrast to public

³¹ DISTRICT OF COLUMBIA RETIREMENT BOARD FY2015 COMPREHENSIVE ANNUAL FINANCIAL AUDIT p 61 (March 31, 2016).

³² DISTRICT OF COLUMBIA RETIREMENT BOARD FY2016 COMPREHENSIVE ANNUAL FINANCIAL AUDIT p 56 (March 31, 2017).

³³ D.C. OFFICIAL CODE § 1-907.03(a).

³⁴ D.C. OFFICIAL CODE § 1-907.03(b).

³⁵ *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%.³⁶

The Committee commends DCRB for its ongoing work to use sound judgment in managing the plan funds. However, the Committee notes that for FY 2018, the ADEC decreased by \$39 million from last year's ADEC. The TRS increased slightly while the POFFRS decreased substantially. This was due in part to the conclusion of past salary settlements for police and fire fighter collective bargaining agreements being smoothed in the payment calculation.

Payments from US Treasury: District funds in the TRS and the POFFRS pay for the portions of annuitants' benefits after 1997. This is because a 1996 federal law shifted the unfunded pension liability for teachers, police, and firefighters to the federal government. However, many annuitants' careers spanned pre- and post-1997. Instead of sending two checks every month to annuitants – one from the US Treasury and one from DCRB – the DCRB pays Treasury a calculated amount that is the District's liability for those annuitants and the Treasury pays the annuitant. DCRB pays approximately \$3 million in administrative expenses to the Treasury for providing those services. This payment is coming down over time as annuitant payments continue to shift from Treasury liabilities to DCRB liabilities. One of DCRB's initiatives that is actually increasing its budget is new information technology systems that can better process the split payments with the goal, in part, being for the DCRB to eventually make the annuitant payments with a reimbursement from Treasury. The Committee recommends that DCRB move expeditiously to bring this function in-house to better account for annuitant liabilities.

Agency Management: The Committee is concerned over yet another large increase in the budget for DCRB itself, however the rate of increase has slowed. The Board has budgeted \$41.6 million for fiscal year 2018, an increase of 6.5 percent which is much less than the 21 percent increase during the last fiscal year. The higher costs are a result of a growing number of beneficiaries and retirement systems modernization. The Committee notes that there are few metrics to understand the necessity of continued increases and when enough funds will be enough. The Committee recommends that DCRB develop rigorous benchmarks and performance metrics to justify future budget increases.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal year 2018 Operating Budget

The Committee recommends no change to the fiscal year 2018 budget for the District of Columbia Retirement Board as proposed by the Mayor.

³⁶ See NATIONAL CONFERENCE ON PUBLIC EMPLOYEE RETIREMENT SYSTEMS AND COBALT COMMUNITY RESEARCH, 2015 NCPERS PUBLIC RETIREMENT SYSTEMS STUDY (November 2015).

Policy Recommendations

1. The Committee recommends that DCRB continue to monitor its investments in line with its ESG policies to avoid investments in fossil fuels.
2. The Committee recommends that DCRB move expeditiously to shift pre-1997 annuitant processing from Treasury in-house to better account for annuitant liabilities.
3. The Committee recommends that DCRB develop rigorous benchmarks and performance metrics to justify future budget increases.

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 2018 Operating Budget³⁷

The Mayor's fiscal year 2018 budget proposal for the Police Officer's and Fire Fighters' Retirement System is \$105,596, a decrease of \$40,860, or 27.9 percent, under the current fiscal year. The proposed budget supports no FTEs.

**Table FD-A: Police Officer's and Fire Fighters' Retirement System;
Total Operating Funds Budget FY 2012-2018**

	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Budget 2017	Mayor
Total Funds	116,700	96,314	109,199	103,430	135,577	146,456	105,596
FTEs	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 2018 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. For Fiscal year 2018, the calculated amount for POFFRS is \$145,631,000. According to testimony at the budget hearing, some of the increase to POFFRS due to a one-time retroactive accounting for Fiscal Years 2012, 2013, and 2014 related to an arbitrator's award in favor of the International Association of Fire Fighters Local 36 that awarded retroactive overtime pay to current and retired fire fighters

The Committee notes that the D.C. Retirement Board testified last year that most of the \$33 million increase from FY 2015 to FY 2016 was also attributable to the firefighters' award. Edward Koebel of the consulting firm Cavanaugh Macdonald, which performs the yearly valuation, testified at the FY 2017 budget hearing that because of the nature of the valuation taking into account multiple years, that additional increases were necessary to "true up" the retroactive years.

³⁷ 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-B: Police Officers' and Fire Fighters' Retirement System;
Annual Required Contribution and Actual Contribution, FY 2008 – FY 2017**

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

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

Funding Ratio and Unfunded Liability: According to the most recent actuarial valuation, POFERS is currently 110.82 percent funded, approximately 3 points higher than at the last valuation. The unfunded actuarial accrued liability is negative \$486,538 million.³⁸ The negative unfunded liability represents excess funding over the 100% ratio.

³⁸ 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, 2016)

**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, 2016	October 1, 2015	VALUATION DATE	October 1, 2016	October 1, 2015
Total Number of Active Members	1,708	1,708	Total Number of Active Members	3,651	3,829
Total Annual Covered Payroll	\$139,672	\$136,828	Total Annual Covered Payroll	\$298,442	\$307,373
Number of Retired Members and Survivors	738	686	Number of Retired Members and Survivors	2,265	1,923
Annual Retirement Benefits	\$22,151	\$19,802	Annual Retirement Benefits	\$63,587	\$50,412
Total Assets:			Total Assets:		
Actuarial Value	\$1,456,508	\$1,323,453	Actuarial Value	\$3,528,543	\$3,283,847
Market Value	\$1,450,964	\$1,264,854	Market Value	\$3,503,500	\$3,177,374
Liabilities:			Liabilities:		
Actuarial Accrued Liability	\$1,389,931	\$1,331,198	Actuarial Accrued Liability	\$3,108,582	\$2,951,895
Unfunded Actuarial Accrued Liability (UAAL)	(\$66,577)	\$7,745	Unfunded Actuarial Accrued Liability (UAAL)	(\$419,961)	(\$331,952)
Funding Ratios:			Funding Ratios:		
Based on Actuarial Value	104.79%	99.42 %	Based on Actuarial Value	113.51%	111.25 %
Based on Market Value	104.39%	96.52 %	Based on Market Value	112.70%	107.64 %
Amortization Period:	16 years	17 years	Amortization Period:	16 years	17 years
CONTRIBUTION FOR FISCAL YEAR ENDING	09/30/2018	09/30/2017	CONTRIBUTION FOR FISCAL YEAR ENDING	09/30/2018	09/30/2017
Employer Normal Cost Rate*	38.84%	38.59%	Employer Normal Cost Rate*	34.22%	33.78 %
Amortization of UAAL Rate	(4.58)	0.52	Amortization of UAAL Rate	(13.53)	(10.03)
Actuarially Determined Contribution Rate (ADC)	34.26%	39.11%	Actuarially Determined Contribution Rate (ADC)	20.69%	23.75 %
Estimated Fiscal Year End Covered Payroll	\$145,608	\$144,728	Estimated Fiscal Year End Covered Payroll	\$311,126	\$320,436
Fiscal Year District Payment before 1-907.02(c)	\$49,885	\$56,603	Fiscal Year District Payment before 1-907.02(c)	\$64,372	\$76,104
Shortfall/(Overpayment)	(4,241)	12,333	Shortfall/(Overpayment)	(4,420)	591
Fiscal Year District Payment	\$45,644	\$68,936	Fiscal Year District Payment	\$59,952	\$76,695

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

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

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal year 2018 Operating Budget

The Committee recommends no change to the fiscal year 2018 budget for the Police Officer's and Fire Fighters' Retirement System as proposed by the Mayor.

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 2018 Operating Budget³⁹

The Mayor's fiscal year 2018 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 2012-2018**

	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Budget 2017	Mayor 2018
Total Funds	3,000	6,396	31,573	39,443	44,659	56,781	59,046
FTEs	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 2018 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 2018, 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.

³⁹ 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 GX-B: Teachers' Retirement System;
Annual Required Contribution and Actual Contribution, FY 2008 – FY 2017**

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

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

Funding Ratio and Unfunded Liability: According to the most recent actuarial valuation, TRS is currently 90.93 percent funded, approximately 2½ points higher than at the last valuation. The unfunded actuarial accrued liability is negative \$184.146 million.⁴⁰

⁴⁰ 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, 2016)

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

SUMMARY OF PRINCIPAL RESULTS FOR TEACHERS' RETIREMENT PLAN (\$ IN THOUSANDS)		
VALUATION DATE	October 1, 2016	October 1, 2015
Number of Active Members	5,141	4,866
Annual Covered Payroll	\$438,079	\$417,090
Number of Retired Members and Survivors	3,882	3,718
Annual Retirement Benefits	\$68,790	\$62,899
Assets:		
Actuarial Value	\$1,845,476	\$1,732,017
Market Value	\$1,822,113	\$1,670,976
Liabilities:		
Actuarial Accrued Liability	\$2,029,640	\$1,953,305
Unfunded Actuarial Accrued Liability (UAAL)	\$184,164	\$221,288
Funding Ratios:		
Based on Actuarial Value	90.93%	88.67 %
Based on Market Value	89.78%	85.55 %
Amortization Period:	16 years	17 years
CONTRIBUTION FOR FISCAL YEAR ENDING	09/30/2018	09/30/2017
Employer Normal Cost Rate*	7.47%	7.24%
Amortization of UAAL Rate	4.04	4.93
Actuarially Determined Contribution Rate (ADC)	11.51%	12.17%
Estimated Fiscal Year End Covered Payroll	\$456,697	\$434,816
Fiscal Year District Payment before 1-907.02(c)	\$52,566	\$52,917
Shortfall/(Overpayment)	6,480	3,864
Fiscal Year District Payment	\$59,046	\$56,781

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

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal year 2018 Operating Budget

The Committee recommends no change to the fiscal year 2018 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 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. Official Code § 1-622) and life insurance (pursuant to D.C. Official 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. Since 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 fiscal year 2016 contribution to the funding of its OPEB liabilities.

The District passed permanent legislation effective in fiscal year 2011 changing 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, with a maximum contribution of 75 percent, the same contribution as for current employees.

II. MAYOR'S PROPOSED BUDGET

Mayor's Proposed Fiscal Year 2018 Operating Budget⁴¹

The Mayor's fiscal year 2018 budget proposal for the Retiree Health Contribution is \$44,500, an increase of \$13,500, or 43.5 percent, over the current fiscal year. The proposed budget supports no FTEs.

**Table RH-A: Retiree Health Contribution;
Total Operating Funds Budget FY 2012-2018**

	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Budget 2017	Mayor 2018
Total Funds	109,800	107,800	86,600	91,400	29,000	31,000	44,500
FTEs	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.

⁴¹ 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 2018 budget and agency performance over the last year.

Administration of the OPEB: The Council also passed legislation⁴² 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 that the CFO 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 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.⁴³

Calculation of the Annually Required Contribution: In 2015, OCFO committed to a review of its assumptions in calculating the funding levels of the OPEB fund. That 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 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

⁴² Bill 20-627, Other Post-Employment Benefits Fund Amendment Act of 2014.

⁴³ *Other Post-Employment Benefits: Budget Oversight Hearing before the Council of the District of Columbia Committee of the Whole* (Apr. 11, 2017) (oral testimony of Jeffrey Barnette, Deputy Chief Financial Officer and Treasurer, Office of the Chief Financial Officer).

⁴⁴ *Other Post-Employment Benefits: Agency Performance Oversight Hearing before the Council of the District of Columbia Committee of the Whole* (Mar. 8, 2016) (oral testimony of Jeffrey Barnette, Deputy Chief Financial Officer and Treasurer, Office of the Chief Financial Officer).

on the District system. With 2018 as the 31st year after the change from federal to District benefits, the plan should see a gradual increase in participants that it has thus far lacked.⁴⁵

The result of the change in assumptions has been a significantly lower actuarially determined contribution level of \$31 million for FY 2017. As a result of the new assumptions, OCFO has committed to moving up the schedule for future experience studies.

**Table RH-B: Retiree Health Contribution;
Change in Actuarial Assumptions**

	New Assumption	Previous Assumption
Return on Investment	6.5%	7.0%
Inflation	3.0%	3.0%
Amortization Period	20 year closed	30 year closed
Participation - Teachers	70%	75%
Participation - Police and Fire	70%	95%
Participation - Other Employees	70%	80%

The changes have now been implemented adjusting several of the plan's assumptions which are used to determine the required contribution⁴⁶ as detailed above. 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 is therefore higher than anticipated. The fiscal year 2017 financial plan assumption from fiscal year 2018 was \$33 million. Going forward, the financial plan has been adjusted to the new assumptions and is funded at \$49.1 million in fiscal year 2019 and \$53.8 million in fiscal year 2020.⁴⁷

Funding Ratio and Unfunded Liability: According to the OCFO, OPEB is currently 118.2 percent funded – a decrease of two percent since 2016. The ratio is expected to drop closer to 100% by 2020. The OPEB fund has no unfunded liability.⁴⁸

Fossil Fuel Investments: The OPEB fund has limited exposure to direct investments in fossil fuel and carbon. The fund is in the process of transition to a new fund custodian. OCFO is utilizing previous top 200 carbon company data to validate its exposure to carbon funds.⁴⁹

⁴⁵ *Id.*

⁴⁶ *Id.*

⁴⁷ *Id.*

⁴⁸ *Other Post-Employment Benefits: Budget Oversight Hearing before the Council of the District of Columbia Committee of the Whole* (Apr. 14, 2016) (oral testimony of Jeffrey Barnette, Deputy Chief Financial Officer and Treasurer, Office of the Chief Financial Officer).

⁴⁹ *Id.*

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal year 2018 Operating Budget

The Committee recommends no change to the fiscal year 2018 budget for the Retiree Health Contribution as proposed by the Mayor.

Policy Recommendations

1. The Committee recommends that OPEB continue to work to minimize exposure to carbon investments.
2. The Committee recommends that OPEB examine shifting its governance model to more closely align with DCRB and use the fund to cover administrative expenses rather than taking resources from the OCFO.

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 from the University of the District of Columbia or one of its predecessors.

II. MAYOR'S PROPOSED BUDGET

Mayor's Proposed Fiscal Year 2018 Operating Budget

The Mayor's fiscal year 2018 budget proposal for the University of the District of Columbia is \$162,543, an increase of \$8,575, or 5.6 percent, over the current fiscal year. The

proposed budget supports 968.4 FTEs, which represents no change from the fiscal year 2016 approved budget.

**Table XX-A: University of the District of Columbia;
Total Operating Funds Budget FY 2012-2018**

	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Budget 2017	Mayor 2018
Total Funds	151,407	169,270	141,850	139,524	153,968	162,543	160,435
FTEs	1,102.0	1090.7	948.4	948.4	968.4	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 2018 budget proposal for UDC includes a \$76,680 subsidy provided via local funds. The remaining balance of UDC's budget, \$83,755, is comprised of grants, tuition, fees, an endowment, and indirect costs. Please see pages **XX-XX** of this report for further information regarding the subsidy.

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.

Mayor's Proposed Fiscal year 2018 Capital Budget

The Mayor's proposed capital improvements plan includes \$55,000 for UDC, representing no change, over the six-year plan. The plan authorizes \$0 for fiscal year 2018, \$0 for fiscal year 2019, \$15,000 for fiscal year 2020, \$12,500 for fiscal year 2021, \$23,000 for fiscal year 2022, and \$0 for fiscal year 2022. 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 2018 budget and agency performance over the last year.

Accreditation: First accredited in 1971, UDC is accredited by the Mid-Atlantic Region Commission on Higher Education, which operates as the Middle States Commission on Higher Education (Middle States).⁵⁰ As part of the University's reaccreditation, it underwent a cyclical

⁵⁰ Middle States Commission on Higher Education, available at <http://www.msche.org>. "Middle States is a voluntary, non-governmental, membership association that is dedicated to quality assurance and improvement through accreditation via peer evaluation. Middle States accreditation instills public confidence in institutional mission, goals, performance, and resources through its rigorous accreditation standards and their enforcement." *Id.*

review and reaccreditation process, including a one year self-study component and a visit to the University.⁵¹ UDC's accreditation was reaffirmed on June 23, 2016.⁵²

In addition to the University's overall Middle States accreditation, its various schools and departments may also hold or seek accreditation/reaccreditation from various accreditation bodies. For example, the University's nursing program is accredited by the Accreditation Commission for Education in Nursing (ACEN) and its mortuary sciences program is accredited by the American Board of Funeral Service Education. In order to maintain these program accreditations, the University must meet the criteria put forth by the respective accrediting bodies, and UDC's failure to do so can result in a specific program or school losing accreditation despite the University, as a whole, maintaining its Middle States accreditation. Unfortunately, a number of UDC-CC's programs are not accredited including the nursing program and mortuary science program. However, the Committee notes that UDC is currently has submitted its candidacy for the motruary sciences program. The Committee recommends that UDC-CC provide it with a detailed summary of its efforts to gain accreditation in its programs.

Community College Location: In 2010, UDC-CC moved into its current headquarters, located at 801 N. Capitol Street N.E. and 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. In UDC's proposed fiscal year 2018 budget, approximately \$2 million is included to aid the University in paying the exorbitant rent for 801 N. Capitol Street, but these funds are still insufficient to address the rising costs that the University faces over the next several years.

Moreover, the building has presented functional issues as well. This space does not adequately serve the University's needs. Given the financial and functional issues, the University sought to move UDC-CC's headquarters back to UDC's flagship campus, located at 4200 Connecticut Ave. NW. The Mayor's fiscal year 2018 budget as proposed provided funding for new child care facilities co-located at several government buildings, including 801 N. Capitol Street. While the Committee is pleased that this may be of some support to the University, the Committee recommends that UDC work with DGS to transition out of the building as soon as possible.

Capital Projects: Over the past several years, UDC has faced a decline in its capital budget. In the proposed fiscal year 2014 budget, UDC had its capital budget reduced by nearly \$70 million over a six year period.⁵³ 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

⁵¹ *Id.*

⁵² Middle States Commission on Higher Education, Statement of Accreditation Status, June 23, 2016, available at <https://www.udc.edu/middle-states/accreditation/>.

⁵³ COW Report on Recommendations for the FY 2014 Budget at 69.

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, Council restored the \$15 million to UDC - \$5 million in its fiscal year 2015, \$10 million in fiscal year 2016, and \$10 million in fiscal year 2017. Unfortunately, once again the capital commitment to the University remains stagnant. The proposed fiscal year 2018 capital has no capital funds in fiscal years 2018 or 2019. A public institution of higher education cannot function in such a manner. In order for the University to continue to grow and serve as an elite public university, it must have funds to support its infrastructure.

Private Fundraising: 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.⁵⁴ 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. The match was continued for fiscal years 2016 and 2017. As of March 1, 2017, the University raised \$1.8 million -- \$718 of that was for the law school. Each academic unit that raises funds gets to keep half of the funds for itself, and the balance goes for central scholarships. However, much of the funds kept by the units are also spent on scholarships. Funding is also spent on gap needs of students to stay enrolled should they not be able to cover tuition. To keep up its success, the University has hired a new Vice President to focus on fundraising. The Committee urges the University to continue aggressively fundraising.

Overall Budget Concerns: Overall, the University's budget decreased by approximately \$2 million under the current fiscal year. Worryingly, the University will no longer receive \$2 million in grant funding from the U.S. Department of Labor's Trade Adjustment Assistance Community College and Career Training (TAACCCT). That grant was especially important at the Backus campus. The University requested several budget enhancements that were not fulfilled including cost of living adjustments for non-union employees, inflation adjustments, funds to cover the 801 N. Capitol lease, and non-union salary and equities. In total, UDC requested \$10 million in personal services and \$1 million in non-personal services.⁵⁵

It has also come to the Committee's attention that the University has been spending fund balance to support its budget. UDC currently has approximately \$20 million in unrestricted fund balance and \$25 million in restricted fund balance. Much of the restricted balance is for student center costs and the endowment. The Committee recommends that UDC work to limit its reliance on fund balances to balance future year budgets.

⁵⁴ See Title X, Sec. 10002 of D.C. Law 20-61, the Fiscal Year 2014 Budget Support Act of 2013.

⁵⁵ Testimony of Ronald Mason, President, University of the District of Columbia (April 11, 2017).

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal year 2018 Operating Budget

The Committee recommends adoption of the fiscal year 2018 budget for the University of the District of Columbia as proposed by the Mayor.

Committee's Recommended Fiscal year 2018 Capital Budget

The Committee recommends adoption of the fiscal year 2018 budget for the University of the District of Columbia as proposed by the Mayor.

Policy Recommendations

1. The Committee recommends that UDC-CC provide it with a detailed summary of its efforts to gain accreditation in its programs.
2. The Committee recommends that UDC work with DGS to transition out of the building as soon as possible.
3. The Committee urges the University to continue aggressively fundraising..
4. The Committee recommends that UDC work to limit its reliance on fund balances to balance future year budgets.

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 2018 Operating Budget

The Mayor’s proposed budget is \$76,680, representing no increase over the current fiscal year. The proposed budget supports 0.0 FTEs, representing no change from the current fiscal year.

**Table XX-A: Agency Name Here;
Total Operating Funds Budget FY 2012-2018**

	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Budget 2017	Mayor 2018
Total Funds	67,362	65,555	66,691	73,458	71,942	76,680	76,680
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 **XX-XX** of this report.

IV. COMMITTEE RECOMMENDATIONS

Committee’s Recommended Fiscal Year 2018 Operating Budget

The Committee recommends adoption of the fiscal year 2018 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 fit and 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,⁵⁶ 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.⁵⁷ 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 Commission 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 Commission issues operating authority to van and bus operators and some sedan and limousine operators. Carriers holding authority from the Commission must file fixed rates and fares with the Commission and comply with Commission-prescribed insurance, safety and vehicle-marking regulations. The Commission 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 2018 Operating Budget:⁵⁸

The Mayor's fiscal year 2018 budget proposal for the MWCOG is \$495, an increase of \$23, or 4.8 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 MWCOG and is equal to the dues requested by MWCOG.

⁵⁶ 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

⁵⁷ 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.

⁵⁸ 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 2012-2018**

	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Budget 2017	Mayor 2018
Total Funds	126	126	126	127	127	139	141
FTEs	0	0	0	0	0	0	0

Source: Budget Books (dollars in thousands)

General Funds: The Mayor's proposed budget is \$141, an increase of \$2, or 1.4 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 2018, the District's proportionate share of WMATC's annual operating costs was increased by \$1,962.

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 2018 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 fit and 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 2018 Operating Budget⁵⁹

The Mayor's fiscal year 2018 budget proposal for Debt Service is \$740,495, an increase of \$69,206, or 10.3 percent, over the current fiscal year. The proposed budget supports no FTEs.

**Table DS-A: Debt Service;
Total Operating Funds Budget FY 2012-2018**

	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Budget 2017	Mayor 2018
Total Funds	487,732	532,927	564,743	612,174	604,536	671,289	740,495
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 \$708,869, an increase of \$68,997, or 9.7 percent, over the current fiscal year. The proposed budget supports no FTEs.

⁵⁹ 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 \$7,832, a decrease of \$3, or 0.0 percent, under the current fiscal year. The proposed budget supports no FTEs.

Special Purpose Funds: The Mayor’s proposed budget is \$5,531, an increase of \$212, or 4.0 percent, over the current fiscal year. The proposed budget supports no FTEs.

Federal Funds: The Mayor’s proposed budget is \$18,262, no change from the current fiscal year. The proposed budget supports no FTEs.

**Table DS-B: Debt Service;
Operating Funds Budget by Sub-Entity, FY 2012-2018**

	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Budget 2017	Mayor 2018
Repayment of Loans and Interest (DS)	434,384	479,810	520,507	586,572	578,572	642,681	713,378
Repayment of Revenue Bonds (DT)	5,574	6,665	7,824	7,829	7,822	7,865	7,832
Schools Modernization (SM)	8,621	8,626	11,863	11,412	14,276	13,523	2,781
Short-Term Borrowing (ZA)	2,572	1,581	943	723	922	1,250	0
Debt Service – Issuance Cost (ZB)	4,348	4,420	983	5,638	2,945	6,000	8,000
Commercial Paper Program (ZC)	0	0	0	0	0	0	8,503
Total Funds	487,732	532,927	564,743	612,174	604,536	671,289	740,495

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.

The Mayor’s proposed fiscal year 2018 budget includes over \$740 million in debt service payments – a \$70 million increase over the last fiscal year and more than \$250 million debt service payment in fiscal year 2012. To put the current spending into perspective, this is more than the entire budget for Metropolitan Police Department, and almost as much as the budget for DC Public Schools. 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 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 should engage

in an exercise to ensure that we do not continue the current upward trajectory with regard to necessary increases to debt service.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal Year 2018 Operating Budget

The Committee recommends no changes to the fiscal year 2018 budget for the 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 2018 Operating Budget⁶⁰

The Mayor's fiscal year 2018 budget proposal for the John A. Wilson Building Fund is \$4,082, a decrease of \$287, or -6.6 percent, under the current fiscal year. The proposed budget supports no FTEs.

⁶⁰ 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 2012-2018**

	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Budget 2017	Mayor 2018
Total Funds	3,457	3,690	3,926	4,336	4,289	4,369	4,082
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 \$4,369, a decrease of \$376, or -7.9 percent, under the current fiscal year. The proposed budget supports 00.0 FTEs, no change from the current fiscal year.

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 2018 Operating Budget

The Committee recommends no changes to the fiscal year 2018 budget for the John A. Wilson Building Fund as proposed by the Mayor.

NON-DEPARTMENTAL

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 2018 Operating Budget⁶¹

The Mayor's fiscal year 2018 budget proposal for the Non-Departmental is \$6,477, a decrease of \$746, or 10.3 percent, under the current fiscal year. The proposed budget supports 40.0 FTEs, a decrease of 4, or 9.1 percent, under the current fiscal year.

**Table DO-A: Non-Departmental;
Total Operating Funds Budget FY 2012-2018**

	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Budget 2017	Mayor 2018
Total Funds	0	0	0	0	0	7,224	6,477
FTEs	0.0	0.0	0.0	0.0	0.0	44.0	40.0

Source: Budget Books (dollars in thousands)

Local Funds: The Mayor's proposed budget is \$4,847, an increase of \$1,043, or 27.4 percent, over the current fiscal year. The proposed budget supports 40.0 FTEs, a decrease of 4, or 9.1 percent, under the current fiscal year.

Special Purpose Funds: The Mayor's proposed budget is \$3,420, a decrease of \$1,789, or 52.3 percent, under the current fiscal year. The proposed budget supports no FTEs.

⁶¹ 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 2018 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.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal year 2018 Operating Budget

The Committee recommends no change to the fiscal year 2018 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 2018 Operating Budget*⁶²

The Mayor's fiscal year 2018 budget proposal for the Master Equipment Lease/Purchase Program is \$30,009, a decrease of \$18,403, or -38.0 percent, under the current fiscal year. The proposed budget supports 0.0 FTEs, no change from the current fiscal year.

⁶² 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 EL-A: Master Equipment Lease/Purchase Program;
Total Operating Funds Budget FY 2012-2018**

	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Budget 2017	Mayor 2018
Total Funds	49,791	49,953	45,617	43,778	38,914	29,381	19,254
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 2018 budget and agency performance over the last year.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal year 2018 Operating Budget

The Committee recommends no change to the fiscal year 2018 budget for the Master Equipment Lease/Purchase Program as proposed by the Mayor.

PURCHASE CARD PROGRAM

Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

Purchase Card Program is a paper agency used to account for P-Card transactions at agencies that are reimbursed to the P-Card vendors via the Office of Contracting and Procurement.

II. MAYOR'S PROPOSED BUDGET

Mayor's Proposed Fiscal Year 2018 Operating Budget¹

The fiscal year 2018 budget proposal for the Purchase Card Transactions is \$25,000, an increase of \$25,000 over the current fiscal year. The proposed budget supports 0.0 FTEs.

**Table XX-A: Purchase Card Program
Total Operating Funds Budget FY 2012-2018**

	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Budget 2017	Mayor 2018
Total Funds	0	0	0	0	0	0	25,000
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 enterprise and other funds.

III. COMMITTEE COMMENTARY

Purchase Card Program is a new paper agency created by the Committee. See OCP Budget chapter and proposed Budget Support Act subtitle COW-I for commentary on this account.

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.

IV.COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal Year 2018 Operating Budget

The Committee recommends \$25,000,000.00 in intra-District funds for the new Purchase Card Transactions paper agency.

FISCAL YEAR 2018 BUDGET SUPPORT ACT LANGUAGE RECOMMENDATIONS

The Committee of the Whole provides comments on the following subtitles of Bill 21-244, the “Fiscal Year 2018 Budget Support Act of 2017”:

Title II. Economic Development and Regulation

- Subtitle A. Historic Only Permit Fee Amendment
- Subtitle F. DMPED Limited Grant-Making Authority Amendment
- Subtitle I. Business License Technology Fee Reauthorization Amendment

Title VII. Finance and Revenue

- Subtitle A. Subject to Appropriations Amendments
- Subtitle B. Prior Budget Act Amendments
- Subtitle C. Revised Revenue Contingency List

Title VII. Finance and Revenue

- Subtitle C. Anti-Deficiency Amendment for Capital Projects

The Committee Also recommends the following additional subtitles:

- Subtitle COW-A. Legislative Branch Bonus Pay
- Subtitle COW-B. Fiscal Impact Statement Clarification
- Subtitle COW-C. Auditor Legal Fund
- Subtitle COW-D. Compliance Unit Repeal
- Subtitle COW-E. Legislative Branch Retirement Match
- Subtitle COW-F. Surplus Property Fund Clarification
- Subtitle COW-G. Contract Appeals Board Rulemaking
- Subtitle COW-H. DCRA Fine Adjustments
- Subtitle COW-I. Purchase Card Program Budgeting
- Subtitle COW-J. DCRB Fair Credit in Employment Amendment
- Subtitle COW-K. Council Portraits Transfer of Custody
- Subtitle COW-L. Street and Alley Designation Amendment
- Subtitle COW-M. MSC Compact Clarification
- Subtitle COW-N. Interior Design Amendment

TITLE II-A HISTORIC ONLY PERMIT FEE REDUCTION AMENDMENT ACT OF 2017

I. PURPOSE, EFFECT, AND IMPACT ON EXISTING LAW

The purpose of this subtitle is to lower the cost of otherwise exempt permits for work done in historic districts. The effect of this subtitle is to reduce the current fee of these permits, from approximately \$300 to \$33. The subtitle amends Title 12M of the District of Columbia Municipal Regulations Section 101.1, which is related to building permit fees.

II. COMMITTEE REASONING

The Mayor's proposed Fiscal Year 2018 Budget Support Act of 2017 contained a subtitle that reduced historic only permit fees. The Committee agrees with this permit fee reduction, since the higher fee was arbitrary, and did not support any specific services or protections for homes or neighborhoods within a historic district, but were instead diverted to the General Fund. Property owners of historic homes were unnecessarily burdened with a paying a higher fine without just cause. The subtitle rectifies this issue by reducing the historic only permit fee to be on par with building permits of similar structures outside of historic districts.

III. SECTION BY SECTION ANALYSIS

Sec. 2001. Short title.

Sec. 2011. Amends 12-M DCMR § 101.1

IV. LEGISLATIVE RECOMMENDATION

1	TITLE II, SUBTITLE A. Historic Only Permit Fee Amendment
2	Sec. 2001. Short title.
3	This subtitle may be cited as the “Historic Only Permit Fee Reduction
4	Amendment Act of 2017.”
5	Sec. 2011. The chart set forth in paragraph (a) of section 101.1 (Building Permit
6	Fees) of Title 12M (Fees) of the District of Columbia Municipal Regulations is amended
7	

8	by adding the following row after the row labeled “Grandstand”:		
9			
10	“Historic only permits	Permits issued pursuant to 12A DCMR 105.2.5	\$33
	.”		

TITLE II-F DMPED GRANT-MAKING AUTHORITY AMENDMENT

I. PURPOSE, EFFECT, AND IMPACT ON EXISTING LAW

The purpose of this subtitle is to allow for additional limited, targeted exemptions from the Grant Administration Act for certain DMPED payments made as grants. The effect of this subtitle is to allow DMPED to provide funding as needed to implement qualified high technology company incentives as provided for in the FY2017 BSA, and to make technical changes for payments by DMPED to EventsDC. The subtitle amends the Deputy Mayor for Planning and Economic Development Limited Grant-Making Authority Act of 2012 to adjust grant-making authority for the limited purposes described above.

II. COMMITTEE REASONING

The Fiscal Year 2016 Budget Support Act of 2015 contained a permanent, government-wide requirement that any grant over \$50,000 must be subject to competition before award. The Mayor’s proposed Fiscal Year 2017 Budget Support Act of 2016 contained a broad exemption from competition for DMPED grants that provide funds for the New Communities Initiative and “funds to support real estate projects developed or to be developed on properties disposed of pursuant to District law.” The Committee agreed with the exemption for New Communities Initiatives projects in limited circumstances. However, the Committee did not agree with giving DMPED unfettered ability to grant out government funds to support private real estate development projects on former District property. Such ability to finance projects on former District land should be negotiated and formalized as part of the land disposition process, not through additional grants. The Committee also identified targeted limited grant-making authority including for EventsDC the Washington DC Economic Partnership, so long as those funds were budgeted. The FY2017 BSA also amended and added tax incentives for high technology companies to locate in the District, partially through property tax rebates.

The executive has transmitted proposed language in this year’s BSA to secure the broad grant-making authority for development of District land that was denied in last year’s budget. Moreover, the executive seeks additional two new categories of non-competitive grants: First for funds “as may be necessary to support business development in the District” and second to grant

funds to Qualified High Technology Companies (QHTC). In the case of the business development category, there is no definition of “business development” nor an explanation of who would determine whether funds were “necessary.” In the case of the QHTC grants, the introduced language is not clear that the grant authority is to implement the specific tax rebates authorized in law or a broader authority to give QHTCs a grant outside of the rebate program.

Thus, the Committee recommends removal of the first two of these grant-making authorities from the BSA related to business development and land development. The Committee does, however, support language to allow grant funds for “Qualified High Technology Companies” to the extent that they are paid to implement the tax rebates already authorized under the law.

III. SECTION BY SECTION ANALYSIS

Sec. 2051. Short title.

Sec. 2052. Adds a non-competitive, targeted grants allowance for qualified high technology companies.

IV. LEGISLATIVE RECOMMENDATION

1	TITLE II, SUBTITLE E. DMPED Grant-Making Authority Amendment
2	2051. Short title.
3	This subtitle may be cited as the “Deputy Mayor for Planning and Economic
4	Development Limited Grant-Making Authority Amendment Act of 2017”.
5	Sec. 2052. Section 2032 of the Deputy Mayor for Planning and Economic
6	Development Limited Grant-Making Authority Act of 2012, effective September
7	20, 2012 (D.C. Law 19-168; D.C. Official Code § 1-328.04) is amended as follows:
8	(a) Subsection (d) is amended as follows:
9	(1) Paragraph (2) is amended by striking the phrase “; and” and
10	inserting a semicolon in its place.
11	(2) Paragraph (3) is amended by striking the period at the end and
12	inserting the phrase “; and” in its place.
13	(3) A new paragraph (4) is added to read as follows:
14	“(4) Funds for a Qualified High Technology Company as defined in

15 D.C. Official Code § 47-1817.01(5)(A) for the purpose of issuing a tax rebate
16 pursuant to D.C. Official Code § 47-4665.”
17 (b) Subsection (e) is amended by striking the phrase “Memorandum of
18 Agreement or Memorandum of Understanding” and inserting the phrase
19 “Memorandum of Agreement, Memorandum of Understanding or grant” in its
20 place.

TITLE II-I BUSINESS LICENSE TECHNOLOGY FEE REAUTHORIZATION AMENDMENT

I. PURPOSE, EFFECT, AND IMPACT ON EXISTING LAW

The effect of this subtitle is to create a special purpose fund that can collect the enhancement fee. The purpose of this subtitle is to ensure collected funds would be used to maintain and upgrade the agency’s IT systems as intended by the regulation. The subtitle amends Title 17 of the District of Columbia Municipal Regulations Section 500.4.

II. COMMITTEE REASONING

This subtitle is identical to legislation approved by the Council, on an emergency basis, in Period 22. The Mayor’s proposed Fiscal Year 2018 Budget Support Act of 2017 contained this subtitle that create a special purpose fund that can collect the enhancement fee. Beginning in FY2010, the District established, by regulation, a 10% technology enhancement fee to the District’s permit fees. The regulation specifies that the fee is to be used “to cover the costs of enhanced technological capabilities of the Permits Operation Division.” To date those funds have not been budgeted to DCRA. DCRA’s electronic systems relating to permitting require upgrades and maintenance, but the agency lacks the necessary funding to do all necessary maintenance and to pay for needed upgrades. Consequently, the purpose of the regulation simply isn’t being appropriately carried out. DCRA is charging the fee, but the agency is not funded to improve or maintain related systems. This subtitle will create a special purpose fund to collect the enhancement fee, and where DCRA can withdraw funds from for its intended purpose of supporting technology enhancements related to the Permits Operation Division. The Committee agrees with the purpose of this subtitle.

III. SECTION BY SECTION ANALYSIS

Sec. 1. Short title.

Sec. 2. Amends 17 DCMR § 500.4

IV. LEGISLATIVE RECOMMENDATION

1	TITLE II, SUBTITLE I. Business License Technology Fee
2	Reauthorization Amendment Act of 2017
3	Sec. 2081. Short title.
4	This subtitle may be cited as the “Business License Technology Fee
5	Reauthorization Amendment Act of 2017”.
6	Sec. 2082. Section 500.4 of Chapter 5 (Basic Business License Schedule of Fees)
7	of Title 17 (Business, Occupations, and Professions) of the District of Columbia
8	Municipal Regulations is amended to read as follows:
9	“500.4 Starting on October 1, 2010, the Director shall charge an additional
10	fee of ten percent (10%) of the total cost of each basic business license to cover the costs
11	of enhanced technological capabilities of the basic business licensing system.”.

TITLE IV-F

P.R. HARRIS EXCLUSIVE USE REPEAL

I. PURPOSE, EFFECT, AND IMPACT ON EXISTING LAW

The purpose of this subtitle is to move governance of the Patricia R. Harris campus from the University of the District of Columbia (UDC) to a different lessor. The effect of this subtitle is to allow UDC to become a sublessee of the campus. The subtitle repeals language in the Fiscal Year 2011 Supplemental Budget Support Act of 2010 that granted UDC exclusive use of P.R. Harris.

II. COMMITTEE REASONING

The Fiscal Year 2011 Supplemental Budget Support Act of 2010 contained a provision that granted UDC exclusive use of P.R. Harris. At the time, this was to give UDC suitable space east of the river to provide additional services. However, since then, UDC has moved away from its original plans and would rather become a sublessee of the space. A public charter school, Building Hope, wants increased use of the space while still offering limited space to UDC. This would make Building Hope the primary lessee and give them the managerial role. Currently, Building Hope pays several hundred thousand dollars' worth of rent per year under a 10-year agreement. If the exclusive use subtitle from 2010 were repealed, Building hope could become the primary lessee and UDC expects that it could pay rent to Building Hope at a lower cost than it currently spends to maintain the facility as primary lessee. The Committee is concerned, however, that while all parties seem to support the proposed realignment, if the subtitle is repealed outright, UDC has no right to a continued presence at P.R. Harris. Therefore, the subtitle has been modified to protect UDC's interest.

III. SECTION BY SECTION ANALYSIS

Sec. 4101. Short title.

Sec. 4102. Repeals the exclusive use BSA subtitle.

Sec. 4103. Allows UDC to use P.R. Harris as needed.

IV. LEGISLATIVE RECOMMENDATION

1	TITLE IV, SUBTITLE K. PATRICIA R. HARRIS FACILITY EXCLUSIVE
2	USE REPEAL
3	Sec. 4101. Short title.
4	This subtitle may be cited as the "UDC Patricia R. Harris Facility Exclusive
5	Use Amendment Act of 2017".
6	Sec. 4102. Section 422 of the Fiscal Year 2011 Supplemental Budget
7	Support Act of 2010, effective April 8, 2011 (D.C. Law 18-370; 58 DCR 1008), is
8	repealed.
9	Sec. 4103. The University of the District of Columbia shall be entitled to
10	lease such space as it deems necessary from the operator of the Patricia R. Harris
11	Educational Center School building and site located at 4600 Livingston Road, S.E.,

12 in Ward 8.

TITLE VII-A SUBJECT TO APPROPRIATIONS AMENDMENTS

I. PURPOSE, EFFECT, AND IMPACT ON EXISTING LAW

The subtitle authorizes expenditures for several laws which were previously enacted but not yet funded.

II. COMMITTEE REASONING

The Committee recommends adoption of this subsection with amendments to include the repeal of additional subject-to-appropriations (S2A) clauses. Funding to address the costs associated with the above are either included in the fiscal year 2017 budget as proposed by the Mayor, or identified by the Committee.

III. SECTION BY SECTION ANALYSIS

- Sec. 7001. Short title.
- Sec. 7002. Repeals an S2A provision for the Death With Dignity Act of 2016.
- Sec. 7003. Repeals an S2A provision for the Washington Metrorail Safety Commission Establishment Act of 2016.
- Sec. 7004. Repeals an S2A provision for the District of Columbia State Athletics Consolidation Act of 2016.
- Sec. 7005. Repeals an S2A provision for the Medical Marijuana Omnibus Amendment Act of 2016.
- Sec. 7006. Repeals an S S2A provision for the Department of Consumer and Regulatory Affairs Community Partnership Amendment Act of 2016.
- Sec. 7007. Repeals an S2A provision for the Fair Credit History Screening Act of 2016.
- Sec. 7008. Repeals an S2A provision for the Bicycle and Pedestrian Safety Act of 2016.

- Sec. 7009. Repeals an S2A provision for the Youth Suicide Prevention and School Climate Survey Act of 2016.
- Sec. 7010. Repeals an S2A provision for the Continuing Care Retirement Community Exemption Amendment Act of 2016.
- Sec. 7011. Repeals an S2A provision for the Carcinogenic Flame Retardant Prohibition Amendment Act of 2016.
- Sec. 7012. Repeals an S2A provision for the Health Care Decisions Amendment Act of 2015.
- Sec. 7013. Repeals an S2A provision for the Building Services Employees Minimum Work Week Act of 2016.
- Sec. 7014. Repeals an S2A provision for the Council Financial Disclosure Amendment Act of 2016.
- Sec. 7014. Repeals an S2A provision for the Procurement Integrity, Transparency, and Accountability Amendment Act of 2016.

IV. LEGISLATIVE RECOMMENDATION

1 TITLE VII, SUBTITLE A. SUBJECT TO APPROPRIATIONS

2 AMENDMENTS

3 Sec. 7001. Short title.

4 This subtitle may be cited as the “Subject to Appropriations Amendment Act of
5 2017”.

6 Sec. 7002. Section 18 of the Death with Dignity Act of 2016, effective February
7 18, 2017 (D.C. Law 21-182; 64 DCR 2691), is repealed.

8 Sec. 7003. Section 3(a)(2), (b), and (c) of the Metro Safety Commission Interstate
9 Compact Establishment Act of 2016, enacted February 10, 2017, projected to be effective
10 April 7, 2017 (D.C. Act 21-666; 64 DCR 1635), is repealed.

11 Sec. 7004. Section 301 of the District of Columbia State Athletics Consolidation
12 Act of 2016, enacted February 15, 2017, projected to be effective April 7, 2017 (D.C. Act
13 21-681; 64 DCR 2110), is repealed.

14 Sec. 7005. Section 4 of the Medical Marijuana Omnibus Amendment Act of
15 2016, effective February 18, 2017 (D.C. Law 21-209; 64 DCR 2718), is repealed.

16 Sec. 7006. Section 4 of the Department of Consumer and Regulatory Affairs
17 Community Partnership Amendment Act of 2016, effective February 18, 2017 (D.C. Law
18 21-213; 64 DCR 2722), is repealed.

19 Sec. 7007. Section 4 of the Fair Credit in Employment Amendment Act of 2016,
20 enacted February 15, 2017, projected to be effective April 7, 2017 (D.C. Act 21-673; 64
21 DCR 2045), is repealed.

22 Sec. 7008. Section 901(a) of the Bicycle and Pedestrian Safety Amendment Act
23 of 2016, effective October 8, 2016 (D.C. Law 21-155; 63 DCR 10143), is amended to
24 read as follows:

25 “(a) The amendatory section 10a(e)(2) of the District of Columbia Traffic Act,
26 1925, within section 701, shall apply upon the date of inclusion of its fiscal effect in an
27 approved budget and financial plan.”.

28 Sec. 7009. Section 4 of the Youth Suicide Prevention and School Climate Survey
29 Amendment Act of 2016, effective June 17, 2016 (D.C. Law 21-120; 63 DCR 10565), is
30 repealed.

31 Sec. 7010. Section 3 of the Continuing Care Retirement Community Exemption
32 Amendment Act of 2016, enacted January 26, 2017, projected to be effective April 28,
33 2017 (D.C. Act 21-649; 64 DCR 951), is repealed.

34 Sec. 7011. Section 3 of the Carcinogenic Flame Retardant Prohibition
35 Amendment Act of 2016, effective May 12, 2016 (D.C. Law 21-108; 63 DCR 363), is
36 repealed.

37 Sec. 7012. Section 4 of the Health-Care Decisions Amendment Act of 2015,
38 effective February 27, 2016 (D.C. Law 21-72; 63 DCR 3935), is repealed.

39 Sec. 7013. Section 18 of the Building Service Employees Minimum Work Week
40 Act of 2016, effective October 8, 2016 (D.C. Law 21-157; 63 DCR 12929), is repealed.

41 Sec. 7014. Section 3 of the Council Financial Disclosure Amendment Act of
42 2016, effective April 7, 2017 (D.C. Law 21-240; 64 DCR 1598), is repealed.

43

44 Sec. 7015. Section 5 of the Procurement Integrity, Transparency, and
45 Accountability Amendment Act of 2016, effective October 21, 2016 (D.C. Law 21-158;
46 63 DCR 10752) is amended by striking the phrase “Amendatory sections 205(c)(3),
47 207(a), and 606” and inserting the phrase “Amendatory sections 205(c)(3) and 606” in its
48 place.

TITLE VII-E REVISED REVENUE CONTINGENCY LIST

I. PURPOSE, EFFECT, AND IMPACT ON EXISTING LAW

The subtitle identifies a number of items to be funded should additional revenue be identified in a future revenue estimate or should funding otherwise become available.

II. COMMITTEE REASONING

The Committee recommends striking this subtitle. The Committee believes it is a bad practice to spend surplus revenues before the revenues are actually achieved. It is more fiscally responsible to direct funds in ways that save taxpayer dollars, such as PAYGO which has the effect of decreasing borrowing and helping to manage debt service.

III. SECTION BY SECTION ANALYSIS

N/A

IV. LEGISLATIVE RECOMMENDATION

1 ~~TITLE VII, SUBTITLE E. REVISED REVENUE CONTINGENCY LIST~~
2 ~~Sec. 7041. Short title:~~
3 ~~This subtitle may be cited as the “Revised Revenue Contingency List Act of~~
4 ~~2017”.~~
5 ~~Sec. 7042. (a) If the Chief Financial Officer of the District of Columbia certifies~~
6 ~~increased local funds in the June 2017 and September 2017 revenue estimates, these~~

7 additional revenues shall be allocated equally into the Workforce Investments account
8 and the Non-Departmental account.

9 (b) The allocation to Workforce Investments account shall be available to fund
10 costs to be incurred to pay for salary increases or other items required by the terms of
11 collective bargaining agreements that will become effective in fiscal year 2018.

12 (c) The allocation to the Non-Departmental account shall be available to replace
13 federal funds that the District included in its Fiscal Year 2018 Local Budget Act of 2017
14 and the Fiscal Year 2018 Federal Portion Budget Act of 2017 but which will not be
15 available because they are not included in a Congressionally enacted fiscal year 2018
16 appropriations act.

TITLE VIII-C ANTI-DEFICIENCY AMENDMENT FOR CAPITAL PROJECTS

I. PURPOSE, EFFECT, AND IMPACT ON EXISTING LAW

The purpose of this subtitle is to clarify the District Anti-Deficiency Act concerning what level of overspending constitutes a violation with respect to capital projects. The effect of this subtitle would trigger an anti-deficiency review for capital projects that overspend by five percent of the project's budget or that overspend \$1 million or more, regardless of the percentage.

II. COMMITTEE REASONING

The Mayor's proposed Fiscal Year 2018 Budget Support Act of 2017 contained this subtitle on behalf of the Office of the Chief Financial Officer that would clarify the fiscal oversight procedure of capital projects to eliminate the possibility of anti-deficiency violations. The subtitle clarifies the District Anti-Deficiency Act concerning what level of overspending constitutes a violation with respect to capital projects. For capital projects, overspending by five percent of the project's budget will trigger anti-deficiency review, as will overspending of \$1 million or more, regardless of the percentage. Currently, the statute only states a percentage of operating budget. The subtitle also updates the D.C. Official Code to clarify that changes to enacted budgets require agency heads to submit revised project spending plans to the Chief Financial Officer and require the CFO's quarterly reports to the Council and Mayor to report separately on each agency's operating expenditures and capital project expenditures.

III. SECTION BY SECTION ANALYSIS

Sec. 1. Short title

Sec. 2. Amends D.C. Official Code § 47-3305 et seq.

IV. LEGISLATIVE RECOMMENDATION

1 SUBTITLE C. ANTI-DEFICIENCY AMENDMENT FOR CAPITAL
2 PROJECTS

3 Sec. 8021. Short title.

4 This subtitle may be cited as the “Anti-Deficiency Act Clarification Amendment
5 Act of 2017”.

6 Sec. 8022. Chapter 3 of Title 47 of the District of Columbia Official Code is
7 amended as follow:

8 (a) Section 47-355.02(8) is amended by striking the phrase “regardless of
9 percentage,” and inserting the phrase “regardless of percentage, or, for capital projects,
10 5% of the project’s budget or \$ 1 million, regardless of the percentage.”.

11 (b) Section 47-355.04 is amended as follows:

12 (1) Subsection (a) is amended as follows:

13 (A) Strike the phrase “budget submitted to Congress” and insert
14 the phrase “finally enacted annual budget” in its place.

15 (B) Strike the phrase “after Congressional submission” and insert
16 the phrase “final enactment” in its place.

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

18 “(a-1) By October 20th of each year, each agency head and agency fiscal officer
19 shall jointly submit to the Chief Financial Officer a monthly spending plan for each
20 capital project based on the budget submitted to Congress. If a project’s budget is
21 changed after final enactment of the budget, the agency head and agency fiscal officer
22 shall submit a revised project spending plan to the Chief Financial Officer within one
23 month of final approval of the project’s budget.”.

24 (3) Subsection (b) is amended by striking the phrase “approved operating
25 budget” and inserting the phrase “approved operating budget or approved budget for a
26 capital project” in its place.

27 (c) Section 47-355.05 is amended as follows:

28 (1) Subsection (a) is amended to read as follows:

29 “(a) The Chief Financial Officer shall submit reports to the Council and the
30 Mayor on a quarterly basis indicating each agency's actual operating expenditures,
31 obligations, and commitments, each by source of funds, and the expenditures for each
32 capital project, compared to their approved spending plans. This report shall be
33 accompanied by the CFO's observations regarding spending patterns and steps being
34 taken to assure spending remains within the approved budget.”.

35 (2) Subsection (e)(2)(A) is amended to read as follows:

36 “(2)(A) The summary shall set forth clearly and concisely each budget
37 category affected by the reprogramming, intra-District transfer, or other budget
38 modification, as described in paragraph (1) of this subsection, as follows:

39 “(i) For the operating budget, by:

40 “(I) Agency;

41 “(II) Object category; and

42 “(III) Comptroller source group; and

43 “(ii) For capital projects, by:

44 “(I) Agency; and

45 “(II) Project and subproject.”.

TITLE COW-A LEGISLATIVE BRANCH BONUS PAY

I. PURPOSE, EFFECT, AND IMPACT ON EXISTING LAW

The purpose of this subtitle is to provide legislative branch personnel authorities additional flexibility in determining performance-based bonus awards. The effect will be to allow those

personnel authorities to establish performance evaluation and bonus policies that are tailored to each authority. The effect on existing law is an amendment of the Fiscal Year 2017 Budget Support Act of 2016 where the government-wide bonus authority was authorized.

II. COMMITTEE REASONING

The Fiscal Year 2017 Budget Support Act of 2016 contained a provision allowing District government agencies, for the first time in many years, to offer performance-based bonus and special pay for agency employees. That provision sets a framework for the content of performance evaluations and the timeframe for when a bonus may be awarded. However, it has come to the Committee's attention, especially through testimony by the Auditor that the existing bonus authorization's framework may not be flexible enough to allow for performance-based bonuses at legislative branch agencies, namely the Auditor and Council offices. This is because the framework established, including a requirement that the bonus may not be awarded until at least 90 days after an evaluation and a standardized evaluation system, may not allow adequate flexibility for legislative agencies including the Council and the Auditor that are driven by the legislative calendar rather than fiscal year or annual calendar. In addition, the evaluation system established would be geared toward career service individuals while many legislative branch personnel are excepted service – or at will – employees. This subtitle would allow more flexibility for each of the personnel authorities in the legislative branch while preserving the rigorous reporting requirements contained in the broader bonus authority provision already in law.

III. SECTION BY SECTION ANALYSIS

- Sec. 1. Short title.
- Sec. 2. Creates an exception for certain of the bonus limitation for legislative branch agencies.
- Sec. 3. Conforms a reporting requirement to the amended bonus limitation authority.

IV. LEGISLATIVE RECOMMENDATION

- 1 SUBTITLE A. LEGISLATIVE BRANCH BONUS PAY
- 2 Sec. 1. Short title.
- 3 This subtitle may be cited as the “Legislative Branch Performance Bonus
- 4 Pay Amendment Act of 2017”.
- 5 Sec. 2. The Bonus Pay and Special Awards Pay Act of 2016, effective October 8,
- 6 2016 (D.C. Law 21-160; 63 DCR 12932), is amended as follows:

7 (a) Section 1002 is amended by adding a new subsection (c) to read as follows:
8 “(c) Notwithstanding subsection (a) of this section, each personnel authority of
9 the Council and the Auditor of the District of Columbia may use funds to support bonus
10 pay or special awards pay; except, that the personnel authority is exempt from
11 requirements of sections 1003.”
12 (b) Section 1004 is amended by striking the phrase “section 1002(b)” and
13 inserting the phrase “section 1002(b) or (c)” in its place.

TITLE COW-B FISCAL IMPACT STATEMENT CLARIFICATION

I. PURPOSE, EFFECT, AND IMPACT ON EXISTING LAW

The purpose of this subtitle is clarify that certain resolutions considered by the Council need not be accompanied by a fiscal impact statement. The effect will be to allow the Council to forgo establishing a fiscal impact on matters that merely express a simple determination by the Council. The effect on existing law is an amendment of the General Legislative Procedures Act of 1975 to create an exception to the requirement for a fiscal impact statement.

II. COMMITTEE REASONING

Under current law, most legislation passed by the Council must be accompanied by a fiscal impact statement that estimates the budgetary impact of the legislation on the current year budget and in the multi-year financial plan. There are certain exceptions to this requirement for certain Council resolutions that do not approve of an executive action including ceremonial resolutions, confirmation resolutions, emergency declaration resolutions, and sense of the Council resolutions. However, it came to the Committee’s attention during consideration of the Constitution and Boundaries for the State of Washington, D.C. Approval Resolution of 2016 that certain other resolutions considered by the Council do not approve programmatic changes that could affect the budget. In the case of the constitution resolution, the Council was approving a document that it was putting forward as a suggested constitution for the eventual State of Washington, D.C. However, that resolution had no effect of law and any eventual constitution to be enacted would happen in a separate legislative or referendum action.

The Home Rule Act specifies two general types of resolutions, ones that “(1) to express simple determinations, decisions, or directions of the Council of a special or temporary character;

and (2) to approve or disapprove proposed actions of a kind historically or traditionally transmitted by the Mayor, [or other executive branch agencies].” Resolutions already exempted from a fiscal impact statement under the law all fall into the first type of resolution. In addition, the constitution resolution adopted by the Council was also a resolution to express the Council’s determination of a special or temporary character, but it did not fit any of the exemption criteria. Thus, this subtitle would broaden the exception to include any resolutions in that category. In addition, the subtitle clarifies that a fiscal impact statement is also not required for Council appointment resolutions which have the same effect as a Mayoral confirmation resolution in appointing individuals to boards and commissions.

III. SECTION BY SECTION ANALYSIS

Sec. 1. Short title.

Sec. 2. Expands the exception for issuance of fiscal impact statements to Council appointments and other resolutions that express simple determinations by the Council of a special or temporary character.

IV. LEGISLATIVE RECOMMENDATION

1 TITLE I, SUBTITLE COW-B. Fiscal Impact Statement Clarification

2 Sec. 1. Short title.

3 This subtitle may be cited as the “Fiscal Impact Statement for Council
4 Actions Clarification Amendment Act of 2017”.

5 Sec. 2. Section 4a(c) of the General Legislative Procedures Act of 1975, approved
6 October 16, 2006 (120 Stat. 2038; D.C. Official Code § 1-301.47a(c)), is amended to read
7 as follows:

8 “(c) Applicability. — Subsection (a) of this section shall not apply to:

9 “(1) Emergency declaration resolutions;

10 “(2) Ceremonial resolutions;

11 “(3) Confirmation or appointment resolutions;

12 “(4) Sense of the Council resolutions; and

13 “(5) Resolutions that express simple determinations, decisions, or
14 directions of the Council of a special or temporary character as provided for in section
15 412(a) of the District of Columbia Home Rule Act, approved December 24, 1973 (87

16 Stat. 788; D.C. Official Code §1-204.12(a)).”

TITLE COW-C AUDITOR LEGAL FUND

I. PURPOSE, EFFECT, AND IMPACT ON EXISTING LAW

The purpose of this subtitle is establish a special fund to be administered by the auditor, consisting of unspent funds at the end of a fiscal year, to allow the Auditor to carry unspent funds forward to a subsequent fiscal year and deposit possible future legal fees. The effect will be additional flexibility for the Auditor to spend unspent funds including for the continuation of ongoing contract audit work from one fiscal year to another. There is no impact on existing law is to repeal the Auditor Legal Fund and instead direct funds that would have gone into the legal fund into the new support fund.

II. COMMITTEE REASONING

During the fiscal year 2016 performance oversight and fiscal year 2018 budget oversight hearing, the Auditor provided testimony that the existing Auditor Legal Fund is defunct. That fund was set up to capture any awarded court fees in the event that the Auditor ever exercised her subpoena authority and had to litigate over the subpoena.

III. SECTION BY SECTION ANALYSIS

Sec. 1. Short title.

Sec. 2. Repeals the Auditor Legal Fund.

IV. LEGISLATIVE RECOMMENDATION

1	TITLE I, SUBTITLE COW-C. Auditor Legal Fund
2	Sec. 1. Short title.
3	This subtitle may be cited as the “Auditor Legal Fund Elimination Act of
4	2017”.

5	Sec. 2. Section 4a of the District of Columbia Auditor Subpoena and Oath
6	Authority Act of 2004, effective March 11, 2010 (D.C. Law 18-119; D.C. Official Code §
7	1-301.174), is repealed.

TITLE COW-D COMPLIANCE UNIT REPEAL

I. PURPOSE, EFFECT, AND IMPACT ON EXISTING LAW

The purpose of this subtitle is to repeal the Auditor Compliance Unit. The effect will be to remove this duplicative responsibility from the Auditor. The impact on law will be to repeal the Compliance Unit Establishment Act of 2008.

II. COMMITTEE REASONING

During the fiscal year 2018 budget oversight hearing for the Auditor, she testified that the existing Auditor Compliance Unit is duplicative of existing oversight of certified business enterprise spending at the Department of Small and Local Business Development. In addition, because the Auditor only has the statutory authority to examine the books of all District agencies and instrumentalities, the Auditor is not well positioned to obtain the necessary financial information from private sector companies to show compliance with certified business enterprise laws which can require examination of contractor/sub-contractor relationships. In contrast, agencies that regulate certified business enterprise compliance do have leverage to examine those relationships, and already do to a large extent. Thus, this subtitle would repeal the Auditor Compliance Unit, but preserve all other compliance and reporting requirements already under the law for certified business enterprise spending.

III. SECTION BY SECTION ANALYSIS

Sec. 1. Short title.

Sec. 2. Repeals the Compliance Unit Establishment Act of 2008.

IV. LEGISLATIVE RECOMMENDATION

1 TITLE I, SUBTITLE COW-D. Compliance Unit Repeal

2 Sec. 1. Short title.

3 This subtitle may be cited as the “Compliance Unit Repeal Amendment Act
4 of 2017”.

5 Sec. 2. The Compliance Unit Establishment Act of 2008, effective June 13, 2008
6 (D.C. Law 17-176; D.C. Official Code § 1-301.181 *et seq.*), is repealed.

7 Sec. 3. The Small, Local, and Disadvantaged Business Enterprise Development and
8 Assistance Act of 2007, effective October 20, 2005 (D.C. Law 16-33; D.C. Official Code
9 § 2-218.40 *et seq.*) is amended as follows:

10 (a) Section 2346 (D.C. Official Code § 2-218.46) is amended as follows:

11 (1) Subsection (h) is amended by striking the phrase “District of Columbia
12 Auditor,”;

13 (2) Subsection (i)(1) is amended by striking the phrase “project manager,
14 and District of Columbia Auditor” and inserting the phrase “and project manager” in its
15 place;

16 (3) Subsection (j)(1) is amended by striking the phrase “project manager,
17 and District of Columbia Auditor” and inserting the phrase “and project manager” in its
18 place; and

19 (4) Subsection (k) is amended by striking the phrase “and District of
20 Columbia Auditor”.

21 (b) Section 2353 (D.C. Official Code § 2-218.53) is amended as follows:

22 (1) Subsection (a) is amended by striking the phrase “and to the District
23 of Columbia Auditor”;

24 (2) Subsection (a-1) is amended by striking the phrase “and the Office of
25 the District of Columbia Auditor”;

26 (3) Subsection (b) is amended by striking the phrase “and the District of
27 Columbia Auditor”;

28 (4) Strike subsection (d); and

29	(5) Subsection (e) is amended by striking the phrase “the Office of the
30	District of Columbia Auditor,”.

TITLE COW-E LEGISLATIVE BRANCH RETIREMENT MATCH

I. PURPOSE, EFFECT, AND IMPACT ON EXISTING LAW

The purpose of this subtitle is establish a matching program for legislative branch employee contributions to a deferred compensation plan. The effect will be to encourage employees to contribute to their retirement plans. The impact on existing law is an amendment to the Comprehensive Merit Personnel Act to provide for a matching contribution by the District to a Council or Auditor employee’s 457 deferred compensation plan.

II. COMMITTEE REASONING

Each government employee has access to several retirement plans that, if properly invested, should provide for financial security after the employee retires. The three components are federal Social Security contributions, a voluntary contribution to a deferred compensation plan pursuant to Section 457 of the Internal Revenue Code, and a mandatory employer contribution of 5% of an employee’s base salary to a defined contribution plan which is tax advantaged. The 457 plan is analogous to a private sector 401(k) plan or the federal government’s Thrift Savings Plan. In each of these plans, participants may deposit funds on a pre-tax basis and instead pay the taxes at the time of withdrawal. Many private sector companies offer a match on their 401(k) plans, and the federal government matches employee contributions dollar for dollar up to 3% and 50 cents on the dollar for contributions between 3% and 5%.⁶³ The federal program automatically deposits an amount equal to 1% of the employee’s salary even if the employee is not contributing. The Council is seeking to broaden its employee benefits to attract and retain high quality staff. Because the Office of the DC Auditor is part of the legislative branch, the program extends to those employees as well. A retirement benefit contribution is not only an added employee benefit – it is an important but underutilized program to improve retirement security.

III. SECTION BY SECTION ANALYSIS

Sec. 1. Short title.

⁶³ Summary of the Thrift Savings Plan.

Sec. 2. Requires the District to match employer contributions to a 457 plan.

IV. LEGISLATIVE RECOMMENDATION

1 TITLE I, SUBTITLE COW-E. LEGISLATIVE RETIREMENT MATCH

2 Sec. 1. Short title.

3 This subtitle may be cited as the “Legislative Branch Employee Retirement
4 Benefits Match Amendment Act of 2017.

5 Sec. 2. Section 2609(b) of the District of Columbia Government
6 Comprehensive Merit Personnel Act of 1978, effective October 1, 1987 (D.C. Law
7 7-27; D.C. Code § 1-626.09(b)), is amended as follows:

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

9 (b) New paragraphs (2) and (3) are added to read as follows:

10 “(2) In addition to the contribution under subsection (c) of this section, the
11 District shall contribute, on behalf of each eligible employee of the Council, the Office of
12 District of Columbia Auditor, and the Office of Advisory Neighborhood Commissions
13 participating in the deferred compensation plan under section 2605(2), an amount equal
14 to that employee’s contribution to the deferred compensation plan pursuant to paragraph
15 (1) of this subsection; provided, the District’s contribution on behalf of an eligible
16 employee shall not exceed 3% of the employee’s base salary.

TITLE COW-F SURPLUS PROPERTY FUND CLARIFICATION

I. PURPOSE, EFFECT, AND IMPACT ON EXISTING LAW

The purpose of this subtitle is clarify that the surplus property fund established in the Fiscal Year 2016 Budget Support Act of 2015 can be used for all administrative costs related to the disposal of surplus property. The effect will be to clarify that administrative costs, in addition to the online auction contract, can be supported out of the fund. The effect on existing law is an amendment of the Procurement Practices Reform Act of 2010.

II. COMMITTEE REASONING

The Fiscal Year 2016 Budget Support Act of 2015 established a lapsing special purpose revenue fund to capture proceeds of surplus property sales at the Office of Contracting and Procurement to pay the costs of an online auction vendor contract that facilitates the sales. That subtitle was necessary because under the Antideficiency Act, any funds to be paid to the vendor must originate with the District, and cannot be deducted from the proceeds of the sales directly. That subtitle established the fund to “to pay the administrative costs of maintaining and disposing of surplus property, including the costs of online auctions.” However, it went on to require that any “amounts in excess of the money needed to pay for the cost of online auction contracts for surplus property shall be deposited into the” fund balance. This is not an issue given the current use of the fund to pay only for the vendor contract. However, the Mayor’s budget request for OCP, which the Committee supports, would expand that fund to also pay for seven of the surplus property division employees and various other administrative costs associated with the surplus property sales. Therefore, this subtitle is necessary to clarify that amounts spent over the administrative costs – not just the online vendor costs – would revert to the general fund.

III. SECTION BY SECTION ANALYSIS

Sec. 1. Short title.

Sec. 2. Expands the exception for issuance of fiscal impact statements to Council appointments and other resolutions that express simple determinations by the Council of a special or temporary character.

IV. LEGISLATIVE RECOMMENDATION

1	TITLE I, SUBTITLE COW-F. Surplus Property Fund Clarification
2	Sec. 1. Short title.
3	This subtitle may be cited as the “Surplus Property Fund Clarification
4	Amendment Act of 2017”.
5	Sec. 2. Section 805(d) of the Procurement Practices Reform Act of 2010, effective
6	October 22, 2015 (D.C. Law 21-36; D.C. Official Code § 2-358.05(d)), is amended by
7	striking the phrase “cost of online auction contracts for surplus personal property” and
8	inserting the phrase “administrative costs of maintaining and disposing of surplus
9	property” in its place.

TITLE COW-G CONTRACT APPEALS BOARD RULEMAKING

I. PURPOSE, EFFECT, AND IMPACT ON EXISTING LAW

The purpose of this subtitle is to give the Contract Appeals Board (CAB) authority to issue its own rules to implement the CAB provisions of the Procurement Practices Reform Act of 2010. The effect will be to allow the CAB to update its rules under its own authority rather than the authority of the Chief Procurement Officer. The effect on existing law is an amendment of the Procurement Practices Reform Act of 2010.

II. COMMITTEE REASONING

During the Committee's performance oversight hearing for the Contract Appeals Board, it came the Committee's attention that the Procurement Practices Reform Act of 2010 (PPRA) which establishes procurement policies for the District, including creation of a Contract Appeals Board (CAB) to litigate certain contract-related disputes, vested nearly all rulemaking authority for the entire Act to the Chief Procurement Officer. However, the Contract Appeals Board is an independent entity that is involved in constant litigation with the Chief Procurement Officer on behalf of the District. In looking to update certain CAB rules, this rulemaking authority was discovered to be an impediment to the CAB updating its own rules. Therefore, this subtitle clarifies that the CAB has authority to promulgate rules that pertain to its title of the PPRA.

III. SECTION BY SECTION ANALYSIS

Sec. 1. Short title.

Sec. 2. Authorizes the Contract Appeals Board to issue rules to carry out its section of the PPRA.

IV. LEGISLATIVE RECOMMENDATION

- | | |
|---|--|
| 1 | TITLE I, SUBTITLE COW-G. Contract Appeals Board Rulemaking |
| 2 | Sec. 1. Short title. |
| 3 | This subtitle may be cited as the "Contract Appeals Board Rulemaking |
| 4 | Amendment Act of 2017". |

5 Sec. 2. Section 1106(a) of the Procurement Practices Reform Act of 2010,
6 effective April 8, 2011 (D.C. Law 18-371; D.C. Official Code § 2-361.06(a)), is amended
7 by adding a new paragraph (3) to read as follows:
8 “(3) Notwithstanding paragraph (1) of this subsection, the Contract
9 Appeals Board shall issue rules to implement the provisions of Title X.”.

TITLE COW-H DCRA FINE ADJUSTMENTS

I. PURPOSE, EFFECT, AND IMPACT ON EXISTING LAW

The purpose of this subtitle is to ensure that developers and other businesses in the District continue to adhere to the rules and regulations put forth by DCRA. In making the fines for these infractions more punitive, the intended result would be to deter developers and others from committing these violations at all. It amends The Construction Codes Approval and Amendments Act of 1986, effective March 21, 1987 (D.C. Law 6-216; D.C. Official Code § 6-1401 *et seq.*). The legislation designates sections 2 through 10c as Part A and adds a new Part B which adjusts infractions listed in sections 16-3300 through 16-3313 to match the Consumer Price Index. Bill 21-291 also amends section 16-3201 of the District of Columbia Municipal Regulations by adding new subsections 3201.8 and 3201.9 which doubles the fines for certain Class 1 infractions and requires that the fine amount for infractions listed in the legislation be adjusted according to the Consumer Price Index for All Urban Consumers in the Washington Metropolitan Statistical area every year beginning on January 1, 2018, respectively.

II. COMMITTEE REASONING

This subtitle is identical to legislation marked up by a Committee of the Whole subcommittee in Council Period 21, but never adopted by the Committee or the Council. The subtitle would adjust various fines at DCRA to ensure they have the proposed deterrent and punitive effect in a more targeted sense. Under the current fine structure, fines for certain activities are already high, and if there are more infractions the amount of the fine increases. However, for certain violations, the fines, no matter how exorbitant, do not deter bad actors from committing violations or refusing to rectify the issue that resulted in a fine. However, certain fines for violations of specific Class 1 infractions- particularly infractions which threaten the health and safety of District residents may benefit from increases. Some of these fines include flagrant, fraudulent, or willful violations by a housing provider that threaten the health or safety of a tenant; failing to secure or repair an unsafe structure; and allowing a nuisance to exist on a parcel of land

which affects public health, comfort, safety, and welfare. These particular infractions will have more impact if the fines are higher, and in turn the fine will have the deterrent effect that is intended. The subtitle also requires that all fines pertaining to infractions under DCRA will be adjusted according to the Consumer Price Index for All Urban Consumers in the Washington Metropolitan Statistical area beginning on January 1, 2018.

III. SECTION BY SECTION ANALYSIS

- Sec. 1 Short title.
- Sec. 2 Amends D.C. Official Code § 6-1401 et seq.
- (a) Designates the existing sections 2 through 10c as Part A
 - (b) Requires that beginning on January 1, 2018, and for every year thereafter, the fine amounts listed in section 16-3201.1 (16-3300 through 16-3313) be adjusted according to the Consumer Price Index for All Urban Consumers in the Washington Metropolitan Statistical area published by the United States Bureau of Labor Statistics.
- Sec. 3 Amends section 16-3201 of the District of Columbia Municipal Regulations by adding new subsections 3201.8 and 3201.9. Subsection 3201.8 will require that the fines for certain infractions be double the amounts in subsection 3201.01.
- (a) Doubles the fine for any flagrant, fraudulent, or willful violation by a housing provider that constitutes an imminent danger to the health or safety of any tenant or occupant of a housing unit or housing accommodation.
 - (b) Doubles the fine for failure to secure or repair an unsafe structure.
 - (c) Doubles the fine for attempting to repair after expiration of allowed period, or interfering with authorized agents.
 - (d) Doubles the fine for allowing a nuisance to exist on any lot or parcel of land which affects the public health, comfort, safety and welfare of citizens.
 - (e) Doubles the fine for failure to maintain an office or agent in the District of Columbia.
 - (f) Doubles the fine for working without a required permit.
 - (g) Doubles the fine for exceeding the scope of a permit.

- (h) Doubles the fine for failure to remedy dangerous conditions or remove hazardous materials.
- (i) Doubles the fine for failure to comply with the terms of a ‘Stop Work Order’.
- (j) Doubles the fine for unauthorized removal of a posted stop work order.
- (k) Doubles the fine for failure to comply with terms of posted ‘Unsafe to Use’ notice.

New subsection 3201.9 requires that beginning on January 1, 2018, and for every year thereafter, the fine amounts listed in section 16-3201.1 (16-3300 through 16-3313) be adjusted according to the Consumer Price Index for All Urban Consumers in the Washington Metropolitan Statistical area published by the United States Bureau of Labor Statistics.

IV. LEGISLATIVE RECOMMENDATION

1	TITLE II, SUBTITLE COW-H. DCRA Fine Adjustments
2	Sec. 1. Short title.
3	This subtitle may be cited as the “DCRA Infraction Fine Increase
4	Amendment Act of 2017”.
5	Sec. 2. The Construction Codes Approval and Amendments Act of 1986,
6	effective March 21, 1987 (D.C. Law 6-216; D.C. Official Code § 6-1401 et seq.), is
7	amended as follows:
8	(a) Sections 2 through 10c (D.C. Official Code §§ 6-1401 through 6-1412) is
9	designated as Part A.
10	(b) A new Part B is added to read as follows:
11	“Part B.
12	“Sec. 15. DCRA housing and building infractions fine; periodic adjustments,
13	Beginning on January 1, 2018, and every year thereafter, the fine amounts listed in
14	section 16-3201.1 (16 DCMR 3201.1) for the infractions listed in sections 16-3300
15	through 16-3313 (16 DCMR 3300 – 16 DCMR 3313) shall be adjusted according to the
16	Consumer Price Index for All Urban Consumers in the Washington Metropolitan
17	Statistical area, as published by the United States Bureau of Labor Statistics.”.

18 Sec. 3. Section 16-3201 of the District of Columbia Municipal Regulations is
19 amended by adding new subsections 3201.8 and 3201.9 to read as follows:

20 “3201.8 The fine amounts for the following infractions shall be double the
21 amounts provided in subsection 3201.01:

22 “(a) 16-3305.1(a). Any flagrant, fraudulent, or willful violation by a housing
23 provider of any of the Housing Regulations, Subtitle A of Title 14 DCMR, that
24 constitutes an imminent danger to the health or safety of any tenant or occupant of a
25 housing unit or housing accommodation, or that imminently endangers the health, safety
26 or welfare of the surrounding community including, but not limited to, the interruption of
27 electrical, heat, gas, water, or other essential services when the interruption results from
28 other than natural causes, or any successor Class 1 infraction for any flagrant, fraudulent,
29 or willful violation by a housing provider of any of the Housing Regulations, Subtitle A
30 of Title 14 DCMR, that constitutes an imminent danger to the health or safety of any
31 tenant or occupant of a housing unit or housing accommodation, or that imminently
32 endangers the health, safety or welfare of the surrounding community;

33 “(b) 16-3305.1(b). Section 1 of An Act To authorize the Commissioners of the
34 District of Columbia to remove dangerous or unsafe buildings and parts thereof,
35 approved Mar. 1, 1899 (41 Stat. 1218; D.C. Official Code § 6-801) (failure to secure or
36 repair an unsafe structure), or any successor Class 1 infraction for failure to secure or
37 repair an unsafe structure;

38 “(c) 16-3305.1(c). Section 3 of An Act To authorize the Commissioners of the
39 District of Columbia to remove dangerous or unsafe buildings and parts thereof, (D.C.
40 Official Code § 6-803) (attempting to repair after expiration of allowed period, or
41 interfering with authorized agents), or any successor Class 1 infraction for attempting to
42 repair after expiration of allowed period, or interfering with authorized agents;

43 “(d) 16-3305.1(d). Section 4 of An Act To authorize the Commissioners of the
44 District of Columbia to remove dangerous or unsafe buildings and parts thereof, (D.C.
45 Official Code § 6-804) (allowing a nuisance to exist on any lot or parcel of land in the
46 District of Columbia which affects the public health, comfort, safety and welfare of
47 citizens), or any successor Class 1 infraction for allowing a nuisance to exist on any lot or

48 parcel of land in the District of Columbia which affects the public health, comfort, safety
49 and welfare of citizens;

50 “(e) 16-3305.1(q). 14 DCMR § 1201.1 (failure to maintain an office or agent in
51 the District of Columbia), or any successor Class 1 infraction for failure to maintain an
52 office or agent in the District of Columbia;

53 “(f) 16-3306.1.1(a). 12A DCMR 105.1, 105.1.15, 105.1.16, and 105.1.17
54 (working without a required permit), or any successor Class 1 infraction for working
55 without a required permit;

56 “(g) 16-3306.1.1(b).12A DCMR 105.1, 105.1.15.1, 105.1.16.1, and 105.1.17.1
57 (exceeding scope of permit), or any successor Class 1 infraction for exceeding scope of
58 permit;

59 “(h) 16-3306.1.1(c).12A DCMR 115.1 (failure to remedy dangerous conditions
60 or remove hazardous materials), or any successor Class 1 infraction for failure to remedy
61 dangerous conditions or remove hazardous materials;

62 “(i) 16-3306.1.1(d).12A DCMR 114.1 (failure to comply with terms of a 'Stop
63 Work Order'), or any successor Class 1 infraction for failure to comply with terms of a
64 'Stop Work Order';

65 “(j) 16-3306.1.1(e).12A DCMR 114.1 (unauthorized removal of a posted stop
66 work order), or any successor Class 1 infraction for unauthorized removal of a posted
67 stop work order; and

68 “(k) 16-3306.1.1(f).12A DCMR 115.5 (failure to comply with terms of posted
69 "Unsafe to Use" notice), or any successor Class 1 infraction for failure to comply with
70 terms of posted "Unsafe to Use" notice.

71 “3201.9 Beginning on January 1, 2018, and every year thereafter, the fine
72 amounts listed in section 16-3201.1 (16 DCMR 3201.1) for the infractions listed in
73 sections 16-3300 through 16-3313 (16 DCMR 3300 – 16 DCMR 3313) shall be adjusted
74 according to the Consumer Price Index for All Urban Consumers in the Washington
75 Metropolitan Statistical area, as published by the United States Bureau of Labor
76 Statistics.”.

TITLE COW-I PURCHASE CARD PROGRAM BUDGETING

I. PURPOSE, EFFECT, AND IMPACT ON EXISTING LAW

The purpose of this subtitle is to create a new paper agency to account for agency purchase card transactions. The effect will be a new stand-alone paper agency budget chapter accounting for the intra-District purchase card transactions. There is no effect on existing law.

II. COMMITTEE REASONING

The Office of Contracting and Procurement (OCP) manages purchase card transactions for all agencies. These transactions are currently accounted for in OCP's budget. However, OCP is merely a pass-through agency that repays the third party purchase card vendors an amount equal to the purchases made by agencies. The Committee believes that including such a large amount of funding in OCP's budget still distorts its overall budget because the funds represent transfers from other agencies that OCP then forwards on to the p-card vendors. Unlike other agencies that receive intra-District funds for services provided by that agency, OCP is not the service provider but is a pass-through to the p-card vendors. Therefore, with the support of the Executive, the Committee recommends removing the funds from OCP's budget and transferring the intra-District funds to a new paper agency to be administered by OCP. This accounting will more accurately reflect the revenues and expenses of OCP in future budgets.

III. SECTION BY SECTION ANALYSIS

Sec. 1. Short title.

Sec. 2. Requires a new paper agency to account for p-card transactions.

IV. LEGISLATIVE RECOMMENDATION

1	SUBTITLE COW-I. Purchase Card Program Budgeting
2	Sec. 1. Short title.
3	This subtitle may be cited as the "Purchase Card Program Budgeting Act of
4	2017".

5 Sec. 2. Beginning in fiscal year 2018, the Chief Financial Officer shall assign an
6 individual agency-level code for Purchase Card transactions in the District's financial
7 system. The agency-level code shall be used to track the operating budget for the
8 District's Purchase Card program and any funds that are appropriated for that purpose.

TITLE COW-J

DCRB FAIR CREDIT IN EMPLOYMENT AMENDMENT

I. PURPOSE, EFFECT, AND IMPACT ON EXISTING LAW

The purpose of this subtitle is to exempt the District of Columbia Retirement Board from certain requirements of the Fair Credit in Employment Amendment Act of 2016. The effect will be to allow DCRB to continue its current hiring background checks. The effect on existing law is an amendment to the Human Rights Act of 1977, effective April 7, 2017 (D.C. Law 21-256; D.C. Official Code § 2-1401.01 *et seq.*)

II. COMMITTEE REASONING

The fair Credit in Employment Amendment Act of 2016 was enacted to protect individuals from improper employment discrimination based on their credit history. The law became effective on April 7, 2017. At final reading on the Bill, Councilmember McDuffie moved an amendment to exempt several classes of hiring – many of them for District government agencies – where the credit check and financial history may have a direct effect on a candidate's ability to perform their work. Chief among the exemptions was the Chief Financial Officer given the office's function in maintaining government funds. However, at the time the District of Columbia Retirement Board was not included, even though they have a similar fiduciary role. This subtitle would add DCRB to the list of exempted entities.

III. SECTION BY SECTION ANALYSIS

Sec. 1. Short title.

Sec. 2. Exempts DCRB from the screening prohibition.

IV. LEGISLATIVE RECOMMENDATION

1	SUBTITLE COW-K. Purchase Card Program Budgeting
2	Sec. 1. Short title.
3	This subtitle may be cited as the “DCRB Fair Credit in Employment
4	Amendment Act of 2017”.
5	Sec. 2. Section 211(d) of the Human Rights Act of 1977, effective April 7, 2017
6	(D.C. Law 21-256; D.C. Official Code § 2-1401.11(d)) is amended by adding a new
7	paragraph (3A) to read as follows:
8	“(3A) To the District of Columbia Retirement Board;

TITLE COW-J COUNCIL PORTRAITS TRANSFER OF CUSTODY

I. PURPOSE, EFFECT, AND IMPACT ON EXISTING LAW

The purpose of this subtitle is to transfer custody of several portraits currently held by the Office of Public Records to the Council. The effect will be to allow the Council to obtain the portraits to restore and display in the John A. Wilson Building. There is no effect on current law.

II. COMMITTEE REASONING

The Council has been working with the executive to enter into a Memorandum of Understanding that would allow the Council to gain access to several portraits that have been left for years to deteriorate in the Office of Public Records at the Archives. Many of these portraits once hung in the Wilson Building and at the Recorder of Deeds offices. Unfortunately, negotiations over the MOU have stalled due to disagreement over the terms of the use of the portraits. Thus, the portraits continue to be in danger of loss if a transfer does not occur to allow the Council to begin preservation efforts. As part of the MOU, the Council would have performed all work at its own cost, despite the portraits belonging to the Executive. The Committee believes it is necessary to gain custody of the portraits as soon as possible to avoid further destruction.

III. SECTION BY SECTION ANALYSIS

Sec. 1. Short title.

Sec. 2. Transfers custody of several portraits at OPR to the Council.

IV. LEGISLATIVE RECOMMENDATION

1 SUBTITLE COW-J. PORTRAITS TRANSFER OF CUSTODY

2 Sec. 1. Short title.

3 This subtitle may be cited as the “Historic Portraits Transfer of Custody Act
4 of 2017”.

5 Sec. 2. (a) Any portraits in the custody of the Office of Public Records not
6 currently on display or undergoing conservation by a licensed portrait restoration entity
7 shall be transferred to the Council of the District of Columbia.

8 (b) Any portraits transferred to the Council shall become property of the Council.

TITLE COW-L STREET AND ALLEY DESIGNATIONS

I. PURPOSE, EFFECT, AND IMPACT ON EXISTING LAW

The purpose of this subtitle is to provide clarity to the Street and Alley Closing and Acquisition Procedures Act of 1982, effective March 10, 1983 (D.C. Law 4-201; D.C. Official Code § 9-204.01 *et seq.*) by amending the Act’s definitions and notice requirements.⁶⁴

II. COMMITTEE REASONING

The Street and Alley Closing and Acquisition Procedures Act of 1982, effective March 10, 1983 (D.C. Law 4-201; D.C. Official Code § 9-204.01 *et seq.*) (“Act”) establishes procedures for closing streets and alleys, opening new streets and alleys, naming public spaces, and other procedures related to streets and alleys. As it pertains to this subtitle, the Act authorizes the Council to symbolically or officially designate or change the name of any public space in the

⁶⁴ See D.C. Official Code §§ 9-204.01, 9-204.21.

District, including streets and alleys.⁶⁵ In October 2016, the Act was amended to create a clear distinction between official and symbolic street and alley namings and to establish distinct processes and requirements for each type of naming.⁶⁶ An official naming typically involves the designation of postal addresses and the primary entrance in residences or offices whereas a symbolic naming involves designating and posting a name for a street or alley that shall be in addition to and subordinate to any name that is an official name.

The Committee finds a timely need to clarify the Act's procedures. This subtitle provides clarification in two ways. First, it provides a definition for "Initiator." In order to officially designate a street or alley, the "initiator" must fulfill a number of notice requirements prior to the Committee's hearing on the designation. These notice requirements include: giving written notice of the hearing to each resident and owner of property that abuts the alley or street;⁶⁷ posting signs that indicate the date, time, and location of the hearing in the alley or street to be designated;⁶⁸ putting the Advisory Neighborhood Commission ("ANC") in which the designation is located on notice of the hearing;⁶⁹ and obtaining petition signatures from abutting residents and owners.⁷⁰ The initiator shall certify to the Committee that the notice requirements have been met.⁷¹ However, if the Mayor or a Councilmember is the initiator of the official designation, then the petition requirement does not apply.⁷² Because a symbolic designation has less implications than an official designation, initiators for symbolic designations are only required to provide notice of the hearing to the ANC in which the symbolic street or alley designation is located.⁷³

While the Act provides mandatory notice requirements for an "initiator" to meet, it is silent on what constitutes an "initiator." This has created confusion for District residents and entities requesting official and symbolic designations. Many have argued that by default, the Councilmember who introduced the legislation is the initiator. Often, District residents and entities requesting designations rarely fulfill or make an effort to fulfill the notice requirements mandated by the Act. As a result, community members impacted by a designation are not put on notice of the potential change. When the Committee amended the Act in October 2016, its intent was that the "initiator" of the designation would be "the individual or entity who originally makes a request to the Mayor or a Councilmember to sponsor legislation proposing the designation of an official or symbolic name of an alley or street, or portion a thereof," which is the definition proposed by this subtitle. This definition will provide clarification as to who the initiator of a designation is and make it clear as to what notice requirements must be fulfilled by the initiator.

⁶⁵ See D.C. Official Code § 9-204.01 *et seq.* Notably, "[a]ny designation or change of name of any street, alley, or other public space made prior to the effective date of the Public Space Naming Amendment Act of 2016 shall not be affected by any of the requirements of such act." D.C. Official Code § 9-204.01(6).

⁶⁶ See L21-0161, effective from Oct. 8, 2016, Published in DC Register Vol 63 and Page 12933; D.C. Official Code §§ 9-201.01(5A), 9-204.03(a).

⁶⁷ See D.C. Official Code § 9-204.21(b)(1).

⁶⁸ See D.C. Official Code § 9-204.21(b)(2).

⁶⁹ D.C. Official Code § 9-204.21 (d).

⁷⁰ D.C. Official Code § 9-204.21(f).

⁷¹ D.C. Official Code § 9-204.21(e).

⁷² D.C. Official Code § 9-204.21(i).

⁷³ See D.C. Official Code § 9-204.23(b).

Secondly, this subtitle provides clarity on the Act’s notice requirements for official street and alley designations. Under the Act,

At least 15 days before the date of a Council hearing to consider legislation to designate an official name for an alley or street, or portion thereof, the initiator of the proposal to designate the official name of an alley or street, or portion thereof, shall submit a petition to the Council in support of the proposal that has been signed by a majority of the residents and owners of property that abuts the portion of the alley or street proposed to be designated with an official name.⁷⁴

Recently, there has been confusion among initiators for official designations on what constitutes “a majority of residents and owners of property that abuts the portions of the alley or street proposed” and whether multiple residential dwelling units, such as an apartment building are included in the majority. The intent behind the petition requirement is to put *all* residents on notice of an official designation, as an official designation impacts all residents abutting an alley or street undergoing a name-change. Thus, this subtitle amends D.C. Official Code § 9-204.01(f) to clarify that for purposes of this Act, a majority includes “both the residents and owners of property, including buildings with multiple residential dwelling units.” This subtitle further amends D.C. Official Code § 9-204.01(f) to clarify that “a majority means 51 percent or more.”

Likewise, the notice requirement requiring an initiator of an official street or alley designation to “[g]ive written notice of the date, time, and location of the public hearing to each resident and owner of property that abuts the alley or street . . .”⁷⁵ is amended to clarify that residents and owners of properties “includ[e] buildings with multiple residential dwelling units.”

Additionally, this subtitle amends D.C. Official Code § 9-204.01(i) to make it clear that the Mayor or a Councilmember will only be responsible for fulfilling the Act’s notice requirements when he or she “introduces legislation to designate an official name . . . without an initiator.” This provides a clear distinction of when the Mayor or a Councilmember is responsible for meeting the notice requirements for a designation and when the initiator is.

III. SECTION BY SECTION ANALYSIS

Sec. 1 Short title.

Sec. 2 Amends D.C. Official Code § 9-204.01 et seq.

- (a) Amends Section 401 of the Street and Alley Closing and Acquisition Procedures Act of 1982, effective March 10, 1983 (D.C. Law 4-201; D.C. Official Code § 9-204.01 *et seq.*) to define “Initiator.”

⁷⁴ D.C. Official Code § 9-204.21(f).

⁷⁵ D.C. Official Code § 9-204.01(b)(1).

- (b) Amends Section 421 to clarify notice requirements for official designations.

IV. LEGISLATIVE RECOMMENDATION

1	TITLE III, SUBTITLE COW-L. Street and Alley Designation Clarification
2	Sec. 1. Short title.
3	This subtitle may be cited as the “Street and Alley Designation Clarification
4	Amendment Act of 2017”.
5	Sec. 2. Street and Alley Closing and Acquisition Procedures Act of 1982,
6	effective March 10, 1983 (D.C. Law 4-201; D.C. Official Code § 9-204.01 <i>et seq.</i>), is
7	amended as follows:
8	(a) Section 401 (D.C. Official Code § 9-204.01) is amended as follows:
9	(1) A new paragraph (4a) is added to read as follows: “Initiator means the
10	individual or entity who originally makes a request to the Mayor or a Councilmember to
11	sponsor legislation proposing the designation of an official or symbolic name of an alley
12	or street, or portion a thereof.”
13	(b) Section 421 (D.C. Official Code § 9-204.21) is amended as follows:
14	(1) Subsection (b)(1) is amended to insert the phrase “including buildings
15	with multiple residential dwelling units” after the phrase “Give written notice of the date,
16	time, and location of the public hearing to each resident and owner of property that abuts
17	the alley or street”.
18	(2) Subsection (f) is amended by striking the phrase “a majority of the
19	residents and owners of property” and inserting the phrase “a combined majority of both
20	the residents and owners of property, including buildings with multiple residential
21	dwelling units” in its place.
22	(3) Subsection (f) is amended to insert the phrase “A majority means 51
23	percent or more.” after the phrase “that abuts the portion of the alley or street proposed to
24	be designated with an official name.”
25	(4) Subsection (i) is amended by striking the phrase “is the initiator of the”
26	and inserting the phrase “introduces” in its place.
27	(5) Subsection (i) is amended by inserting the phrase “without an initiator”

28 after the phrase “to designate an official name pursuant to this section”.

TITLE COW-M
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY SAFETY
REGULATION AMENDMENT

I. PURPOSE, EFFECT, AND IMPACT ON EXISTING LAW

The purpose of this subtitle is to provide authority to transfer federal grant and local funds to Metropolitan Washington Council of Governments (COG) to support the establishment of the Metro Safety Commission (MSC). This subtitle amends the Washington Metropolitan Area Transit Authority Safety Regulation Act of 1997, effective September 23, 1997 (D.C. Law 12-20; D.C. Official Code § 9-1109.01 *et seq.*

II. COMMITTEE REASONING

This subtitle amends the Washington Metropolitan Area Transit Authority Safety Regulation Act of 1997, effective September 23, 1997 (D.C. Law 12-20; D.C. Official Code § 9-1109.01 *et seq.*). The subtitle ensures funding for the Metro Safety Commission (MSC), both while it is being set up and once it gets running, we identified a need to amend the BSA with this subtitle to allow the authority to the Mayor to transfer the both federal grant and local funds to the Metropolitan Washington Council of Governments (COG). District Department of Transportation and the Committee realized there was only temporary authority provided to transfer funds, but that authority expired in November 2016. The Committee along with DDOT believe this subtitle is necessary to allow the District time to transfer funds to COG for our required match to the federal grant funds that that will support the MSC. This subtitle will make that authority permanent so that it does not have to be renewed. Budget allocations for this purpose will be subject to Council approval on an annual basis.

III. SECTION BY SECTION ANALYSIS

Sec. 1 Short title.

Sec. 2 Amends D.C. Law 12-20; D.C. Official Code § 9-1109.01 *et seq.*

IV. LEGISLATIVE RECOMMENDATION

1 TITLE II, SUBTITLE COW-M. Washington Metropolitan Area Transit
2 Authority Safety Regulation Amendment Act of 2017
3 Sec. 1. This subtitle may be cited as the “Washington Metropolitan Area
4 Transit Authority Safety Regulation Amendment Act of 2017”.
5 Sec. 2. The Washington Metropolitan Area Transit Authority Safety
6 Regulation Act of 1997, effective September 23, 1997 (D.C. Law 12-20; D.C. Official
7 Code § 9-1109.01 *et seq.*), is amended by adding a new section 8a to read as follows:
8 “Sec. 8a. Formation of a replacement independent interstate legal entity.
9 “Notwithstanding any other provision of law and pursuant to the authority and
10 requirements set forth in section 20021(a) of the Moving Ahead for Progress in the 21st
11 Century Act, approved July 6, 2012 (126 Stat. 709; 49 U.S.C. § 5329), to enable the
12 Metropolitan Washington Council of Governments (“COG”) to assist the District in the
13 formation of an independent interstate legal entity to replace the Tristate Oversight
14 Committee as the joint state oversight agency authorized by this act, the Mayor is
15 authorized to transfer funds by contract, grant, sub-grant, or other available means to
16 COG. The authority under this section shall include the transfer of federal funds received
17 by the District for expenses related to the formation of the replacement independent
18 interstate legal entity, and any matching funds required from the District to receive and
19 spend such federal funds.
20

COMMITTEE ACTION
