



CHAIRMAN'S UPDATE

The Official Newsletter of DC Council Chairman Phil Mendelson



May 2025

WHERE IS THE BUDGET?

Every spring the Mayor prepares the District government's budget and submits it to the Council for approval. By law (the Home Rule Act), the Council sets the date – which is important, because the Council can then plan and announce in advance the public hearing schedule.

So it is, that last December the Council by Resolution set April 2nd as the date. But as of today we still don't have it, and the entire schedule of public hearings has been cancelled.

First thought, of course, is that the delay is due to current problem with Congress and our current year's budget. Except to meet the April 2nd deadline the Mayor needed to have finished her work on the Fiscal Year 2026 budget by March 24th (to give the Chief Financial Officer time to review, certify, and publish it) and she actually did not finish the work until April 9th.

The Congressional "problem," in case you don't know, is that the Republicans decided suddenly in early March to forego any further effort to adopt appropriation bills and instead adopt a full-year "continuing resolution" (or CR) holding all agencies to spending at last year's (Fiscal Year 2024's) spending levels. Obviously the District is not a federal agency, but the CR treats the District the same – even though Congress explicitly treated us differently in the two CRs adopted last fall. Suddenly the District is being told, mid-year, that it will have to reduce spending by over \$1 billion. The Senate proposed fixing the problem through a separate bill that it adopted unanimously on a voice vote.

The House did not follow suit. It still could, but between the Speaker's narrow majority, divided caucus, and need to whip votes for Trump's tax cuts and budget cuts, the District is of secondary importance and not worth the risk of losing votes.

This reality came into view when the Speaker failed to schedule the Senate's fix for a vote the last week of March.

The Mayor and I had actually figured out a workaround three weeks earlier. I then asked my staff to work closely with hers to develop the details so we could have a revised current-year budget ready to go should the House fail to act.

Although we would have gotten everything – next year's proposed budget and this year's revised budget – late, we still would have had it by now. But rather than working simultaneously on both budgets, the Mayor's work on the revised budget began only three weeks ago. And although there were several choices on how to approach this revised budget, ultimately the Mayor chose differently than what I thought we had agreed to in early March and as a result, I think, the cuts in current year services will be far more painful than they otherwise would have to be.

Last week the Council met in special session and adopted a new budget submission date: May 15th. Very soon we will have a new hearing schedule for the public. Final vote on the budget will be before July 24th – barely enough time, after the Congressional Review Period, to be in place before the October 1st start of the new Fiscal Year.

COMMANDERS EXCITEMENT

The Mayor wants the Council to approve her deal with the Washington Commanders in two months, but she has not yet even submitted the necessary legislation to the Council. Once we get the proposal, the Council has a duty to carefully scrutinize all aspects of the deal. I think that's what everybody wants, even the most diehard supporters of the new football stadium.

This is what we do and do not know:

- *The stadium will cost approximately \$3.55 billion.

- *Of this, the city would put up \$856 million.

- *This would be the second-highest construction subsidy in the history of US sports venues.

Not included is any cost to expand the capacity of the Stadium/Armory Metro station to handle the tens of thousands of fans expected to use Metro. Preliminary guesstimates are around \$300 million if a new station is needed (probably unlikely) or \$50 million for a new entrance and other capacity adjustments.

Also not included is the cost to the government for borrowing \$856 million, which could be about \$300 million over 30 years (about \$10 million per year).

After the Senate approved the land transfer last December, the Washington Post reported that Mayor Bowser had made deals to ensure the Senate vote, one of which was to contribute money to improve National Park Service lands in an amount equal to the value of the RFK site. Whatever this cost, it also is not included.

Bottom line: the expenditure of at least \$1.2 billion in public funds

What does the city get in return:

A 65,000-seat stadium with 8,000 parking spaces. (There will be substantial development of housing, hotels, offices, and retail on adjacent parcels, but that is separate from and additional to the stadium.)

It is unclear what, if any, tax revenue will come to the city from the stadium, other than income taxes on the earnings of stadium employees.

What do the Commanders get from the city:

\$856 million subsidy

Free land; property taxes are waived and rent is \$1 per year (by comparison, the Nationals Baseball team pays \$6.4 million in annual rent, and Monumental Sports is paying \$1.5 million rent per year)

Parking taxes are waived – presumably enabling the Commanders to charge (and keep) more parking revenue. Sales and ticket taxes will be paid by fans but then held in an account to maintain the Commanders' stadium and attract non-football activities.

Since the Mayor has not yet submitted her budget proposal and financial plan for the next four years, it is unknown what city programs, services, and capital needs are being put aside to make room for the \$856 million subsidy plus debt service. But we do know that even without the stadium proposal, and because city revenues are down, the Mayor already will be proposing service cuts in next year's budget.

Bottom line: we need to better understand the total subsidy for the stadium and what the effect is on the city's budget.

I am optimistic that we, the Council, can make the deal better for the city. We did this with the Nationals in 2006; we did this with DC United in 2012; and we did this with Mayor Bowser's 2016 homeless shelter plan. We can do it again.

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