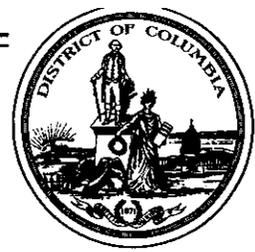


**COMMITTEE ON BUSINESS, CONSUMER, AND  
REGULATORY AFFAIRS**

VINCENT B. ORANGE, SR., CHAIRPERSON  
FISCAL YEAR 2014 COMMITTEE BUDGET REPORT



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

**FROM:** Councilmember Vincent B. Orange, Sr.  
Chairperson, Committee on Business, Consumer, and Regulatory Affairs

**DATE:** May 8, 2013

**SUBJECT:** Report and Recommendations of the Committee on Business, Consumer, and Regulatory Affairs on the Fiscal Year 2014 Budget for Agencies under Its Purview

The Committee on Business, Consumer, and Regulatory Affairs ("Committee"), having conducted hearings and received testimony on the Mayor's proposed operating and capital budgets for Fiscal Year 2014 (FY 2014) for the agencies under its purview, reports its recommendations for review and consideration by the Committee of the Whole. The Committee also comments on several sections in the Fiscal Year 2014 Budget Support Act of 2013, as proposed by the Mayor.

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*Jennifer Bobbitt*

DATE:

5/20/13

The Committee on Business, Consumer, and Regulatory Affairs provides legislative leadership and oversight for the following agencies and commissions:

- Office of Motion Picture and Television Development (“OMPTD”)
- Department of Consumer and Regulatory Affairs (“DCRA”)
- Department of Insurance, Securities, and Banking (“DISB”)
- Department of Small and Local Business Development (“DSLBD”)
- Alcohol Beverage Regulation Administration (“ABRA”)
- Office of Tenant Advocate (“OTA”)
- Public Access Corporation (“PAC”)
- District of Columbia Small and Local Business Opportunity Commission (“SLBOC”)
- Board of Accountancy
- Board of Architecture and Interior Designers
- Board of Barber and Cosmetology
- Board of Condemnation of Insanitary Buildings
- Board of Consumer Claims Arbitration for the District of Columbia
- Board of Funeral Directors
- Board of Industrial Trades
- Board of Professional Engineering
- Board of Real Estate Appraisers
- Commission on Fashion Arts and Events
- Construction Codes Coordinating Board
- District of Columbia Boxing and Wrestling Commission
- Real Estate Commission
- DC Emancipation Day Commemoration Festivities

Under the leadership of Chairman Vincent B. Orange, Sr., the Committee works closely with agencies, commissions, instrumentalities, District residents, advocates, representatives from the Executive and the business community to craft careful and deliberate policies concerning small and local business development policy, consumer and regulatory affairs, motion picture and television development, the regulation of banks and banking activities, securities and insurance. The Committee was established by the Council pursuant to PR 20-1 and as modified by PR 20-45. It is responsible for matters concerning small and local business development policy, tourism, cultural affairs and the conduct of Emancipation Day celebration within the District of Columbia.

FY 2012 closed out with solid revenue gains, and the Office of Chief Financial Officer predicts continued growth in the District’s population. The population growth is a major factor in supporting a strong revenue base; however, growth in District-based employment has leveled-off. Growth in tourism and an increase in available commercial space will affect the revenue profile of the District over the next few years. One area of great concern is the economic impact of federal government spending reductions. Approximately twenty (20) percent of the Washington Metropolitan area’s economic output is related to federal spending, the highest in the nation. There are signs of improved economic and fiscal prospects; however, continued fragility in the global financial picture may cause further distress in the national economy and harm the District’s economic recovery. The possibility of cutbacks in federal spending as part of the overall deficit-reduction effort poses the greatest risk to the District’s economic and fiscal outlook. General revenues increased due to significant increases in income and franchise taxes and other taxes. At the close of FY 2012, government agency under spending and better-than-projected revenue collections improved the District’s economic and fiscal performance. These measures proved successful in limiting expenses and helping to prevent a year-end deficit.

In its short history, the Committee on Business, Consumer, and Regulatory Affairs has focused on the following areas:

- (1) Monitoring how the agencies under the committee's jurisdiction manage their resources and determining their effectiveness in exercising their statutory authority to meet program objectives efficiently and economically;
- (2) Establishing the foundation for implementing long-term strategies for the District's economic growth;
- (3) Monitoring the performance of District government agencies in utilizing District-based small business when purchasing goods and services from their expendable budgets; and
- (4) Monitoring the progress of developers in reaching the certified business enterprise goal established in certified business enterprise agreements.

### **Immediate Solutions**

In the recommendations contained in this report, the Committee on immediate solution to the challenges of the FY2014 budget is a strategic plan that is guided by four key principles:

- Government decisions must be fiscally responsible;
- The government's core commitments must be preserved;
- No one citizen or group should bear a disproportionate burden of budgetary challenges; and
- Economic development is, in its essence, community development.

Within the agencies under the jurisdiction of the Committee, these precepts dictate a prudent allocation of budgetary resources. The result is a FY 2014 budget from the Committee that provides modest increases in spending of local dollars by agencies under the Committee's jurisdiction. This improvement in the District's budgetary profile is a departure from past years' budgets. Uncertainty over the future course of the national economy still poses a great risk for the District's economy and finances. With the assistance of the Council Chairman, this budget makes every effort to assure District citizens that their government is working to ensure their long-term prosperity.

### **Long-Term Strategies for Economic Growth**

In addition to the immediate solutions for the FY 2014 budget, the Committee proposes to implement sustained changes as to how the government aggressively pursues economic policies that promote the development, economic growth, and retention of District-based businesses. These changes are necessary to ensure that that the District government has the information it needs to perform an honest assessment of its role of strengthening compliance with small business preference requirements and ensuring our small business community contributes to the economic development of the District.

The following charts summarize the Committee's recommendations for the FY 2014 budgets for the agencies it oversees:

## B. FISCAL YEAR 2014 AGENCY OPERATING BUDGET SUMMARY TABLE

Source of Funds	FY 2012 Actual	FY 2013 Approved	FY 2014		
			FY 2014 Mayor's Proposed	Committee Variance	FY 2014 Committee Proposed
<b>Alcoholic Beverage Regulation Administration</b>	<b>5,012,536</b>	<b>6,834,924</b>	<b>7,565,140</b>	<b>0</b>	<b>7,565,140</b>
DEDICATED TAXES	460,000	460,000	0	1,170,000	1,170,000
INTRA-DISTRICT FUNDS	125,514	0		0	0
LOCAL FUND	300,518	0	1,170,000	(1,170,000)	0
SPECIAL PURPOSE REVENUE FUNDS	4,126,505	6,374,924	6,395,140	0	6,395,140
<b>Department of Consumer and Regulatory Affairs</b>	<b>24,615,761</b>	<b>32,951,767</b>	<b>41,159,409</b>	<b>(366,322)</b>	<b>40,793,087</b>
INTRA-DISTRICT FUNDS	108,662	0		0	-
LOCAL FUND	9,935,055	16,365,311	17,254,109	(466,322)	16,787,787
SPECIAL PURPOSE REVENUE FUNDS	14,572,044	16,586,456	23,905,300	100,000	24,005,300
<b>Department of Insurance, Securities, and Banking</b>	<b>14,650,014</b>	<b>20,860,023</b>	<b>21,661,575</b>	<b>0</b>	<b>21,661,575</b>
FEDERAL GRANT FUND	476,007	2,544,319	2,414,015	0	2,414,015
INTRA-DISTRICT FUNDS	81,000	0		0	-
LOCAL FUND	-	0		0	-
PRIVATE GRANT FUND	153,569	447,652	462,003	0	462,003
SPECIAL PURPOSE REVENUE FUNDS	13,939,438	17,868,052	18,785,557	0	18,785,557
<b>Department of Small and Local Business Development</b>	<b>5,041,227</b>	<b>6,185,221</b>	<b>7,259,588</b>	<b>1,195,244</b>	<b>8,454,832</b>
FEDERAL GRANT FUND	249,362	908,781	691,218	0	691,218
LOCAL FUND	4,791,865	5,276,440	6,568,370	1,195,244	7,763,614
<b>Office of Motion Picture and Television Development</b>	<b>719,757</b>	<b>869,450</b>	<b>889,320</b>	<b>271,078</b>	<b>1,160,398</b>
LOCAL FUND	636,686	784,450	794,320	271,078	1,065,398
SPECIAL PURPOSE REVENUE FUNDS	83,071	85,000	95,000	0	95,000
<b>Office of the Tenant Advocate</b>	<b>1,948,805</b>	<b>2,063,971</b>	<b>2,132,106</b>	<b>0</b>	<b>2,132,106</b>
LOCAL FUND	1,948,805	2,063,971	2,132,106	0	2,132,106
SPECIAL PURPOSE REVENUE FUNDS	0	0	0	0	-
<b>Grand Total</b>	<b>51,988,100</b>	<b>69,765,355</b>	<b>80,667,137</b>	<b>1,100,000</b>	<b>81,767,137</b>

### NET COMMITTEE ACTIONS

Source of Funds	FY 2012 Actual	FY 2013 Approved	FY 2014 Mayor's Proposed	FY 2014 Committee Variance	FY 2014 Committee Proposed
DEDICATED TAXES	460,000	460,000	-	1,170,000	1,170,000
FEDERAL GRANT FUND	725,370	3,453,100	3,105,233	-	3,105,233
INTRA-DISTRICT FUNDS	315,176	-	-	-	-
LOCAL FUND	17,612,929	24,490,172	27,918,905	(170,000)	27,748,905
PRIVATE GRANT FUND	153,569	447,652	462,003	-	462,003
SPECIAL PURPOSE REVENUE FUNDS	32,721,057	40,914,432	49,180,997	100,000	49,280,997
<b>Grand Total</b>	<b>51,988,100</b>	<b>69,765,355</b>	<b>80,667,137</b>	<b>1,100,000</b>	<b>81,767,137</b>

**C. FISCAL YEAR 2014 AGENCY FULL-TIME EQUIVALENT SUMMARY TABLE**  
*(Dollars in Thousands)*

Source of Funds	FY 2013 FTEs Approved	FY 2014 FTEs Mayor's Proposed	FY 2014 FTEs Committee Variance	FY 2014 FTEs Committee
<b>Alcoholic Beverage Regulation Administration</b>	<b>49.0</b>	<b>50.0</b>	<b>0.0</b>	<b>50.0</b>
DEDICATED TAXES	0.0	0.0	0.0	0.0
INTRA-DISTRICT FUNDS	0.0	0.0	0.0	0.0
LOCAL FUND	0.0	0.0	0.0	0.0
SPECIAL PURPOSE REVENUE FUNDS	49.0	50.0	0.0	50.0
<b>Department of Consumer and Regulatory Affairs</b>	<b>279.0</b>	<b>333.0</b>	<b>(5.0)</b>	<b>328.0</b>
INTRA-DISTRICT FUNDS	0.0		0.0	0.0
LOCAL FUND	132.0	147.0	(5.0)	142.0
SPECIAL PURPOSE REVENUE FUNDS	147.0	186.0	0.0	186.0
<b>Department of Insurance, Securities, and Banking</b>	<b>125.6</b>	<b>125.6</b>	<b>0.0</b>	<b>125.6</b>
FEDERAL GRANT FUND	8.0	8.0	0.0	8.0
INTRA-DISTRICT FUNDS	0.0	0.0	0.0	0.0
LOCAL FUND	0.0	0.0	0.0	0.0
PRIVATE GRANT FUND	3.0	3.0	0.0	3.0
SPECIAL PURPOSE REVENUE FUNDS	114.6	114.6	0.0	114.6
<b>Department of Small and Local Business Development</b>	<b>31.0</b>	<b>44.8</b>	<b>(4.0)</b>	<b>40.8</b>
FEDERAL GRANT FUND	7.0	5.8	0.0	5.8
LOCAL FUND	24.0	39.0	(4.0)	35.0
<b>Office of Motion Picture and Television Development</b>	<b>5.0</b>	<b>5.0</b>	<b>0.0</b>	<b>5.0</b>
LOCAL FUND	5.0	5.0	0.0	5.0
SPECIAL PURPOSE REVENUE FUNDS	0.0	0.0	0.0	0.0
<b>Office of the Tenant Advocate</b>	<b>15.0</b>	<b>15.0</b>	<b>0.0</b>	<b>15.0</b>
LOCAL FUND	15.0	15.0	0.0	15.0
SPECIAL PURPOSE REVENUE FUNDS	0.0	0.0	0.0	0.0
<b>Grand Total</b>	<b>504.7</b>	<b>573.4</b>	<b>(9.0)</b>	<b>564.4</b>

**D. FISCAL YEAR 2014 AGENCY CAPITAL BUDGET SUMMARY TABLE**  
*(Dollars in Thousands)*

<b>Mayor's Proposed Fiscal Year 2014-2019 Capital Budget, By Agency</b>								
<b>Code</b>	<b>Project Name</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>6-Year</b>
CRO	Department of Consumer and Regulatory Affairs	1,470	0	0	0	0	0	1,470
<b>Agency Total</b>		<b>1,470</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,470</b>

<b>Committee's Approved Fiscal Year 2014-2019 Capital Budget, By Agency</b>								
<b>Code</b>	<b>Project Name</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>6-Year</b>
CRO	Department of Consumer and Regulatory Affairs	1,470	0	0	0	0	0	1,470
<b>Agency Total</b>		<b>1,470</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,470</b>

## E. SUMMARY OF COMMITTEE BUDGET RECOMMENDATIONS

The information below summarizes the Committee's recommended changes to the Mayor's proposed FY 2014 operating budget, along with a brief description of the capital budget. For more detailed information, please see Sections II-IV of the report.

### Fiscal Year 2014 Operating Budget Recommendations:

#### ▪ **Office of Motion Picture and Television Development**

- The Committee approves the FY 2014 operating budget for OMPTD as proposed by the Mayor with the following changes:
  - Increase of \$266,322 from Department of Consumer and Regulatory Affairs to fund the Film DC Economic Incentive Fund (CSG 50, Activity Code 2010, Object Code-0506-Grants and Gratuity, Special Agency Fund: 1115)
  - Increase of \$4,756 from Department of Small and Local Business Development to fund the Film DC Economic Incentive Fund (CSG 50, Activity Code 2010 Object Code-0506-Grants and Gratuity, Special Agency Fund: 1115)

#### ▪ **Department of Consumer and Regulatory Affairs**

- The Committee approves the FY 2014 operating budget for DCRA as proposed by the Mayor with the following changes:
  - Reduce CSG 11: \$54,663 and CSG 14: \$13,221.19 (Program Support Specialist-Activity Code 3010-Building Inspection)
  - Reduce CSG 11: \$54,663 and CSG 14: \$13,221.19 10 (10004952: Program Support Specialist-Activity Code 3020-Vacant Property)
  - Reduce CSG 11: \$45,345 and CSG 14: \$10,973.49 (10004953: Contact Representative-Activity Code 3020-Vacant Property)
  - Reduce CSG 11: \$37,539 and CSG 14: \$9,084.44 (77330: Contact Representative-Activity Code 3020-Vacant Property)
  - Reduce CSG 11: \$62,499 and CSG 14: \$15,124.76 (10004917: Program Analyst-Activity Code 1090: Performance Management)
  - Reduce CSG 40, Activity Code 1070 (Fleet Management): \$25,000
  - Reduce CSG 40, Activity Code 2050 (Permits): \$75,000
  - Reduce CSG 70, Activity Code 3010 (Building Inspection Division): \$50,000
- The total reduction above of \$466,322 will be re-directed as follows:
  - \$100,000 to Boxing and Wrestling Commission under DCRA
  - \$100,000 for Emancipation Day (COW)
  - \$266,322 to the Film DC Economic Incentive Fund (Office of Motion Picture and Television)

▪ **Department of Insurance, Securities, and Banking**

- The Committee approves the FY 2014 operating budget for DISB as proposed by the Mayor.

▪ **Department of Small and Local Business Development**

- The Committee supports the FY 2014 operating budget for DSLBD as proposed by the Mayor with the following changes:

- Reduce CSG 11 and 14 by 4 FTEs (\$400,000) to be re-directed within NPS for Clean Teams
- The Committee on Transportation and the Environment transfers \$100,000 to the Committee on Business, Consumer and Regulatory Affairs to increase existing Clean Team funding
- From the total above of \$500,000, will be redirected as follows:
  - Fund the Film DC Economic Incentive Fund by \$4,756
  - Fund the 13 existing Clean Teams @ \$100,000 = \$220,244 (see chart in DSLBD Section) CSG 50, Activity Code 4040 (Commercial Clean Teams)
  - Fund 1 New Clean Team (Anacostia BID) @ \$100,000 = \$100,000 (see chart in DSLBD Section), CSG 50, Activity Code 4040 (Commercial Clean Teams)
  - Fund 7 existing Main Streets @ \$125,000 = \$175,000 (see chart in DSLBD Section) CSG 50, Activity Code 4030 (Main Streets)
- The Committee on Transportation and the Environment transfers \$400,000 to the Committee on Business, Consumer and Regulatory Affairs for a new Clean Team Job Training Program, CSG 50, Activity Code 4040 (Commercial Clean Teams)
- The Committee on Government Operations transfers \$300,000 to the Committee on Business, Consumer and Regulatory Affairs for the Commercial Revitalization Division. The funding will be redirected as follow:
  - \$200,000 to support the creation of a Rhode Island Avenue NE Main Street - CSG 50, Activity Code 4030 (Main Streets); and
  - \$100,000 to support a Clean Team on Bladensburg Road NE - CSG 50, Activity Code 4040 (Commercial Clean Teams)

▪ **Alcohol Beverage Regulation Administration**

- The Committee approves the FY 2014 operating budget for ABRA as proposed by the Mayor with the following:
  - Reduce CSG 50, Activity Code 3010 (Investigations) by \$1,170,000 for the reimbursable detail program.
  - Increase CSG, Activity Code 3010: Dedicated taxes by \$1,170,000 to be used for the reimbursable detail program.

▪ **Office of Tenant Advocate**

- The Committee approves the FY 2014 operating budget for OTA as proposed by the Mayor.

## **Fiscal Year 2014 Capital Budget Recommendations:**

- **Office of Motion Picture and Television Development**

- OMPTD does not have a capital budget for FY 2014.

- **Department of Consumer and Regulatory Affairs**

- The Committee approves the FY 2014 capital budget for DCRA as proposed by the Mayor.

### **Department of Insurance, Securities, and Banking**

- DISB does not have a capital budget for FY 2014.

- **Department of Small and Local Business Development**

- DSLBD does not have a capital budget for FY 2014.

- **Alcohol Beverage Regulation Administration**

- ABRA does not have a capital budget for FY 2014.

- **Office of Tenant Advocate**

- Tenant Advocate does not have a capital budget for FY 2014.

## **Fiscal Year 2014 Policy Recommendations:**

- **Office of Motion Picture and Television Development**

For FY 2014, the Committee recommends the following:

1. The Committee directs the OMPTD to issue a new request for proposal (RFP) for a feasibility study to assess the economic benefits that would accrue to the District of Columbia from the establishment of state-of-the-art soundstage facilities. The Committee is disappointed with the progress made to date to pursue this initiative which was contained in the Mayor's Fiscal Year 2013 Budget and Financial Plan. A contract should be issued within a timeframe that would allow for the delivery of the study and its review by the Committee before September 30, 2013.
2. OMPTD shall provide to the Committee a plan of policy options for maximizing motion and television production in the District of Columbia following recommendations contained in the feasibility study of the economic benefits of establishing a state-of-the-art soundstage in the District.
3. The OMPTD shall provide to the Committee policy recommendations for financing the Film DC Economic Incentive Fund following recommendations contained in the feasibility study performed by ECONorthwest.
4. Work to establish a process with key federal, local, and community stakeholders for improving access to federal locations, including federal building, monuments and

grounds, and streamline the process for obtaining the appropriate permits, licenses, and clearances for filming at these locations.

5. Examine the benefits and feasibility of establishing a “One-Stop-Shop” for local producers and producers from other jurisdictions as a means of collocating permitting and licensing requirements and providing timely issuance of the required permits and licenses necessary for filming in District of Columbia locations.

▪ **Department of Consumer and Regulatory Affairs**

For FY 2014, the Committee recommends the following:

1. The Committee urges DCRA to send out invoices or renewal notices for “certificates of use” for District Department of Transportation’s “public space permits.” Renewal notifications are a customer-friendly activity practiced by many District agencies with regulatory licensing and permitting responsibilities. DCRA should send out notices or an invoice for the required annual renewal of Certificate of Use and the required fee.
2. The Committee heard testimony advocating more streamlined procedures for licensing special events and interagency coordination in the sharing of application information provided by event organizers and shared at meetings of the Mayor’s Special Events Task Force. Much of the same information requested of the Mayor’s Special Events is also required on DCRA’s Special Events Application Questionnaire. The Committee urges DCRA to consolidate information requests in order to reduce redundant special events application procedures.
3. The Committee strongly urges DCRA to improve its interagency coordination with ABRA, especially with respect to enforcement matters regarding the serving of alcoholic beverages. In February 9, 2013, investigators DCRA’s Office of Weights and Measures told licensed beverage and restaurant business owners of minimum portion requirements for serving alcoholic beverages. The District Code does not require establishments to serve minimum portions. DCRA shall consult and coordinate with ABRA on future inspection activities and in the printing and distribution of informational material regarding serving requirements of licensed beverage products served on and off premises.
4. The Committee encourages DCRA to incorporate enhanced noise control and sound attenuation measures when the DC Supplement to the International Construction Code is scheduled for revision. Some suggestions include additional sound proofing in floors, walls, and windows in buildings in or near “high noise” commercially-zoned areas. DCRA should use its leverage to take steps to require developers to construct buildings with sufficient sound proofing in order to facilitate a more compatible co-existence of residential and commercial interests. The recent boom in high density housing, revitalized mixed-use commercial corridors, and higher volumes of foot traffic make for a vibrant mix of residential and commercial activities. However, these factors generate street noise in the late night hours and the interests of residents and night-life business establishments can clash. This conflict may never be completely resolved, but DCRA can make efforts to see that efforts are made to mitigate the problem.
5. The Committee is interested in seeing the BWC strive to enhance its stature and provide an effective operation to attract high profile events. The Committee is also

interested in seeing that the BWC plays an active role in enhancing boxing, wrestling and mixed martial arts training facilities in the District.

▪ **Department of Insurance, Securities, and Banking**

For FY 2014, the Committee recommends the following:

1. DISB should provide the Committee with legislative recommendations to improve the way loans and equity investments are provided through the CAPCO program.
2. Conduct more community outreach programs to inform District-based businesses of how they can apply and receive loans and equity investments from the CAPCO program and the SSBI program.
3. Provide the Committee with a profile of the type of businesses that could qualify for the SSBI program.
4. Provide the Committee with a permanent and final version of the Saving D.C. Homes from Foreclosure Enhanced Amendment Act of 2013.
5. Provide the Committee with an analysis of the effect on the housing market if the proposed District of Columbia Summary Action Foreclosure Amendment Act of 2013 and the Saving D.C. Homes from Foreclosure Enhanced Amendment Act of 2013 are signed into law.

▪ **Department of Small and Local Business Development**

For FY 2014, the Committee recommends the following:

1. The Committee recommends disapproval of the Mayor's proposal contained in Title II-G, sec. 261, the "Compliance Unit Amendment Act of 2013". This provision of the FY 2014 Budget Support Act of 2013 proposes to shift responsibilities for the certified business enterprise compliance unit and reporting requirements from the Office of District of Columbia Auditor to the Department of Small and Local Business Development.
2. DSLBD shall be able to list all developers who have not met their 35% subcontracting requirement or 20% equity participation requirement. This recommendation was made in the FY 2013 budget report of the Committee on Small and Local Business Development. With the resources provided to the Department recommended by this Report, the agency will now be provided with the manpower resources it needs to address this compliance monitoring responsibility.
3. DSLBD shall aggressively ascertain whether SBEs and CBEs are actually receiving their fair share of contractual opportunities and funding in public-private partnerships in the District of Columbia. This recommendation was made in the FY 2013 budget report of the Committee on Small and Local Business Development. With the resources provided to the DSLBD recommended in this report, the agency will now be provided with the manpower resources it needs to address this compliance monitoring responsibility.

4. DSLBD and the ODCA shall reconcile their databases to get an accurate account of how many public-private partnerships are in the District of Columbia, how many developers have met or not met their subcontracting and equity participation requirements, and how many District agencies have met or not met their 50% expendable budget spending requirement with SBEs and CBEs.
5. DSLBD should focus its compliance activities on District agencies who consistently fail to meet their SBE expendable budget goals and reporting requirements.
6. DSLBD shall act to take corrective action to address audit deficiencies noted by ODCA, but on which the agency has been nonresponsive, in previously issued compliance reports of District agencies' with SBE expenditure goals and CBE expenditures of public-private development construction projects.
7. DSLBD shall continue to act on the implementation of recommendations of the Office of the ODCA in its *Audit of the Department of Small and Local Business Development's Fiscal Year 2011 Performance Accountability Report* released on February 21, 2013. The Committee further notes that the DSLBD concurs with ODCA's findings and has begun implementing changes consistent with the Auditor's recommendations.
8. DSLBD shall report to the ODCA, the Council of the District of Columbia, and the Committee of jurisdiction its exceptions to findings contained in ODCA compliance monitoring reports.
9. DSLBD should examine its procedures for handling recertification applications. It is the Committee's view that recertification applications should be processed in a routine manner unless there is a substantial change in the status of the applicant firm. Establishing streamline procedures for routine recertification application packages will help the agency free up more time for more complicated application packages.

▪ **Alcohol and Beverage Regulation Administration**

For FY 2014, the Committee recommends the following:

1. Disapprove the request in the Mayor's FY 2014 proposed budget to move the funding mechanism of the RDO program from Dedicated Tax Revenues to Local Fund.
2. Conduct more community outreach programs to inform the public and local businesses of major changes in ABRA laws and regulations with the implementation of the Omnibus Alcoholic Beverage Regulation Amendment Act of 2012.

▪ **Office of Tenant Advocate**

For FY 2014, the Committee recommends the following:

1. The Committee urges the Mayor to reprogram funds in FY 2013 to provide additional resources for the OTA's Emergency Housing program. The Committee is concerned that OTA has expended its budget of \$250,000 in the first 7 months of the fiscal year. The Committee is pleased that the Mayor's FY 2014 budget increases the emergency housing program by \$46,000 to \$296,000, but it remains concerned that increased demand for these services will exceed the resources proposed for the new fiscal year.

2. OTA continues to be challenged by the lack of interagency regulatory coordination. As noted last year, this problem impedes the administration and enforcement of rental housing laws. The Committee is pleased to note, however, that OTA has sought to overcome the obstacle in FY 2013 by establishing an automated noncompliance notification program that sends standardized notices to relevant district agencies regarding housing-provider noncompliance in the areas of: business licensing, unit registration, certificate of occupancy, and homestead exemption requirements. The Committee suggests that OTA establish indicators for measuring the effectiveness of this program activity by tracking improvements in compliance and resulting economic benefits.

### **Fiscal Year 2014 Performance Measure Recommendations:**

- **Office of Motion Picture and Television Development**

For FY 2014, the Committee recommends the following performance indicator:

1. As an indicator of the economic benefits of film and television production in the District of Columbia, OMPTD should include the number of local residents enrolled in job-training programs for professional film television production, and post-production job opportunities.

- **Department of Consumer and Regulatory Affairs**

For FY 2014, the Committee recommends no new performance indicators.

- **Department of Insurance, Securities, and Banking**

For FY 2014, the Committee recommends the following performance indicators.

1. DISB shall include as a key performance indicator the number of District-based businesses that apply for and are successfully awarded loans and equity investments from the CAPCO program and the SSBCI program.
2. DISB shall increase its projection in its key performance indicators for FY2014 of percentage of the first tranche of SSBCI dollars disbursed from 80% to 100%.
3. DISB shall include as a key performance indicator the number of homes that are projected to be foreclosed on and that are actually saved from foreclosure due to the mediation program required by the Saving D.C. Homes from Foreclosure Act of 2010.

- **Department of Small and Local Business Development**

For FY 2014, the Committee the following performance indicators:

1. DSLBD shall establish measures for each area of performance and consistent with the recommendations made by the Office of the District of Columbia Auditor in its report entitled, *Audit of the Department of Small and Local Business Development's Fiscal Year 2011 Performance Accountability Report*.

2. DSLBD shall design performance measures that gauge compliance and improvements in SBE procurement and CBE utilization performance. Such measures should indicate the number of large development projects with subcontracting plans to properly utilize SBEs and CBEs. They should also continue to measure which agencies submit SBE utilization reports and the number of agencies DSLBD has assisted to procure more from SBEs.

- **Alcohol Beverage Regulation Administration**

For FY 2014, the Committee recommends the following performance indicators:

1. ABRA should increase its projections for the number of establishments inspected to ensure compliance with underage drinking laws from 700 to 800 in FY 2014. This recommendation takes into account increased in funding ABRA will receive to support its enforcement of the underage drinking laws.
2. ABRA should increase its projections for the number of inspections, investigations, and monitoring activities from 7,000 to 8,000 in FY 2014. ABRA should be more proactive in making sure there is compliance with the law and regulations to create a safe and secure environment for residents, businesses, and the patrons of the businesses.

- **Office of Tenant Advocate**

For FY 2014, the Committee recommends the following performance indicators:

1. The Committee suggests that the OTA consider establishing a performance indicator for measuring the effectiveness of the Interagency Regulatory Non-compliance Notification by tracking improvements in compliance and resulting economic benefits.

**Fiscal Year 2014 Budget Recommendations Not Funded in the Committee's Report:**

The Committee has no recommendations that are not funded in the Committee's report.

## II. AGENCY FISCAL YEAR 2014 BUDGET RECOMMENDATIONS

### A. OVERVIEW

On March 28, 2013, Mayor Vincent C. Gray submitted his proposed operating budget and financial plan for the upcoming fiscal year to the Council of the District of Columbia. The Committee held the following hearings to review the proposed budgets for the agencies under its purview:

<b>April 25, 2013</b>	<ul style="list-style-type: none"><li>▪ Department of Consumer and Regulatory Affairs</li><li>▪ Department of Small and Local Business Development</li><li>▪ Department of Insurance, Securities and Banking</li><li>▪ Alcohol Beverage and Regulatory Affairs</li></ul>
<b>April 26, 2013</b>	<ul style="list-style-type: none"><li>▪ Office of Motion Picture and Television Department (Cancelled)</li><li>▪ Office of Tenant Advocate</li><li>▪ Commission on Boxing Wrestling</li><li>▪ Public Access Corporation</li></ul>
<b>April 29, 2013</b>	<ul style="list-style-type: none"><li>▪ Office of Motion Picture and Television Development</li></ul>

During these hearings, the Committee heard hours of public testimony from District residents, advocates, and agency representatives regarding the proposed FY 2014 budget. The testimony has provided insightful guidance to the Committee, as it evaluated the Mayor's request.

The recommendations contained within this report represent the Committee's thorough analysis of the Mayor's proposed budget for the agencies under its purview. The report also includes recommendations on the Budget Request Act and the Budget Support Act.

For each agency, the Committee presents the following information:

- An overview of the agencies' FY 2014 budget as proposed by the Mayor;
- The Committee's FY 2014 budget recommendations for the agency as a whole;
- A review of the proposed FY 2014 agency budgets including a summary of the Mayor's program request and detailed breakdown of the Committee's recommendations; and
- The Committee's recommendations regarding proposed capital expenditures, where applicable.

## B. OFFICE OF MOTION PICTURE AND TELEVISION DEVELOPMENT

Fiscal Year 2014 Operating Budget, By Revenue Type (in thousands)					
Office of Motion Picture and Television Development					
Source of Funds	FY 2012 Actual	FY 2013 Approved	FY 2014 Mayor's Proposed	FY 2014 Committee Variance	FY 2014 Committee Proposed
LOCAL FUND	636,686	784,450	794,320	271,078	1,065,398
SPECIAL PURPOSE REVENUE FUNDS	83,071	85,000	95,000	-	95,000
<b>Grand Total</b>	<b>719,757</b>	<b>869,450</b>	<b>889,320</b>	<b>271,078</b>	<b>1,160,398</b>

Fiscal Year 2014 Operating Budget, By Comptroller Source Group (Gross Funds, in thousands)				
Office of Motion Picture and Television Development				
Source of Funds	FY 2013 FTEs Approved	FY 2014 FTEs Mayor's Proposed	FY 2014 FTEs Committee Variance	FY 2014 FTEs Committee
LOCAL FUND	5.0	5.0	0.0	5.0
SPECIAL PURPOSE REVENUE FUNDS	0.0	0.0	0.0	0.0
<b>Grand Total</b>	<b>5.0</b>	<b>5.0</b>	<b>0.0</b>	<b>5.0</b>

Fiscal Year 2014 Operating Budget, By Comptroller Source Group (Gross Funds, in thousands)					
Office of Motion Picture and Television Development					
Comptroller Source Group Object Code	FY 2012 Actual	FY 2013 Approved	FY 2014 Mayor's Proposed	FY 2014 Committee Variance	FY 2014 Committee Proposed
11-REGULAR PAY - CONT FULL TIME	309,169	305,364	306,652	-	306,652
12-REGULAR PAY - OTHER	125,838	141,608	141,214	-	141,214
13-ADDITIONAL GROSS PAY	4,089	-	-	-	-
14-FRINGE BENEFITS - CURR PERSONNEL	92,512	98,353	102,561	-	102,561
15-OVERTIME PAY	361	-	-	-	-
<b>Personal Services (PS) Subtotal</b>	<b>531,969</b>	<b>545,324</b>	<b>550,427</b>	<b>-</b>	<b>550,427</b>
20-SUPPLIES AND MATERIALS	9,122	12,670	12,900	-	12,900
31-TELEPHONE, TELEGRAPH, TELEGRAM, ETC	9,600	-	-	-	-
40-OTHER SERVICES AND CHARGES	128,141	301,336	315,873	-	315,873
50-SUBSIDIES AND TRANSFERS	-	-	-	271,078	271,078
70-EQUIPMENT & EQUIPMENT RENTAL	40,926	10,120	10,120	-	10,120
<b>Non-Personal Services (NPS) Subtotal</b>	<b>187,788</b>	<b>324,126</b>	<b>338,893</b>	<b>271,078</b>	<b>609,971</b>
<b>Grand Total</b>	<b>719,757</b>	<b>869,450</b>	<b>889,320</b>	<b>271,078</b>	<b>1,160,398</b>

**Fiscal Year 2014 Operating Budget, By Program (Gross Funds, in thousands)**

**Office of Motion Picture and Television Development**

<b>Program and Activity Codes</b>	<b>FY 2012 Actuals</b>	<b>FY 2013 Approved</b>	<b>FY 2014 Mayor's Proposed</b>	<b>FY 2014 Committee Variance</b>	<b>FY 2014 Committee Proposed</b>
<b>1000-AGENCY MANAGEMENT PROGRAM</b>					
1010 - PERSONNEL	16,116	16,637	16,759	-	16,759
1015 - TRAINING AND EMPLOYEE DEVELOPMENT	16,114	16,637	16,759	-	16,759
1020 - CONTRACTING AND PROCUREMENT	24,089	27,352	27,767	-	27,767
1040 - INFORMATION TECHNOLOGY	52,010	16,637	16,759	-	16,759
1050 - FINANCIAL MANAGEMENT	24,089	27,352	27,767	-	27,767
1070 - FLEET MANAGEMENT	1,822	650	680	-	680
1080 - COMMUNICATIONS	16,114	27,352	27,767	-	27,767
1085 - CUSTOMER SERVICE	24,089	27,352	27,767	-	27,767
1090 - PERFORMANCE MANAGEMENT	16,114	16,637	16,759	-	16,759
<b>Subtotal (1000)</b>	<b>190,556</b>	<b>176,607</b>	<b>178,784</b>	<b>-</b>	<b>178,784</b>
<b>2000-OFFICE OF MOTION PICTURE &amp; TV DEVELOP</b>					
2010 - MARKETING & PROMOTIONS	111,154	260,650	258,087	<b>271,078</b>	529,165
2020 - PRODUCTION SUPPORT	398,091	410,968	424,662	-	424,662
2030 - COMMUNITY OUTREACH	19,956	21,225	27,787	-	27,787
<b>Subtotal (2000)</b>	<b>529,201</b>	<b>692,843</b>	<b>710,536</b>	<b>271,078</b>	<b>981,614</b>
<b>Grand Total</b>	<b>719,757</b>	<b>869,450</b>	<b>889,320</b>	<b>271,078</b>	<b>1,160,398</b>

**1. COMMITTEE ANALYSIS AND COMMENTS**

**a. Agency Mission and Overview**

The mission of the OMPTD is to initiate, implement and manage the operations and logistics of programs aimed at generating revenue and stimulating employment and business opportunities in the District through the production of film, video, photography, and other multimedia projects. OMPTD operates two programs: 1) Agency Management program and 2) the Motion Picture and Television Development program.

The **Agency Management program** is a standard program for all agencies using performance-based budgeting. It provides the administrative support and necessary instruments for the agency to achieve its operational and programmatic missions.

OMPTD's key program is the **Motion Picture and Television Development program**, which advances the District in the United States and abroad as a major venue for production activity. This program area consists of three (3) activities: 1) Marketing and Promotions; 2) Production Support; and 3) Community Outreach.

The Marketing and Promotions activity provides the industry with information on the District's audio-visual industry, technical and creative talent, and studio and production facilities. OMPTD's marketing and promotional activities in FY 2012 and FY 2013 have focused on three approaches: earned media (press release, newsletter, and podcast distribution), paid media (advertising), and social media engagement.

The Production Support activity provides filmmakers with a range of services designed to save them time, money, and effort so that they will perceive the District as a "film-friendly" environment. Services include research, an online location gallery, e-photo delivery, location scouting, and a concierge service that offers assistance with finding office space, hotel, and vendors. The agency has

incorporated “Reel Scout” program technology, program software specifically designed for film offices, which has become an invaluable tool for the agency in providing production support for film, television, and new media production companies seeking to film in the District. The program is able to provide the agency with location management and assistance resources, so it can advise production companies of possible film locations and crew support availability.

The Community Outreach activity provides filmmakers with opportunities to become involved in the community in which they are working. In FY 2012, OMPTD worked to improve communications with resident businesses in District communities, neighborhoods, and Advisory Neighborhood Commissions to provide residents, business owners, and community with production alerts of nearby film production activities. OMPTD also now requires production companies to hand deliver film production to residents in affected neighborhoods.

**b. Mayor’s Proposed Fiscal Year 2014 Operating Budget**

**Proposed Operating Budget Summary**

**Local Funds:** The Mayor’s proposed budget is \$794,320. This is an increase of \$10,000 (or 1.3%) over its FY 2013 approved budget. The proposed funding supports 5 FTEs and reflects no change in the FY 2013 approved level.

**Special Purpose Revenue Funds:** OMPTD is projected to generate \$95,000 in special purpose funds, an increase of \$10,000 (or 11.3%) over the approved \$85,000 budgeted in FY 2013. The revenue in special purpose funds will be deposited into the Film DC Special Account Fund. These funds are generated from the film permit fee structure.

**Federal Funds:** MPTD does not receive any federal funds.

**Intra-District Funds:** MPTD does not receive any intra-district funds.

**Gross Budget:** The Mayor’s proposed gross budget for FY 014 is \$889,320, which represents a 2.3 percent increase over its FY 2013 approved gross budget of \$869,450.

**Committee Analysis and Comments**

OMPTD will realize a 1.3 percent increase in its current services funding level (CSFL) budget for FY 2014. This funding level will allow the agency to continue its current programs and operations into the new fiscal year. This level of funding will pose a challenge for the agency for its promotional efforts aimed at encouraging more film and television production in the nation’s capital.

In FY 2013, the Office issued a contract to ECONorthwest to assess policy options for creating a viable film incentive program. That report is due has made little progress toward successfully issuing a solicitation and contract award for a feasibility study that will assess how the District can become more competitive in attracting greater investment by the film and television production industries. The Mayor’s 2014 budget contains no proposals for follow-on activity to build on current year efforts.

**c. Summary Fiscal Year 2014 Budget Hearing Testimony**

The FY 2014 Budget Hearing for the Office of Motion Picture and Television Development was held on April 29, 2013. Copies of witness testimony are available by request in the Council Secretary’s and Committee’s offices.

**Witnesses**

**Ms. Crystal Palmer, Director, OMPTD**

**2. COMMITTEE RECOMMENDATIONS**

**a. Fiscal Year 2014 Operating Budget Recommendations**

The Committee approves the FY 2014 operating budget for MPTD as proposed by the Mayor with the following changes:

- Transfer-in of \$266,322 from Department of Consumer and Regulatory Affairs to fund the Film DC Economic Incentive Fund (CSG 50, Activity Code 2010, Object Code-0506-Grants and Gratuity, Special Agency Fund: 1115)
- Transfer-in of \$4,756 from Department of Small and Local Business Development to fund the Film DC Economic Incentive Fund (CSG 50, Activity Code 2010 Object Code-0506-Grants and Gratuity, Special Agency Fund: 1115)

**b. Fiscal Year 2014 Policy Recommendations**

The Committee recommends the following:

1. The Committee directs the OMPTD to issue a new request for proposal (RFP) for a feasibility study to assess the economic benefits that would accrue to the District of Columbia from the establishment of state-of-the-art soundstage facilities. The Committee is disappointed with the progress made to date to pursue this initiative which was contained in the Mayor's Fiscal Year 2013 Budget and Financial Plan. A contract should be issued within a timeframe that would allow for the delivery of the study and its review by the Committee before September 30, 2013.
2. The OMPTD shall provide to the Committee a plan of policy options for maximizing motion and television production in the District of Columbia following recommendations contained in the feasibility study of the economic benefits of establishing a state-of-the-art soundstage in the District.
3. The OMPTD shall provide to the Committee policy recommendations for financing the Film DC Economic Incentive Fund following recommendations contained in the feasibility study performed by ECONorthwest.
4. Work to establish a process with key federal, local, and community stakeholders for improving access to federal locations, including federal building, monuments and grounds, and streamline the process for obtaining the appropriate permits, licenses, and clearances for filming at these locations.
5. Examine the benefits and feasibility of establishing a "One-Stop-Shop" for local producers and producers from other jurisdictions as a means of collocating permitting and licensing requirements and providing timely issuance of the required permits and licenses necessary for filming in District of Columbia locations.

**c. Fiscal Year 2014 Performance Recommendations**

The Committee recommends the following performance indicators:

1. Add the number of local residents enrolled in job-training programs for professional film, television production, and post-production job opportunities as a key performance indicator to obtaining employment and business opportunity objectives.

## C. DEPARTMENT OF CONSUMER AND REGULATORY AFFAIRS

Fiscal Year 2014 Operating Budget, By Revenue Type Department of Consumer and Regulatory Affairs					
Source of Funds	FY 2012 Actuals	FY 2013 Approved	FY 2014 Mayor's Proposed	FY 2014 Committee Variance	FY 2014 Committee Proposed
INTRA-DISTRICT FUNDS	108,662	-	-	-	-
LOCAL FUND	9,935,055	16,365,311	17,254,109	(466,332)	16,787,777
SPECIAL PURPOSE REVENUE FUNDS	14,572,044	16,586,456	23,905,300	100,000	24,005,300
<b>Grand Total</b>	<b>24,615,761</b>	<b>32,951,767</b>	<b>41,159,409</b>	<b>(366,332)</b>	<b>40,793,077</b>

Fiscal Year 2014 Operating Budget FTEs, By Revenue Type Department of Consumer and Regulatory Affairs				
Source of Funds	FY 2013 FTEs Approved	FY 2014 FTEs Mayor's Proposed	FY 2014 FTEs Committee Variance	FY 2014 FTEs Committee
INTRA-DISTRICT FUNDS	0.0	0.0	0.0	0.0
LOCAL FUND	132.0	147.0	(5.0)	142.0
SPECIAL PURPOSE REVENUE FUNDS	147.0	186.0	0.0	186.0
<b>Grand Total</b>	<b>279.0</b>	<b>333.0</b>	<b>(5.0)</b>	<b>328.0</b>

Fiscal Year 2014 Operating Budget, By Comptroller Source Group (Gross Funds) Department of Consumer and Regulatory Affairs					
Comptroller Source Code Object Class	FY 2012 Actuals	FY 2013 Approved	FY 2014 Mayor's Proposed	FY 2014 Committee Variance	FY 2014 Committee Proposed
11-REGULAR PAY - CONT FULL TIME	16,539,267	18,936,385	21,254,863	(254,709)	21,000,154
12-REGULAR PAY - OTHER	174,506	125,070	2,279,384	-	2,279,384
13-ADDITIONAL GROSS PAY	166,859	-	-	-	-
14-FRINGE BENEFITS - CURR PERSONNEL	3,721,387	4,441,440	5,695,198	(61,623)	5,633,575
15-OVERTIME PAY	452,542	201,000	316,000	-	316,000
<b>Personal Services (PS) Subtotal</b>	<b>21,054,560</b>	<b>23,703,894</b>	<b>29,545,444</b>	<b>(316,332)</b>	<b>29,229,112</b>
20-SUPPLIES AND MATERIALS	98,616	202,934	236,934	-	236,934
30-ENERGY, COMM. AND BLDG RENTALS	(270)	-	53,899	-	53,899
31-TELEPHONE, TELEGRAPH, TELEGRAM, ETC	386,462	389,170	350,000	-	350,000
40-OTHER SERVICES AND CHARGES	1,034,839	1,920,579	4,357,129	100,000	4,457,129
41-CONTRACTUAL SERVICES - OTHER	2,024,681	6,682,190	6,385,203	(150,000)	6,235,203
70-EQUIPMENT & EQUIPMENT RENTAL	16,873	53,000	230,800	-	230,800
<b>Non-Personal Services (NPS) Subtotal</b>	<b>3,561,201</b>	<b>9,247,873</b>	<b>11,613,965</b>	<b>(50,000)</b>	<b>11,563,965</b>
<b>Grand Total</b>	<b>24,615,761</b>	<b>32,951,767</b>	<b>41,159,409</b>	<b>(366,332)</b>	<b>40,793,077</b>

## Fiscal Year 2014 Operating Budget, By Program (Gross Funds)

## Department of Consumer and Regulatory Affairs

Program and Activity Codes	FY 2012 Actuals	FY 2013 Approved	FY 2014 Mayor's Proposed	FY 2014 Committee Variance	FY 2014 Committee Proposed
<b>1000-ADMINISTRATIVE SERVICES</b>					
1010 - PERSONNEL	239,250	235,566	319,750	-	319,750
1015 - TRAINING AND EMPLOYEE DEVELOPMENT	-	-	109,973	-	109,973
1020 - CONTRACTING AND PROCUREMENT	133,722	138,724	146,342	-	146,342
1030 - PROPERTY MANAGEMENT	176,901	182,959	187,821	-	187,821
1040 - INFORMATION TECHNOLOGY	1,485,799	1,921,294	2,855,214	-	2,855,214
1055 - RISK MANAGEMENT	328,363	355,275	397,404	-	397,404
1060 - LEGAL	99,818	103,060	117,596	-	117,596
1070 - FLEET MANAGEMENT	308,458	194,044	298,583	(25,000)	273,583
1080 - COMMUNICATIONS	-	-	-	-	-
1085 - CUSTOMER SERVICE	941,470	911,826	997,615	-	997,615
1090 - PERFORMANCE MANAGEMENT	1,207,437	997,567	1,383,726	(77,623)	1,306,103
<b>Subtotal (1000)</b>	<b>4,921,218</b>	<b>5,040,315</b>	<b>6,814,023</b>	<b>(102,623)</b>	<b>6,711,400</b>
<b>100F-AGENCY FINANCIAL OPERATIONS</b>	<b>1,022,325</b>	<b>1,312,177</b>	<b>1,971,795</b>	<b>-</b>	<b>1,971,795</b>
110F - BUDGET OPERATIONS	278,896	455,024	1,011,192	-	1,011,192
120F - ACCOUNTING OPERATIONS	391,143	426,616	426,999	-	426,999
130F - ACFO OPERATIONS	352,286	430,537	533,604	-	533,604
<b>Subtotal (100F)</b>	<b>2,044,651</b>	<b>2,624,353</b>	<b>3,943,589</b>	<b>-</b>	<b>3,943,589</b>
<b>2000-PERMITTING</b>					
2020 - PLAN REVIEW	2,381,924	2,315,416	2,999,340	-	2,999,340
2025 - HOMEOWNER CENTER	65,713	67,943	73,232	-	73,232
2030 - DEVELOPMENT AMBASSADOR	285,068	840,540	1,367,135	-	1,367,135
2050 - PERMITS	864,880	880,155	1,377,723	(75,000)	1,302,723
2060 - SURVEYOR	731,444	711,160	1,135,334	-	1,135,334
<b>Subtotal (2000)</b>	<b>4,329,029</b>	<b>4,815,213</b>	<b>6,952,765</b>	<b>(75,000)</b>	<b>6,877,765</b>
<b>3000-ENFORCEMENT</b>					
3020 - SCHEDULING & ENFORCEMENT UNIT	208,541	273,597	900,014	-	900,014
3025 - VACANT PROPERTY	304,712	396,986	883,067	(170,825)	712,242
3045 - REGULATORY INVESTIGATIONS	929,966	947,622	991,240	-	991,240
3050 - REHABILITATION	706,321	4,814,788	2,780,434	-	2,780,434
3055 - CONSUMER PROTECTION	140,250	263,178	272,646	-	272,646
3060 - WEIGHTS AND MEASURES	293,921	318,100	430,182	-	430,182
<b>Subtotal (3000)</b>	<b>2,583,710</b>	<b>7,014,273</b>	<b>6,257,583</b>	<b>(170,825)</b>	<b>6,086,758</b>
<b>4000-INSPECTION</b>					
3010 - BUILDING INSPECTIONS DIVISION	2,534,196	2,973,449	3,405,631	(117,884)	3,287,747
3080 - RESIDENTIAL INSPECTIONS	2,310,264	2,397,449	3,215,692	-	3,215,692
3095 - CONSTRUCTION COMPLIANCE	323,964	311,675	367,562	-	367,562
<b>Subtotal (4000)</b>	<b>5,168,423</b>	<b>5,682,573</b>	<b>6,988,885</b>	<b>(117,884)</b>	<b>6,871,001</b>
<b>6000-ZONING AND CONSTRUCTION COMPLIANCE</b>					
6010 - ZONING ADMINISTRATOR	995,846	1,133,690	1,460,642	-	1,460,642
6020 - CONSTRUCTION COMPLIANCE	-	-	102,942	-	102,942
<b>Subtotal (6000)</b>	<b>995,846</b>	<b>1,133,690</b>	<b>1,563,583</b>	<b>-</b>	<b>1,563,583</b>
<b>7000-LICENSING</b>					
2070 - BUSINESS SERVICE CENTER	367,557	415,174	422,231	-	422,231
2080 - CORPORATION DIVISION	1,279,469	1,521,176	2,607,865	-	2,607,865
2090 - LICENSE & REGISTRATION RENEWAL	1,206,717	1,743,749	2,725,806	-	2,725,806
2095 - OCCUPATIONAL & PROFESSIONAL LICENSES	2,741,467	4,273,427	4,854,873	100,000	4,954,873
<b>Subtotal (7000)</b>	<b>5,595,209</b>	<b>7,953,526</b>	<b>10,610,775</b>	<b>100,000</b>	<b>10,710,775</b>
<b>Grand Total</b>	<b>24,615,761</b>	<b>32,951,767</b>	<b>41,159,409</b>	<b>(366,332)</b>	<b>40,793,077</b>

Mayor's Proposed Fiscal Year 2014-2019 Capital Budget by Agency								
Agency Name	Code	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	6-Year
Department of Consumer and Regulatory Affairs	CR0	1,470	0	0	0	0	0	1,470
<b>Total</b>		<b>1,470</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,470</b>

Committee's Approved Fiscal Year 2014-2019 Capital Budget by Agency								
Agency Name	Code	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	6-Year
Department of Consumer and Regulatory Affairs	CR0							0
<b>Total</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Change from Mayor's Proposed Budget</b>		<b>(1,470)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,470)</b>

(Dollars in Thousands)

1. **COMMITTEE ANALYSIS AND COMMENTS**

a. **Agency Mission and Overview**

The mission of DCRA is to protect the health, safety, economic interests, and quality of life of 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. This is an extensive mission that annually sees the agency issue over 35,000 building permits, 4,000 occupancy permits, and 50,000 business and professional licenses. The agency files over 65,000 corporate documents and conducts over 55,000 residential, commercial, and business-related inspections and investigations. DCRA is charged with ensuring that all businesses, professionals, and property owners adhere to District laws and regulations.

b. **Mayor's Proposed Fiscal Year 2014 Operating Budget**

**Proposed Operating Budget Summary**

The Mayor's proposed FY 2014 budget for DCRA is \$41,159,409 million. This represents a substantial increase of 24.9 percent over FY 2013 approved budget of \$32, 951,767. The FY 2014 budget includes an increase in FTE authority for 333.0 FTEs, a total increase of 54 FTEs (or 19.4 percent) from FY2013.

**Local Funds:** The budget for local funds is \$17,254,109 million, an increase of \$888,798 (or 5.4 percent) and supports a total of 147.0 FTEs, which is an 11.4 percent increase from FY 2013. Of this amount, the budget reflects increases of \$853,783 and 15.0 FTEs in personal services to support enforcement of the District's new building codes, laws, and regulations; \$486,223 in "Other Services and Charges" go to support increased functions; \$302,858 in personal support the agency's proposed step increases and increase in fringe benefits rate; \$232,152 in "Other Services and Charges" are designated to support the agency's building code enforcement functions; and \$146,831 in non-personal services are dedicated for "Equipment and Equipment Rental" to support the increase in personnel. The Local budget includes a reduction of \$2,021,847 in "Contractual Services" to offset the costs associated with 15 newly created positions.

**Special Purpose Revenue Funds:** The FY 2014 budget reflects increases of \$3,961,107 and 39.0 FTEs in personal services, and \$2,727,188 in non-personal services based on projected increases in Basic Business Licensing, Nuisance Abatement and Corporate Recordation Funds.

c. **Fiscal year 2014 Budget Hearing Testimony**

The FY 2014 Budget Hearing for DCRA was held on April 25, 2013. Copies of witness testimony are available by request in the Council Secretary's and Committee's offices.

**Witnesses**

**Public Witnesses**

Mr. Hyman Cole, District Resident  
Mr. James Peters, CapWorks  
Ms. Sue Hemberger, Resident, Ward 3  
Mr. George Koch, Founder, Artomatic, Inc.  
Mr. Michael Sindram, Resident, Ward 4  
Mr. Christian Carter, President, New Columbia Enterprise  
Mr. Skip Coburn, DC Nightlife Association

**Government Witnesses**

Mr. Nicholas Majett, Director, DCRA

**Committee Analysis and Comments**

**I. Administrative Services**

The Administrative Services division FY 2014 proposed budget provides \$6,814,000, an overall increase of \$1,774,000 and the addition of 6 FTEs. The Administrative Services division oversees the agency's management of personnel, contracting and procurement, property management, information technology, risk management, legal, fleet management, communications, customer service, and performance management sectors, and employs a total of 45 FTEs. FY 2014 increases in the Administrative Services account is spread across 6 activities: 1) Information Technology, which will receive an additional \$934,000; 2) Performance Management will receive an additional \$386,000 and 4 FTEs; 3) Training and Employee Development is budgeted at \$110,000 and 1 FTE; 4) Fleet Management, which is increased by \$105,000; 5) Customer Service is increased by \$86,000; and 6) Personnel is budgeted for an increase of \$84,000 and 1 FTE.

***Customer Service Division***

The agency's "community outreach and customer service" division employs 12.0 FTEs and is largely responsible for the agency's community outreach efforts. The agency has indicated that the division is minimally involved in hardcore customer service improvement and assured the Committee that such issues are adequately handled on a departmental basis by the managerial staff. Last year, the predecessor Committee of jurisdiction, the Committee on Public Services and Consumer Affairs, recorded receiving a large number of complaints regarding the agency's ability to provide quality, efficient front-line service to customers. In response, the agency intensified job training activities in different areas of human resource performance. According to *Grade.DC.Gov*, which allows the public to provide feedback on agencies' customer-service efficiency, DCRA rated a B+ average. The Committee has been impressed with the improvements made by DCRA in its Customer Service Division. The Committee has noted improvements in service and reductions in customer wait times, despite ever increasing work load demands. The Committee will continue to monitor the level of public satisfaction with the agency's customer service experience.

DCRA highlights the success of the Permit Intake Validation System (PIVS), which allows the public to obtain information on property ownership, its zoning, building permits, and business licenses issued to the property address. The agency continues to improve information technology capabilities and is scheduled to complete IT enhancements for the agency in FY 2014, a process that commenced in 2006. The FY 2014 budget proposes a capital budget of \$1.47 million for completion of the IT modernization program.

Another issue of concern is the translation of important documents for non-English speaking populations. The Language Access Act of 2004 requires District government programs and agencies to do four things: 1) assess the need for and offer oral language services; 2) provide written translation of vital documents into any non-English language spoken by a population that constitutes 3% or 500 individuals, whichever is less, of the population served or encountered, or likely to be served or encountered by the entity; 3) establish and implement a language access plan; and 4) identify a language access coordinator. The Act called for a “phased-in” implementation which placed DCRA’s date of effective applicability on October 1, 2004.

Last year, the Committee on Public Services and Consumer Affairs, urged the DCRA to develop a more aggressive timeline for the full implementation of the Language Access Act through the agency’s Biennial Language Access Plan. In response, DCRA held 14 community-based events focusing on home improvement and Green building projects at which handouts were available in both English and Spanish. As part of its updated Language Access Plan, the agency has produced 65 percent of its documents and communications in English and Spanish in pursuit of its goal of 100 percent compliance. With the 25 percent increase in its agency budget for FY 2014, the Committee expects to see improvements toward compliance in this area, and it underscores the recommendation made last year to the agency to develop a translation initiative with timelines to fully implement the requirements of the Act.

## **II. Permitting**

DCRA’s permitting 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 large-scale projects. The permit intake, application and issuance process varies depending upon the scope of the project. An applicant seeking a permit must submit an application and building plans to the Permit Review Center, where the application is then categorized as a “walk-through,” “file-job,” or a “large scale project” that requires the review of other agencies prior to permit issuance. 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.

The FY 2014 proposed budget and financial plan increases funding to the permitting division by \$2,138,000, or 44.4 percent, with the greatest allocations targeted for the following divisions/activities: 1) Plan Review division, increased by \$684,000 and 6 FTEs; 2) Development Ambassador, a \$527,000 increase and 1 additional FTE; 3) Permits division, an increase of \$498,000 and 2 FTEs; and 4) the Surveyor division receives an increase of \$424,000 and 1 FTE.

The Committee is hopeful that the proposed budget allocation will help to decrease the average length of customer waiting in the permit center and shorten the review time for resubmitted permit applications. The Committee is pleased to note that the Permit Center exceeded its goal of an average 16 minutes customer wait time with an average time of 10 minutes. It expects to see continued improvement in this area.

One recommendation heard by the Committee during the budget hearing process urged DCRA to send out notices for “certificates of use” for DDOT’s “public space permits.” The Committee believes that renewal notifications are an effective means in aiding consumers to comply with their permitting and licensing obligations. It is a practice in which the agency engages; therefore, the Committee urges DCRA implement a notification process for annual renewals of certificate of use permits and the required renewal fee.

Overall, the agency continues to improve the expediency and efficiency of its permit application process through a number of automated systems and consolidated processes. But based on customer feedback and statistical information, the agency needs to work on improving these processes and should remain open to altering them to meet customer needs, if need be.

### **III. Licensing**

The agency’s Licensing division issues and regulates business, corporate, and professional licenses. It is the center of the agency’s customer service intake and issuance responsibilities for business, corporate, and professional licenses. Its Business Service Center is a front-line service office where customers can get information, and apply for and receive licenses and corporate registrations. The division also develops and enforces licensing standards.

The proposed FY 2014 budget and financial plan increases funding to the Licensing Division by \$2,657,000, and number of authorized FTEs by 8, with \$1,087,000 and 2 additional FTEs allocated to the Corporation Division, \$982,000 and 1 new FTE to License and Registration Renewal, and \$581,000 and 5 new FTEs to Occupational and Professional Licensing. The Business Service Center will be increased by \$7,000 and with no new FTEs.

#### ***Business Licenses and Corporate Registrations***

In FY 2011 and FY 2012, the division failed to reach its 60% target for the number of business licenses issued (new and renewal). The actual rate for online performance was 17 percent and 16 percent respectively. In response to the poor progress made in this key performance measure, the Department lowered target projections for FY 2013 to 45 percent, but it has significantly increased that target to 65 percent for FY 2014. Given the past track record, the Committee is skeptical that the Licensing division will achieve its performance goals. The agency must give serious attention to realigning its projections on a more realistic scale. The agency has reported that it takes the effort to increase its online registration performance seriously, and it hopes to see real progress area in FY 2013 and FY 2014.

Agency’s budget for FY 2014 increases the number of FTEs in this activity by one. It is also expanding the availability of online license application and renewal services and adding enhancements to the renewal process.

Past Committee reports noted customers’ complaints that renewal notices are often not received which resulted in the imposition of hefty late fees for many customers who are forced to wait on inspections and other processes from third party agencies. To improve performance in this area, the agency was encouraged to adopt a more consistent notification program for its customers. The Committee is pleased to note that the agency’s policy is to send out courtesy renewal notices to its business license and corporations customers 45 days before the expiration. It is also worth noting that the Basic Business License Renewal Amendment Act of 2012 (D.C. Act 19-642) is currently awaiting the end of the congressional review period. The Act will establish a statutory requirement for the issuance of the renewal notices 60 days in advance of the expiration date. For consistency in customer service operations, the Corporations Division will also send out 60-day courtesy renewal notices. The Committee commends the progress made to address this customer service issue.

## ***Occupational and Professional Licensing***

The agency continues to increase its efficiency and capacity to process new and renewal professional licensing applications, in part due to its new online professional license application system. The Committee is pleased to note that 100 percent of occupational and professional license renewals were processed within 3 days when a complete application was submitted, exceeding the 97 percent rate projected by the agency. The FY 2014 budget proposes an increase in funding of \$581,000 and an increase of five FTEs.

The agency exceeded its target for the rate of new and renewal professional license applications submitted online. The target was 60 percent and the rate actually achieved was 95 percent. The agency also exceeded its goal of processing 97 percent of professional license renewals within three days for FY 2012 by scoring a 100% rate. On the heel of these performance achievements, the Occupational and Licensing Division is scheduled to receive \$580,000 in additional funding and 5 additional FTEs.

The Committee encourages DCRA to incorporate enhanced noise control and sound attenuation measures when the DC Supplement to the International Construction Code is scheduled for revision. Some suggestions include additional sound proofing in floors, walls, and windows in buildings in or near “high noise” commercially-zoned areas. DCRA should use its leverage to take steps to require developers to construct buildings with sufficient sound proofing in order to facilitate a more compatible co-existence of residential and commercial interests. The recent boom in high density housing revitalized mixed-use commercial corridors and higher volumes of foot traffic make for a vibrant mix of residential and commercial activities. However these factors generate street noise in the late night hours and the interests of residents and night-life business establishments can clash. This conflict may never be completely resolved, but DCRA can make efforts to see that efforts are made to mitigate the problem.

### ***Boxing and Wrestling Commission***

The mission of the D.C. Boxing and Wrestling Commission (“BWC”) is to effectively regulate all boxing, wrestling, and mixed martial arts events in the District of Columbia. BWC is committed to establishing and maintaining the highest ethical practices and conduct of boxing and other combative sports in the District. BWC is also dedicated to protecting the health, safety and welfare of its licensees; promoting public confidence in the sports industry; establishing trust in the regulatory process; and achieving the ultimate goal of making the District of Columbia the industry’s sports capital.

In the first half of 2013, the BWC generated nearly \$1.4 million in gross sales. DC sales taxes generated \$111,673 and combined Commission Fees of \$82,710 were collected. The Committee is interested in seeing the BWC strive to enhance its profile and provide an effective operation to attract high profile events. The Committee is also interested in seeing that the Commission plays an active role in enhancing boxing, wrestling and mixed martial arts training facilities in the District.

### ***Special Event Licensing***

The Committee heard testimony advocating more streamlined procedures for licensing special events and interagency coordination in the sharing of application information provided by event organizers and shared at meetings of the Mayor’s Special Events Task Force. Much of the same information requested of the Mayor’s Special Events is also required on DCRA’s Special Events Application Questionnaire. Though the Committee has not devoted the time to thoroughly vet the issue, it has heard similar concerns from other parties who engage in annual special events. The Committee recommends that DCRA in look into establishing procedures to consolidate information requests in order to reduce redundant special events application procedures.

#### **IV. Inspections**

The agency's Inspection Division performs building, residential, and construction site inspections for code, zoning and permit compliance. It also monitors elevators and boilers in District buildings, and maintains the District's construction codes.

The FY 2014 proposed budget and financial plan proposes an overall funding increase of \$1,306,000. Funding for the Building Inspection Division will be increased by \$432,000, but the level of FTEs will remain constant at 34 FTEs. The Construction Compliance Division will be increased by only \$56,000 with no increase in FTEs. The Residential Inspection Division will receive the bulk of the increase proposed for the Inspections Division, which will see its budget increase from \$2,397,000 in FY 2013 to \$3,216,000 in FY 2014 and an increase of 6 FTEs. With the funding increases allocated to Inspections, the agency is making progress toward restoring pre-recession staffing levels.

The Inspections Division amassed a laudable track record over the past year. The division inspected 3,029 rental units in 1,198 buildings in every ward. It has concentrated efforts to identify and correct housing code violations before they pose health and safety risks to tenants.

The Committee is paying close attention to the agency's inspection performance of vacant buildings. Last year, the agency identified more than 260 buildings that had been blighted or vacant and are now occupied and returned to productive use. The agency identified 2,578 vacant buildings, 40 percent of which qualified for exemption from the Class 3 (vacant) property tax rates, and 228 blighted buildings. The Committee expects that the additional proposed for the Residential Inspections Division will provide a robust vacant building inspection regime.

The Committee suspects that these staffing deficiencies, as well as inadequate management and oversight of its inspectors, may have had some bearing on the agency's failure to meet its proactive inspection goals in past years. However, the agency has made substantial improvements in the inspection process, and unless found otherwise, the Committee believes the agency is moving in the right direction with regard to inspections. With addition of new resources, the Committee expects to see further improvements in this activity.

#### **V. Enforcement and Legislative Affairs**

The Enforcement and Legislative Affairs Division coordinates and monitors the enforcement of violations cited by the agency's regulatory programs, registers vacant properties, and condemns unsafe and deteriorating properties. It also handles consumer complaints through the consumer protection division.

The proposed FY 2014 budget for the division is \$6,258,000 – a decrease of \$757,000 from FY 2013 approved levels. Although this division is experiencing an out of character reduction from the agency's division accounts, FTE levels will increase by 16 personnel. Most activities under the division will receive significant increases in budgetary resources. The Scheduling and Enforcement Unit will be increased by \$626,000 and 8 FTEs. The Vacant Property Unit will be increased by \$486,000 and an increase of 7 FTEs. The Regulatory Investigations Unit will receive an increase of \$44,000, but no increase in FTEs; the Consumer Protection Unit will receive a budget increase of \$9,000 and no increase in FTEs; and the Weights and Measures Unit will see its budget increase \$112,000 and an increase of 1 FTE.

An area of concern to the Committee is that the Unit has consistently underperformed in meeting its targets for Special Assessments collections. The Committee has not investigated the reasons for

underperformance in this area. Last year, the Committee on Public Service and Consumer Affairs called for the agency to enhance its capability to collect fees and fines. The increased resources provided to the division should allow it make progress in this area.

DCRA has made great efforts to work with and reach out to community organizations, Advisory Neighborhood Commissions, neighborhood associations, and citizen groups. Therefore, the Committee was surprised to learn that on February 9, 2013, investigators of DCRA's Office of Weights and Measures told licensed beverage and restaurant business owners of minimum portion requirements for serving alcoholic beverages. The District Code does not require establishments to serve minimum portions. The Committee recommends that DCRA collaborate with ABRA on future inspection activities and in the printing and distribution of informational material regarding serving requirements of licensed beverage products served on and off premises.

## **VI. Zoning and Construction Compliance**

The Zoning and Construction Compliance Division is charged with two activities: Zoning Administrator, which provides zoning interpretation, inspections, and enforcement services to contractors, developers and property owners so they can be in compliance with the zoning ordinances of the District.

The Construction Compliance Unit provides inspections of developers and property owners, so they can comply with the construction regulations and laws of the District of Columbia.

The FY 2014 budget proposes a funding level of 1,564,000 and 17 FTEs. The Zoning Administrator will receive an increase of \$327,000 over FY 2013 approved levels and an increase of 3 FTEs. The Construction Compliance Unit is receiving first-time funding of \$103,000 and 2 FTEs.

### **c. Mayor's Proposed Fiscal Year 2014-2019 Capital Budget**

#### **Proposed Capital Budget Summary**

DCRA's proposed capital budget allotment is \$1.47 million for FY 2014 for continued implementation of a variety of mission critical information technology systems involving District licensing, permitting, and inspection functions. It also provides for the establishment of interfaces with other District IT systems, facilitating data sharing with the Office of Tax and Revenue, the District Department of Transportation, Zoning Planning and other agencies. This project will improve compliance with District permitting and licensing requirements, increase efficiency, and enhance revenues. This project began in FY 2006 when DCRA used internal funding to initiate the project. Additional capital funding has allowed the agency to complete the initial phases of project implementation and will allow for integration of these systems with other District government IT systems to data on a real-time basis. The project is 70 percent complete and full funding costs are estimated at \$12 million. The proposed budget allocation will allow for the completion of the IT enhancement project.

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

The IT Systems Modernization project is 70 percent complete and full funding costs are estimated at \$12 million. The \$1.47 million in funding proposed for FY 2014 will allow DCRA to complete project implementation. The proposed budget allocation will allow for the completion of the IT enhancement project.

## 2. COMMITTEE RECOMMENDATIONS

### a. Fiscal Year 2014 Operating Budget Recommendations

- The Committee approves the FY 2014 operating budget for DCRA as proposed by the Mayor with the following changes:
  - Reduce CSG 11: \$54,663 and CSG 14: \$13,221.19 (Program Support Specialist-Activity Code 3010-Building Inspection)
  - Reduce CSG 11: \$54,663 and CSG 14: \$13,221.19 (10004952: Program Support Specialist- Activity Code 3020-Vacant Property)
  - Reduce CSG 11: \$45,345 and CSG 14: \$10,973.49 (10004953:Contact Representative-Activity Code 3020-Vacant Property)
  - Reduce CSG 11: \$37,539 and CSG 14: \$9,084.44 (77330:Contact Representative-Activity Code 3020-Vacant Property)
  - Reduce CSG 11: \$62,499 and CSG 14: \$15,124.76 (10004917: Program Analyst-Activity Code 1090: Performance Management)
  - Reduce CSG 40, Activity Code 1000: 1070 (Fleet Management): \$25,000
  - Reduce CSG 40, Activity Code 2000: 2050 (Permits): \$75,000
  - Reduce CSG 40, Activity Code 4000: 3010 (Building Inspection Division):\$50,000
- The total reduction above of \$466,322 will be re-directed as follows:
  - Transfer \$100,000 to Boxing and Wrestling Commission under DCRA-Special Purpose Revenue, CSG 40, Activity Code 7000 Licensing (2095: Occupational and Professional Licensing)
  - Transfer \$100,000 to Emancipation Day
  - Transfer \$266,322 to the Film DC Economic Incentive Fund (Office of Motion Picture and Television)

### b. Fiscal Year 2014 Capital Budget Recommendations

The Committee approves the FY 2014 capital budget for DCRA as proposed by the Mayor

### c. Policy Recommendations

1. The Committee urges DCRA to send out invoices or renewal notices for “certificates of use” for DDOT’s “public space permits.” Renewal notifications are a customer-friendly activity practiced by many District agencies with regulatory licensing and permitting responsibilities. DCRA should send out notices or an invoice for the required annual renewal of Certificate of Use and the required fee.
2. The Committee heard testimony advocating more streamlined procedures for licensing special events and interagency coordination in the sharing of application information provided by event organizers and shared at meetings of the Mayor’s Special Events Task Force. Much of the same information requested of the Mayor’s Special Events is also required on DCRA’s Special Events Application Questionnaire. The Committee urges DCRA to consolidate information requests in order to reduce redundant special events application procedures.
3. The Committee strongly urges DCRA to improve its interagency coordination with the Alcohol Beverage Regulation Administration, especially with respect to enforcement matters regarding

the serving of alcoholic beverages. In February 9, 2013, investigators DCRA's Office of Weights and Measures told licensed beverage and restaurant business owners of minimum portion requirements for serving alcoholic beverages. The District Code does not require establishments to serve minimum portions. DCRA shall consult and coordinate with ABRA on future inspection activities and in the printing and distribution of informational material regarding serving requirements of licensed beverage products served on and off premises.

4. The Committee encourages DCRA to incorporate enhanced noise control and sound attenuation measures when the DC Supplement to the International Construction Code is scheduled for revision. Some suggestions include additional sound proofing in floors, walls, and windows in buildings in or near "high noise" commercially-zoned areas. DCRA should use its leverage to take steps to require developers to construct buildings with sufficient sound proofing in order to facilitate a more compatible co-existence of residential and commercial interests. The recent boom in high density housing revitalized mixed-use commercial corridors and higher volumes of foot traffic make for a vibrant mix of residential and commercial activities. However these factors generate street noise in the late night hours and the interests of residents and night-life business establishments can clash. This conflict may never be completely resolved, but DCRA can make efforts to see that efforts are made to mitigate the problem.

**D. DEPARTMENT OF INSURANCE, SECURITIES, AND BANKING**

Fiscal Year 2014 Operating Budget, By Revenue Type Department of Insurance, Securities, and Banking					
Source of Funds	FY 2012 Actual	FY 2013 Approved	FY 2014 Mayor's Proposed	FY 2014 Committee Variance	FY 2014 Committee Proposed
FEDERAL GRANT FUND	476,007	2,544,319	2,414,015	-	2,414,015
INTRA-DISTRICT FUNDS	81,000	-	-	-	-
LOCAL FUND	-	-	-	-	-
PRIVATE GRANT FUND	153,569	447,652	462,003	-	462,003
SPECIAL PURPOSE REVENUE FUNDS	13,939,438	17,868,052	18,785,557	-	18,785,557
<b>Grand Total</b>	<b>14,650,014</b>	<b>20,860,023</b>	<b>21,661,575</b>	<b>-</b>	<b>21,661,575</b>

Fiscal Year 2014 Operating Budget FTEs, By Revenue Type Department of Insurance, Securities, and Banking				
Source of Funds	FY 2013 FTEs Approved	FY 2014 FTEs Mayor's Proposed	FY 2014 FTEs Committee Variance	FY 2014 FTEs Committee Proposed
FEDERAL GRANT FUND	8.0	8.0	0.0	8.0
INTRA-DISTRICT FUNDS	0.0	0.0	0.0	0.0
LOCAL FUND	0.0	0.0	0.0	0.0
PRIVATE GRANT FUND	3.0	3.0	0.0	3.0
SPECIAL PURPOSE REVENUE FUNDS	114.6	114.6	0.0	114.6
<b>Grand Total</b>	<b>125.6</b>	<b>125.6</b>	<b>0.0</b>	<b>125.6</b>

**Fiscal Year 2014 Operating Budget, By Comptroller Source Group (Gross Funds)**

**Department of Insurance, Securities, and Banking**

<b>Comptroller Source Group Object Codes</b>	<b>FY 2012 Actual</b>	<b>FY 2013 Approved</b>	<b>FY 2014 Mayor's Proposed</b>	<b>FY 2014 Committee Variance</b>	<b>FY 2014 Committee Proposed</b>
11-REGULAR PAY - CONT FULL TIME	8,171,286	11,084,761	10,575,063	-	10,575,063
12-REGULAR PAY - OTHER	407,945	329,706	1,236,525	-	1,236,525
13-ADDITIONAL GROSS PAY	127,011	113,247	113,247	-	113,247
14-FRINGE BENEFITS - CURR PERSONNEL	1,778,776	2,322,765	2,504,111	-	2,504,111
15-OVERTIME PAY	9,786	20,950	20,950	-	20,950
<b>Personal Service (PS) Subtotal</b>	<b>10,494,804</b>	<b>13,871,430</b>	<b>14,449,895</b>	<b>-</b>	<b>14,449,895</b>
20-SUPPLIES AND MATERIALS	27,834	55,770	58,450	-	58,450
31-TELEPHONE, TELEGRAPH, TELEGRAM, ETC	94,675	86,617	90,948	-	90,948
32-RENTALS - LAND AND STRUCTURES	1,762,773	1,867,612	1,738,405	-	1,738,405
33-JANITORIAL SERVICES	22,528	-	-	-	-
34-SECURITY SERVICES	-	-	5,421	-	5,421
35-OCCUPANCY FIXED COSTS	-	32,823	62,484	-	62,484
40-OTHER SERVICES AND CHARGES	750,137	1,434,771	1,399,485	-	1,399,485
41-CONTRACTUAL SERVICES - OTHER	160,250	629,066	629,066	-	629,066
50-SUBSIDIES AND TRANSFERS	1,133,563	2,339,034	2,617,521	-	2,617,521
70-EQUIPMENT & EQUIPMENT RENTAL	203,449	542,900	609,900	-	609,900
99-UNKNOWN PAYROLL POSTINGS	-	-	-	-	-
<b>Non-Personal Service (NPS) Subtotal</b>	<b>4,155,210</b>	<b>6,988,593</b>	<b>7,211,680</b>	<b>-</b>	<b>7,211,680</b>
<b>Grand Total</b>	<b>14,650,014</b>	<b>20,860,023</b>	<b>21,661,575</b>	<b>-</b>	<b>21,661,575</b>

Fiscal Year 2014 Operating Budget, By Program (Gross Funds)					
Department of Insurance, Securities, and Banking					
Program and Activity Codes	FY 2012 Actuals	FY 2013 Approved	FY 2014 Mayor's Proposed	FY 2014 Committee Variance	FY 2014 Committee Proposed
<b>1000-AGENCY MANAGEMENT PROGRAM</b>					
1010 - PERSONNEL	91,962	170,707	169,353	-	169,353
1017 - LABOR PARTNERSHIP	70,300	-	73,191	-	73,191
1040 - OFFICE OF INFO TECH & SUPPORT	826,847	5,446,357	5,441,774	-	5,441,774
1055 - RISK MANAGEMENT	155,503	-	171,650	-	171,650
1080 - PUBLIC AFFAIRS	327,895	784,901	814,848	-	814,848
1085 - CUSTOMER SERVICES	-	-	308,843	-	308,843
1090 - PERFORMANCE MANAGEMENT	587,856	390,485	393,331	-	393,331
1095 - CONSUMER PROTECTION	2,614	-	-	-	-
<b>Subtotal (1000)</b>	<b>2,062,977</b>	<b>6,792,450</b>	<b>7,372,989</b>	<b>-</b>	<b>7,372,989</b>
<b>100F-AGENCY FINANCIAL OPERATIONS</b>					
110F - BUDGET OPERATIONS	126,884	139,801	144,591	-	144,591
120F - ACCOUNTING OPERATIONS	307,474	383,784	443,184	-	443,184
130F - ACFO	164,645	175,983	182,622	-	182,622
<b>Subtotal (100F)</b>	<b>599,003</b>	<b>699,567</b>	<b>770,397</b>	<b>-</b>	<b>770,397</b>
<b>2000-INSURANCE PROGRAM</b>					
2010 - INSURANCE PRODUCTS	-	980,987	1,180,656	-	1,180,656
2015 - FINANCIAL SURVEILLANCE	-	670,430	214,017	-	214,017
2020 - CONSUMER AND PROF LICENSING	(96,715)	-	-	-	-
2040 - FORMS ANALYSIS	2,468,380	-	-	-	-
2045 - MARKET CONDUCT	58,812	-	-	-	-
2050 - HMO	399,177	918,412	586,115	-	586,115
2055 - CONSUMER SERVICES	566,924	-	-	-	-
2060 - PROFESSIONAL SERVICES	486,479	-	-	-	-
2065 - FINANCIAL REGULATORY	605,078	-	-	-	-
2070 - ACTUARIAL ANALYSIS	305,222	-	-	-	-
2080 - DC MARKET OPERATIONS INSURANCE	-	131,139	136,818	-	136,818
2090 - HEALTH INSURANCE REVIEW	469,094	1,325,439	1,205,216	-	1,205,216
<b>Subtotal (2000)</b>	<b>5,262,451</b>	<b>4,026,407</b>	<b>3,322,821</b>	<b>-</b>	<b>3,322,821</b>
<b>3000-SECURITIES PROGRAM</b>					
3010 - CORPORATE FINANCE	153,519	626,798	682,524	-	682,524
3020 - SECURITIES EXAMINATION	72,482	1,000	-	-	-
3030 - SECURITIES LICENSING	24,183	515,066	530,398	-	530,398
3080 - DC MARKET OPERATIONS SECURITIES	-	180,074	191,241	-	191,241
<b>Subtotal (3000)</b>	<b>250,184</b>	<b>1,322,937</b>	<b>1,404,164</b>	<b>-</b>	<b>1,404,164</b>

Chart continued on next page . . .

**Fiscal Year 2014 Operating Budget, By Program (Gross Funds)  
Department of Insurance, Securities, and Banking**

<b>4000-ENFORCEMENT PROGRAM</b>					
4010 - COMPLIANCE	(0)	-	-	-	-
4020 - INVESTIGATIVE	(1)	-	-	-	-
4050 - ENFORCEMENT	196,584	416,983	293,712	-	293,712
4060 - INVESTIGATIONS	760,283	812,309	682,012	-	682,012
4080 - DC MARKET COMPLIANCE ENFORCEMENT	-	86,390	93,060	-	93,060
<b>Subtotal (4000)</b>	<b>956,866</b>	<b>1,315,682</b>	<b>1,068,784</b>	<b>-</b>	<b>1,068,784</b>
<b>5000-BANKING</b>					
5015 - SSBCI	6,913	1,218,879	1,208,799	-	1,208,799
5020 - NON DEPOSITORY	0	-	-	-	-
5055 - EXAMINATION	(100)	-	-	-	-
5060 - LICENSING	-	389,032	570,831	-	570,831
5070 - MARKET SERVICES	-	811,092	895,043	-	895,043
5080 - DC MARKET OPERATIONS BANKING	-	168,394	197,873	-	197,873
<b>Subtotal (5000)</b>	<b>6,813</b>	<b>2,587,397</b>	<b>2,872,546</b>	<b>-</b>	<b>2,872,546</b>
<b>6000-RISK FINANCE</b>					
6010 - COMPLIANCE	-	323,311	308,545	-	308,545
6020 - FINANCIAL ANALYSIS	1,297,523	1,036	349,417	-	349,417
6030 - REGULATORY REVIEW AND LICENSING	-	239,995	-	-	-
6080 - DC MARKET OPERATIONS RISK FINANCE	-	79,102	84,581	-	84,581
<b>Subtotal (6000)</b>	<b>1,297,523</b>	<b>643,444</b>	<b>742,543</b>	<b>-</b>	<b>742,543</b>
<b>7000-SECURITIES AND BANKING</b>					
7010 - CORPORATE FINANCE	2,154,255	-	-	-	-
7020 - SECURITIES AND BANKING EXAMINATION	1,195,673	-	-	-	-
7030 - SECURITIES AND BANKING LICENSING	882,941	-	-	-	-
<b>Subtotal (7000)</b>	<b>4,232,868</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>8000-MARKET EXAMINATIONS</b>					
8010 - INSURANCE EXAMS	-	341,212	369,300	-	369,300
8020 - SECURITIES EXAMS	-	509,355	397,903	-	397,903
8030 - BANKING EXAMS	-	583,249	1,359,070	-	1,359,070
8040 - RISK FINANCE EXAMS	-	423,911	385,295	-	385,295
8080 - DC MARKET COMPLIANCE EXAMS	-	165,604	172,256	-	172,256
<b>Subtotal (8000)</b>	<b>-</b>	<b>2,023,331</b>	<b>2,683,823</b>	<b>-</b>	<b>2,683,823</b>
<b>9000-COMPLIANCE ANALYSIS</b>					
9010 - CONSUMER SERVICES	-	1,448,806	1,423,509	-	1,423,509
9020 - MARKET RESEARCH ANALYSIS	-	732,694	967,259	-	967,259
9020 - MARKET RESEARCH ANALYSIS	-	542,449	279,729	-	279,729
9080 - DC MARKET COMPLIANCE ANALYSIS	-	173,663	176,520	-	176,520
<b>Subtotal (9000)</b>	<b>-</b>	<b>1,448,806</b>	<b>1,423,509</b>	<b>-</b>	<b>1,423,509</b>
9960-YR END CLOSE	(18,671)	-	-	-	-
<b>Subtotal (9960)</b>	<b>(18,671)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total</b>	<b>14,650,014</b>	<b>20,860,023</b>	<b>21,661,575</b>	<b>-</b>	<b>21,661,575</b>

## 1. COMMITTEE ANALYSIS AND COMMENTS

### a. Agency Mission and Overview

DISB was created under the Consolidation of Financial Services Amendment Act of 2004, effective June 11, 2004 (D.C. Law 15-166; D.C. Official Code § 31-101 *et seq.*). The legislation transferred the functions of the Department of Banking and Financial Institutions into the Department of Insurance and Securities Regulation and renamed the agency the Department of Insurance, Securities, and Banking.

The mission of DISB is two-fold: 1) protect consumers by providing equitable, thorough, efficient, and prompt regulatory supervision of the financial services companies, firms, and individuals operating in the District of Columbia; and 2) develop and improve market conditions to attract and retain financial services firms to the District of Columbia.

DISB regulates the following financial services entities: 1) Insurance companies, insurance producers, health maintenance organizations, captive insurance companies, and risk retention groups; 2) Investment advisors, investment advisor representatives, broker-dealers, broker-dealer agents, securities offerings, issuers, and agents of issuers; and 3) District and state-chartered banks, mortgage lenders and brokers, mortgage loan originators, check cashers, money transmitters, consumer-sales-finance companies, money lenders, and consumer-credit-service organizations

DISB operates through the following 9 divisions: 1) Insurance Bureau which monitors and licenses insurance providers; 2) Securities Bureau which oversees the regulatory activities of stock brokerage and investment firms; 3) Enforcement Bureau which takes enforcement actions against individuals and companies engaged in fraudulent financial operations and services; 4) Banking Bureau which regulates the depository and non-depository financial institutions within the District; 5) Risk Finance Bureau which licenses and regulates captive insurance companies; 6) Market Examinations Bureau which conducts on-site examinations of all domiciled insurance companies, inspects investment advisers and broker-dealers, banks, and non-depository financial services institutions, and monitors financial solvency of financial firms; 7) Compliance Analysis Bureau which provides research and analysis of industry sectors to establish best practices; 8) Agency Management which provides for administrative support and the required tools to achieve operational and programmatic results; and 9) Agency Financial Operations which provides comprehensive and efficient financial management services.

### b. Mayor's Proposed Fiscal Year 2014 Operating Budget

#### Proposed Operating Budget Summary

**Local Funds:** The Mayor's proposed FY 2014 budget consists of \$0 from local funding sources.

**Special Purpose Revenue Funds:** The Mayor's proposed FY 2014 budget includes \$18,785,557 in Special Purpose Revenue funds. The proposed budget is a \$918,000 increase over the FY 2013 approved budget of \$17,868,052, which is a 5.1% increase. The increase in funds will be used for legal professional assistance from the Office of Attorney General, to account for Fringe Benefits and planned salary step increases, to properly plan for disaster recovery, for fixed costs estimates for Occupancy, Security and Telephone service, for supplies and materials for Information Technology and Support, and for cost of living adjustments.

**Federal Funds:** DISB is scheduled to receive \$2,414,015 in federal funding during FY 2014. The proposed funding is a decrease of \$130,304 or 5.1% from what the agency received in FY 2013. Federal funds will also be used to support cost of living adjustments.

**Private Grant Funds:** DISB is scheduled to receive \$462,003 in Private Grant funds during FY 2014, which is a 3.2 percent increase from FY 2013. Private Grant funds will be used for an increase in personal service adjustments and for cost of living adjustments.

### **Committee Analysis and Comments**

The Committee is concerned about the proposed FY 2014 funding for the Banking Bureau within DISB. The Banking Bureau has a lot of mandates it has to meet on both the local and federal level. The Banking Bureau only received a \$285,000, or 2%, increase in funding from FY 2013 to FY 2014. The Committee is troubled that this increase is not sufficient.

Currently, the Banking Bureau is not accredited by the Conference of State Bank Supervisors ("CSBS") or the American Association of Residential Regulators ("AARR"),<sup>1</sup> which creates a couple of problems. First, under the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) the Banking Bureau is required to have an accredited robust examination program for depository and non-depository financial institutions and if this cannot be done the federal government will take over the program.<sup>2</sup> The Banking Bureau anticipated an increased budget to implement an accredited examination program.<sup>3</sup>

Another concern by not being accredited by CSBS is it "inhibits the fullest possible expansion of the banking industry in the District".<sup>4</sup> This has affected the opening of new banks or bank branches specifically in Wards 5, 7, and 8. These under banked neighborhoods need more access to banking services which could be better provided if the Banking Bureau was certified by CSBS.

The Banking Bureau is also tasked with administration of the State Small Business Credit Initiative ("SSBCI"), the foreclosure mediation program, the Certified Capital Company program ("CAPCO"), and the Capital Access programs ("CAP"). A review of the FY 2012 through FY 2014 Key Performance Indicators raises some questions as to whether there is enough staff to fully implement these programs properly. Providing access to capital for businesses that would usually not receive this type of support from traditional banks is vital to the District's small business community. DISB should be making every effort possible to make sure businesses have the proper support to grow and succeed.

The SSBCI program, which was created by the Small Business Jobs Act of 2010, allocated \$13.2 million for District businesses. DISB will disperse the funds in three tranches. In order to move from the first to second tranche, DISB must disperse 80% of the first tranche of SSBCI dollars. The Banking Bureau projected to meet that goal by FY 2012, but actual dollars dispersed was zero percent. The Banking Bureau projects it will hit this goal in FY 2013. The Committee hopes to work with DISB during the rest of FY 2013 and through FY 2014 to make sure it disperses all the dollars for the first tranche so the funds will not go unused and will not be sent back to the U.S. Department of Treasury.

For the past two fiscal years the Banking Bureau has projected that the percentage of CAPCOs it will examine within a fiscal year would be 100%. In FY 2012, only 9% of the CAPCOs were examined.

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<sup>1</sup> FY2012-FY2013 DISB Performance Oversight Hearing Questions at Page 20.

<sup>2</sup> *Id.*

<sup>3</sup> *Id.*

<sup>4</sup> *Id.* at Page 33.

Again, this is an important program to provide loans and equity investments to District-based small businesses. DISB has notified the Committee that some of the issues are due to the enabling legislation. The Committee hopes to work with DISB in the upcoming fiscal year to solve these issues. The Committee will also see if more funding is needed to hire more staff to make the program run more efficiently.

The Committee supports the work by the Banking Bureau in running the foreclosure mediation program. The Committee understands that 76% of the mediations that took place since the inception of the program have had successful outcomes. The Committee would like DISB to examine District of Columbia Summary Action Foreclosure Amendment Act of 2013, which was introduced by the Chair of the Committee. Even though the mediation program has been a success there is a concern that the government is not moving quick enough on vacant and abandoned properties. Removing vacant and abandoned properties from the market at a quicker rate, the Committee believes, will help contribute to the safety and welfare of the neighborhood as well as have a positive effect on the housing market.

With all the important work of the Banking Bureau, the Committee hopes in the future more funds will be provided. It is important to make sure that the market is regulated properly, as well as every effort being made to support District-based businesses. The Committee will be looking more in-depth in FY 2014 to closely monitor if the Banking Bureau is fully funded in order to complete its mission. The Committee would also recommend the Banking Bureau makes more of an effort to reach out to District-based businesses to make sure that they know of the access to capital programs that are supported or offered by DISB.

The Committee is pleased with DISB efforts in implementing the Bank on DC program which is a very important and successful program. Bank on DC is a program that "provide[s] greater access to affordable financial services, products and financial education to unbanked and under-banked households that would otherwise use check-cashers and non-traditional means of financing."<sup>5</sup> "Since Bank on DC's inception in April 2010, the program has opened a total of 4,369 accounts-saving residents \$3,495,200 in check cashing fees."<sup>6</sup> DISB is doing a great job in helping residents transfer to more traditional methods of banking and in turn increasing their savings.

The Committee would like to applaud DISB's efforts in helping the District implement the Patient Protection and Affordable Care Act ("ACA"). Under the ACA, DISB was provided a \$3.8 million federal three-year grant from the U.S. Department of Health and Human Services to review the District health-insurance rate-review program. Commissioner White's testimony from the FY 2014 Budget Hearing states they will be looking at the health-insurance rate increases or decreases and whether to approve or reject them.<sup>7</sup> Furthermore, he stated this would result in more transparency for consumers.<sup>8</sup> DISB also said that all their work will be finalized in order for the Health-Care Exchange to start in January 1, 2014.

Finally, the Committee is concerned whether the investigations of the HMO license applications are being handled properly. There were concerns most recently about whether or not DISB properly vetted a company that received an HMO license. The Committee is concerned that Insurance Bureau relied heavily on investigated reports done by an outside group, but it failed to do its own due diligence. The Committee will be looking in the upcoming fiscal year as to whether the Insurance Bureau has enough staff members to handle the work of issuing HMO licenses or if more funds need to be provided.

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<sup>5</sup> *Id.* at Page 15.

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

<sup>7</sup> Fiscal Year 2014 Budget and Financial Plan Hearing for the Department of Insurance, Securities and Banking at Page 6.

<sup>8</sup>

Also, the Committee will be reviewing whether it is more cost-efficient and in the best interest of the District to rely on third-party reports or to have DISB themselves conduct background investigations of companies that apply for an HMO license.

**c. Summary of Fiscal Year 2014 Budget Hearing Testimony**

The FY 2014 Budget Hearing for Department of Insurance, Securities and Banking was held on April 25, 2013. **Copies of witness testimony are available by request in the Council Secretary's and Committee's Office.**

**Witnesses**

**Public**

Mr. Michael Sindram, Resident, Ward 4

Ms. Gigi Ransom, Resident, Ward 5

**Government Witnesses**

Mr. William B. White, Commissioner, Department of Insurance, Securities, and Banking

**2. COMMITTEE RECOMMENDATIONS**

**a. Fiscal Year 2014 Operating Budget Recommendations**

The Committee approves the FY 2014 operating budget for DISB as proposed by the Mayor.

**b. Fiscal Year 2014 Capital Budget Recommendations**

The Committee has no Capital Budget recommendations.

**c. Fiscal Year 2014 Policy Recommendations**

For FY 2014, the Committee recommends the following:

1. DISB should provide the Committee with legislative recommendations to improve the way loans and equity investments are provided through the CAPCO program.
2. Conduct more community outreach programs to inform District-based businesses of how they can apply and receive loans and equity investments from the CAPCO program and the SSBCI program.
3. Provide the Committee with a profile of the type of businesses that could qualify for the SSBCI program.
4. Provide the Committee with a permanent and final version of the Saving D.C. Homes from Foreclosure Enhanced Amendment Act of 2013.
5. Provide the Committee with an analysis of the effect on the housing market, if the proposed District of Columbia Summary Action Foreclosure Amendment Act of 2013

and the Saving D.C. Homes from Foreclosure Enhanced Amendment Act of 2013 are signed into law.

d. **Fiscal Year 2014 Performance Measure Recommendations**

For FY 2014, the Committee recommends the following:

1. DISB shall include as a key performance indicator the number of District-based businesses that apply for and are successfully awarded loans and equity investments from the CAPCO program and the D.C. Collateral Support program.
2. DISB shall increase its projection in its key performance indicators for FY 2014 of percentage of the first tranche of SSBCI dollars disbursed from 80% to 100%.
3. DISB shall include as a key performance indicator the number of homes that are projected to be foreclosed on and that are actually saved from foreclosure due to the mediation program required by the Saving D.C. Homes from Foreclosure Act of 2010.

## E. DEPARTMENT OF SMALL AND LOCAL BUSINESS DEVELOPMENT

Fiscal Year 2014 Operating Budget, By Revenue Type					
Department of Small and Local Business Development					
Source of Funds	FY 2012 Actual	FY 2013 Approved	FY 2014 Mayor's Proposed	FY 2014 Committee Variance	FY 2014 Committee Proposed
FEDERAL GRANT FUND	249,362	908,781	691,218	-	691,218
LOCAL FUND	4,791,865	5,276,440	6,568,370	795,244	7,363,614
<b>Grand Total</b>	<b>5,041,227</b>	<b>6,185,221</b>	<b>7,259,588</b>	<b>795,244</b>	<b>8,054,832</b>

Fiscal Year 2014 Operating Budget FTEs, By Revenue Type				
Department of Small and Local Business Development				
Source of Funds	FY 2013 FTEs Approved	FY 2014 FTEs Mayor's Proposed	FY 2014 FTEs Committee Variance	FY 2014 FTEs Committee
FEDERAL GRANT FUND	7.0	5.8	0.0	5.8
LOCAL FUND	24.0	39.0	(4.0)	35.0
<b>Grand Total</b>	<b>31.0</b>	<b>44.8</b>	<b>(4.0)</b>	<b>40.8</b>

Fiscal Year 2014 Operating Budget, By Comptroller Source Group (Gross Funds)					
Department of Small and Local Business Development					
Comptroller Source Codes	FY 2012 Actual	FY 2013 Approved	FY 2014 Mayor's Proposed	FY 2014 Committee Variance	FY 2014 Committee Proposed
11-REGULAR PAY - CONT FULL TIME	1,132,365	1,652,255	3,200,425	(400,000)	2,800,425
12-REGULAR PAY - OTHER	387,127	689,964	413,764	-	413,764
13-ADDITIONAL GROSS PAY	26,993	-	-	-	-
14-FRINGE BENEFITS - CURR PERSONNEL	273,254	541,896	873,167	-	873,167
<b>Personal Services (PS) Subtotal</b>	<b>1,819,738</b>	<b>2,884,115</b>	<b>4,487,355</b>	<b>(400,000)</b>	<b>4,087,355</b>
20-SUPPLIES AND MATERIALS	44,480	49,478	35,064	-	35,064
31-TELEPHONE, TELEGRAPH, TELEGRAM, ETC	37,535	37,005	28,880	-	28,880
40-OTHER SERVICES AND CHARGES	73,553	275,284	228,832	-	228,832
41-CONTRACTUAL SERVICES - OTHER	835,460	910,206	567,346	-	567,346
50-SUBSIDIES AND TRANSFERS	2,144,144	2,000,000	1,899,179	1,195,244	3,094,423
70-EQUIPMENT & EQUIPMENT RENTAL	86,318	29,133	12,932	-	12,932
<b>Non-Personal Services (NPS) Total</b>	<b>3,221,489</b>	<b>3,301,106</b>	<b>2,772,232</b>	<b>1,195,244</b>	<b>3,967,476</b>
<b>Grand Total</b>	<b>5,041,227</b>	<b>6,185,221</b>	<b>7,259,588</b>	<b>795,244</b>	<b>8,054,832</b>

Fiscal Year 2014 Operating Budget, By Program (Gross Funds)					
Department of Small and Local Business Development					
Program/Activity Codes	FY 2012 Actuals	FY 2013 Approved	FY 2014 Mayor's Proposed	FY 2014 Committee Variance	FY 2014 Committee Proposed
<b>1000-AGENCY MANAGEMENT PROGRAM</b>					
1010- PERSONNEL	17,326	19,739	17,800	-	17,800
1015- TRAINING AND EDUCATION	14,200	16,765	14,808	-	14,808
1020- CONTRACTING AND PROCUREMENT	14,200	16,765	14,808	-	14,808
1080- PROPERTY MANAGEMENT	39,200	16,765	17,808	-	17,808
1040- INFORMATION TECHNOLOGY	40,074	-	39,808	-	39,808
1050- FINANCIAL MANAGEMENT	45,597	121,848	111,800	-	111,800
1055- RISK MANAGEMENT	14,200	16,765	14,808	-	14,808
1080- LEGAL	150,396	157,381	162,564	-	162,564
1070- FLEET MANAGEMENT	1,498	1,577	6,431	-	6,431
1080- COMMUNICATIONS	14,200	126,473	235,755	-	235,755
1085- CUSTOMER SERVICE	65,663	117,570	70,265	-	70,265
1090- PERFORMANCE MANAGEMENT	83,560	173,084	327,214	-	327,214
<b>Subtotal (1000)</b>	<b>500,113</b>	<b>784,681</b>	<b>1,033,948</b>	<b>-</b>	<b>1,033,948</b>
<b>2000-CERTIFICATION</b>					
2010- CERTIFICATION	481,878	618,595	937,137	-	937,137
2020- COMPLIANCE	0	-	876,980	(400,000)	476,980
2050- CAPACITY BUILDING	(0)	-	-	-	-
<b>Subtotal (2000)</b>	<b>481,878</b>	<b>618,595</b>	<b>1,814,117</b>	<b>(400,000)</b>	<b>1,414,117</b>
<b>3000-BUSINESS OPP AND ACCESS TO CAPITAL</b>					
3010- TRAINING AND EDUCATION	150,432	-	-	-	-
3020- BUSINESS OPPORTUNITIES	272,372	-	-	-	-
3030- CAPITAL ACQUISITION	(0)	134,767	-	-	-
3040- PROCUREMENT TECH ASSISTANCE	-	480,751	479,088	-	479,088
3050- ACCESS TO CAPITAL	66,610	-	-	-	-
3060- BUSINESS DEVELOPMENT	-	747,326	657,999	-	657,999
3070- TRADE AND EXPORT	474,327	796,239	497,999	-	497,999
3080- TECHNOLOGY AND INNOVATION	-	-	82,389	-	82,389
<b>Subtotal (3000)</b>	<b>953,741</b>	<b>2,159,083</b>	<b>1,717,426</b>	<b>-</b>	<b>1,717,426</b>
<b>4000-COMMERCIAL REVITALIZATION</b>					
4010- NEIGHBORHOOD CORRIDOR	741,674	-	245,333	-	245,333
4020- CAPACITY BUILDING	2,353,821	465,120	245,333	-	245,333
4030- MAIN STREETS	-	887,794	908,536	375,000	1,278,536
4040- COMMERCIAL CLEAN TEAM	-	1,289,948	1,100,000	420,224	1,520,224
4050- HEALTHY FOOD PROGRAMS	-	-	200,000	-	200,000
<b>Subtotal (4000)</b>	<b>3,095,495</b>	<b>2,622,862</b>	<b>2,699,203</b>	<b>795,224</b>	<b>3,494,427</b>
<b>Grand Total</b>	<b>5,041,227</b>	<b>6,185,221</b>	<b>7,759,588</b>	<b>395,224</b>	<b>7,654,812</b>

## 1. COMMITTEE ANALYSIS AND COMMENTS

### a. Agency Mission and Activities

DSLBD was created pursuant to the "Small, Local, and Disadvantaged Business Enterprise Development and Assistance Act of 2005" (the CBE Act). The legislation converted the Office of Local Business Development to full Department status, and created new programmatic areas and expanded the agency's mission to involve comprehensive small business development.

DSLBD's mission is to support the development, economic growth, and retention of District-based businesses, and promotes economic development throughout the District's commercial districts. DSLBD's vision is a business environment in which: D.C. businesses are connected in real-time with local, federal, and global business opportunities; businesses navigate government quickly, confidently, and effectively; and, every entrepreneur and business with a great idea and a great plan has the capital to make it happen. DSLBD operates through the following four divisions:

- Certification;
- Business Opportunities and Access to Capital
- Commercial Revitalization
- Agency Management

The **Certification Division** processes applicants into the Certified Business Enterprise (CBE) program. It also monitors, tracks, and reports the activities of District government agencies and non-government project partners to ensure compliance with set-aside goals regarding the utilization and participation of CBEs. The Certification Division contains the following activities:

- **Certification** – processes applicants into the CBE program, and monitors, tracks, and reports the activities with certification regulations. It also responds to complaints regarding non-compliant certified companies; and
- **Compliance** – provides oversight of District Government agencies and non-government projects to ensure compliance with District regulations regarding CBE utilization and participation pursuant to District Law 16-33, the “Small, Local, and Disadvantaged Business Enterprise Development and Assistance Act of 2005”.

The **Business Opportunities and Access to Capital Division** provides District-based businesses with the knowledge and capacity-building tools necessary to form, develop, grow, and expand by offering and providing classes, training, technical assistance, and advocacy to promote greater participation in local, federal, and private-sector opportunities. This division contains the following activities:

- **Procurement Technical Assistance** – provides District-based small businesses with support to prepare for and gain access to federal government procurement opportunities;
- **Business Development** – develops and implements business management training sessions and technical assistance programs, and identifies and disseminates business and training opportunities to small and local businesses;
- **Trade and Export** – provides training, targeted services provision, trade mission support, and business opportunity identification in order to increase the number of District small businesses that export, grow the dollar value of exports from District businesses, and coordinate trade missions for qualified District-based businesses; and
- **Technology and Innovation** – provides support and assistance for technology companies pursuing opportunities in the development of Small Business Innovation and Research (SBIR) and Small Business Technology Transfer (STTR) program applications; develops and delivers training and technical assistance sessions, as well as unique multi-sector events, designed to support District technology entrepreneurs launch and grow their businesses; leverages expertise in federal and private commercialization practices to generate competitive grant applications for District-based small business.

The **Commercial Revitalization Division** provides technical and funding assistance that supports, promotes, and fosters economic development in commercial districts as well as the retention, recruitment, and enhancement of small businesses throughout the city. The division contains the following five activities:

- **Neighborhood Corridor Revitalization** – provides a broad range of programmatic initiatives that support commercial districts through technical assistance and grant resources; manages clean and safe services; and coordinates Business Improvement District (BIDS) and other business development entities throughout the city;
- **Capacity Building** – provides oversight, funding, compliance monitoring, and support for the growth and development of neighborhood business development, and manages grants to community-based organizations;
- **Main Streets** – fosters retail investment in the District by providing services and funding to help communities retain and recruit businesses, improve commercial properties and streetscapes, and attract consumers;
- **Commercial Clean Teams** – maintains commercial corridors; enhances litter clean-up efforts through the removal of debris from streets, sidewalks and storefronts; and removes graffiti and illegal sign postings within designated clean team service-delivery areas; and
- **Health Food Programs** – facilitates increased supply and demand for healthy foods in accordance with the FEED DC Act through the provision of technical assistance with regard to the purchase, marketing, and maintenance of health foods in District of Columbia food deserts.
- **Agency Management** provides for administrative support and it is the required tool to achieve operational and programmatic results. This division is standard for all agencies using performance-based budgeting.

The Mayor's FY 2014 proposed budget and financial plan proposes no division structure changes for the Department of Small and Local Business Development.

**b. Mayor's Proposed FY2014 Operating Budget:**

DSLBD's proposed FY 2014 operating budget is \$7,259,588. The proposed budget is a \$1,074,367 increase from the FY 2013 approved budget. The number of authorized full time equivalent employees supported by the proposed budget is 44.8, which is an increase of 13.8 FTEs more than in the FY 2013 approved budget.

**Proposed Operating Budget Summary**

**Local Funds:** The local funds proposed budget for FY 2014 is \$6,568,000, an increase of \$1,292,000, which supports 39.0 FTEs. Notable baseline adjustments include a 93.7 percent increase in the regular pay account to accommodate an increase in 15 FTEs, a decrease of \$276,000 in regular pay – other category, and a decrease of \$343,000 in contractual services. The operating budget for the Commercial Revitalization Division will experience significant shifts in budgetary priorities under the Mayor's FY2014 proposal. Capacity building activities will be decreased by \$220,000, and Commercial Clean Teams will be reduced by \$170,000 from FY 2013 approved levels. The Healthy Food program will be funded for the first time at a level of \$200,000 in FY 2014, and Neighborhood Revitalization activities will be budgeted at \$245,000.

**Special Purpose Revenue Funds:** There are no funds in the proposed FY 2014 budget for Special Purpose Revenue. There are no FTEs supported by Special Purpose Revenue in the FY 2013 proposed budget.

**Federal Grant Funds:** There is a budget of \$691,000 in Federal Grant Funds, a decrease of \$218,000, and 1.2 FTEs in the proposed FY2014 budget.

**Intra-District Funds:** There are no funds in the proposed FY 2014 budget for Intra-District funding. There are no FTEs supported by Intra-District funds for the FY 2013 proposed budget.

## **Committee Analysis and Comments**

### *Compliance*

**CBE Utilization Requirements – Public Private Development Projects:** DSLBD provides support, advocacy, and business development assistance to small and local businesses in the District. These services are vital to developing a local economic base. In a hearing before the Committee, the ODCA reported that many developers who received assistance from the District government and who entered into agreements to spend 35 percent of the adjusted project budget with CBEs failed to meet CBE spending requirements. Developers are required to submit quarterly CBE expenditure data directly to the ODCA *and* to the DSLBD. ODCA uses the data to compile annual reports detailing the progress of public-private developers in meeting their CBE expenditure goals. For FY 2012, ODCA was aware of 247 public-private development construction projects with CBE Agreements (CBEAs). Of those 247 projects, 54 submitted expenditure reports during FY 2012 and are considered active; 25 projects met or exceeded their CBE expenditure goal; 168 did not submit expenditure reports in FY 2012; and 35 new developer agreements were signed in FY 2012 and were required to meet with the Auditor's office within 10 days of signing agreements, Only 15 of the 35 developers complied. ODCA acknowledged that there are several factors that make it difficult to monitor compliance of public-private development projects. ODCA has repeatedly urged DSLBD to obtain clarification on the status of these projects, but without success.<sup>9</sup> These findings are consistent with an ODCA letter report filed with the Council in 2012. DSLBD has made no effort to establish operating procedures to track the status of public-private development construction projects.<sup>10</sup>

**District Agencies' Compliance with SBE Expenditure Goals:** The CBE Act also requires each District government agency to contract 50 percent of the dollar volume of its goods and services to certified small business enterprises (SBEs) each fiscal year. District agencies are also required to submit quarterly SBE expenditure reports to DSLBD and ODCA. At this writing, the Committee is still awaiting receipt of the ODCA's annual report of District of Columbia Agencies' Compliance with FY 2012 Small Business Enterprise Expenditure Goals. For FY 2011, ODCA examined 78 District agencies with a reported SBE expendable budget goal of \$241,310,100, of which \$107,580,104 was actually spent with SBEs, or 45 percent. Of the 78 agencies, 37 met or exceeded their reported annual FY 2012 SBE expenditure goal, or 47 percent. ODCA noted that DSLBD lacks a "clear and consistent" methodology for identifying agencies that do not require monitoring. DSLBD stopped monitoring six (6) agencies. Moreover, ODCA raises several issues concerning DSLBD's accuracy in reporting data including the following:

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<sup>9</sup> Letter Report: *Certified Business Enterprise Expenditures of Public-Private Development Construction Projects for Fiscal Year 2012*, Office of the District of Columbia Auditor, January 17, 2013.

<sup>10</sup> Office of the District of Columbia Auditor, Letter Report: "Certified Business Enterprise Expenditures of Public-Private Development Construction Projects for Fiscal Year 2011," April 5, 2012.

- Questions concerning the validity of the declared expendable budget of some agencies;
- The failure of the agency to obtain necessary information from agencies to accurately establish SBE goals;
- Inaccurate SBE expenditure reports submitted by District agencies; and,
- The failure of several agencies to submit quarterly expenditure data to the agency.<sup>11</sup>

**Compliance Resources:** DSLBD's failure to aggressively monitor District government agencies' compliance with SBE utilization requirements and public-private development construction development's compliance with CBE contracting and CBE utilization is attributable to a lack of resources. Between FY 2007 and 2012, DSLBD saw its staff size decrease from 31 to 21 FTEs. Moreover during the FY 2010 budget process, the Council approved a proposal to transfer the Department's Certified Business Compliance Unit and four of five compliance officers to the ODCA. The transfer was necessitated because the agency consistently failed to provide the Council with compliance monitoring data. In FY 2012, the agency reported one compliance officer doing the work previously performed by a team of five. With one employee responsible for monitoring certified business enterprise compliance requirements for 80 District government agencies and 200 economic development projects, the DSLBD could not handle its compliance monitoring responsibilities. The Committee and its predecessor, the Committee on Small and Local Business Development, have consistently expressed concern about the vulnerability of the program to fraud and abuse. The Committee's concerns were further reinforced by news reports alleging fraud and misrepresentation on the part of contractors and certified business enterprises on high-profile school modernization projects and certified business enterprises who act as "pass throughs" for non-DC based companies. In response to the concerns raised by the Committee and news media, Mayor Vincent Gray reprogrammed \$1,028,000 to the agency for purposes of providing 10 FTEs to strengthen the agency's compliance monitoring capacity. The Committee remains concerned with the agencies slow pace in filling these positions. In February, DSLBD reported a total of 21 vacant FTEs (17 local, 5 federal) out of a 43 FTE complement.

#### *CBE Certifications and Re-certifications*

Additionally, the Committee expressed its concern to the agency in a hearing held February 8, 2013. Committee Chairperson informed former DSLBD Director Harold Pettigrew of the large volume of complaints received by his office and the Committee of the agency's handling of CBE certification and recertification applications. Complaints had also been received from Councilmembers, Council staff, and former city administrators. The Committee was disappointed with the characterization of the agency's response that the source of certification complaints is limited to firms who "were in the process of being denied" or a "small number of anomalies" or is a "small few who have a negative experience" who want to dictate a "headline." The Committee recognizes that it processes in excess of 95 percent of applications of complete certification within the agency's 45 business day goal, and the average wait time for all businesses seeking certification is 30 days. However, the Committee has heard from CBE firms whose re-certifications have been held up for more than 120 days with no indication that their recertification applications have been approved or denied. Such firms who experience lengthy delays lose business opportunities. It does not speak well of the agency's performance, and it is not one that the agency should stand behind. The agency needs to re-examine its certification processes and its customer-relations procedures to make them more business friendly such as returning phone calls.

#### *Commercial Revitalization*

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<sup>11</sup> Office of the District of Columbia Auditor, *The District of Columbia Agencies' Compliance with Fiscal year 2011 Small Business Enterprise Expenditure Goals*, May 31, 2012.

Main Street programs have played a critical part in the economic revitalization of local business communities in the District. Another successful program adding to the success of our commercial corridors is the Clean Team program. Clean Teams make our business districts cleaner, safer, and more attractive. The Committee heard from a number of representatives from Main Street organizations and Business Improvement Districts regarding funding for clean team services. Funding for Clean Team services has been reduced every year, from a high of \$150,000 to the current \$86,000.<sup>12</sup> Clean Teams serve as a major source of employment for returning citizens. Cutting back on Clean Team services will deprive many ex-offenders from the opportunity to reconnect with society.

Concern was also expressed about expansion of the Main Street program. There is great interest among business owners to establish Main Street programs in their local commercial corridors but funding for the program has not kept up with demand. Established Main Street organizations are concerned that the growth of the program will dilute funding levels to a point that they will have to reduce services. They fear that will have to reduce services in several areas, including eliminating façade improvements, cutting back on street festivals, or stop providing technical assistance to business owners.

**c. Summary of Fiscal Year 2014 Budget Hearing Testimony**

The FY 2014 Budget Hearing for the DSLBD was held on April 25, 2013. Copies of Witness testimony are available by request in the Council Secretary's and Committee's offices.

**Witnesses**

**Public Witnesses**

Mr. Martin Smith, Executive Director, Barracks Row Main Street  
Mr. Alex Padro, Executive Director, Shaw Main Street Organization  
Mr. Charlie Whitaker, Congress Heights Main Streets  
Ms. Deborah Jones, Dean Wood Heights Main Streets  
Mr. Rob Halligan, Dupont Circle Main Streets  
Mr. Darnell Jackson, Career Path DC Clean Team  
Mr. Clarence A. Smith, Career Path DC Team  
Mr. Reginald Jackson, Career Path DC Clean Team  
Mr. Lonid Jackson, Career Path DC Clean Team  
Mr. Jeff Klugh, Career Path DC Clean Team  
Ms. Diamond Powers, Career Path DC Clean Team  
Mr. Muhammad Jamal Abdul-Malik, H Street Main Street  
Mr. Ned Elsher, DuPont Computers, Inc.  
Ms. Angela Story, Owner, Ross Tax Service, Owner  
Ms. Kristen Barden, Executive Director, Adams Morgan Business Improvement District  
Mr. Edward S. Grandis, Interim Executive Director, Anacostia BID  
Ms. D. Yvonne Rivers, Principal, Phoebe Marketing Group  
Mr. Ghermay Araya, New Light Technologies  
Ms. Deatrice Simpson-Steer, Small Business Owner

**Government Witnesses**

Ms. Yolanda Branche, Auditor, Office of the District of Columbia Auditor

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<sup>12</sup> Mr. Alex Padro, Executive Director, Shaw Main Streets, in testimony delivered before the Committee, April 25, 2013. See Attachment A.

**2. COMMITTEE RECOMMENDATIONS**

**a. Fiscal Year 2014 Operating Budget Recommendation**

The Committee approves the FY 2014 operating budget for DSLBD as proposed by the Mayor with the following changes:

- Reduce CSG 11 and 14 by 4 FTEs (\$400,000) to be re-directed within NPS for Clean Teams
- The Committee on Transportation and the Environment transfers \$100,000 to the Committee on Business, Consumer and Regulatory Affairs to increase existing Clean Team funding in FY 2014 and FY 2015
- From the total above of \$500,000, will be redirected as follows:
  - Fund Film DC Economic Incentive Fund by \$4,756
  - Fund 13 Clean Teams @ \$100,000 = \$220,244 (see chart below) CSG 50, Activity Code 4040 (Commercial Clean Teams)
  - 1 New Clean Team @ \$100,000 = \$100,000 (see chart below), CSG 50, Activity Code 4040 (Commercial Clean Teams)
  - Fund 7 Main Streets @ \$125,000 = \$175,000 (see chart below) CSG 50, Activity Code 4030 (Main Streets)
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<b>Clean Team Organizations</b>	<b>FY 2013</b>	<b>Add-On</b>	<b>New FY 2014</b>
Adams Morgan BID	\$86,965.81	\$13,041.19	\$100,000.00
Deanwood Heights Main Street	\$86,965.81	\$13,041.19	\$100,000.00
Barracks Row Main Street	\$86,965.81	\$13,041.19	\$100,000.00
Congress Heights Main Street	\$86,965.81	\$13,041.19	\$100,000.00
H Street NE Main Street	\$86,965.81	\$13,041.19	\$100,000.00
Shaw Main Street	\$86,965.81	\$13,041.19	\$100,000.00
Dupont Circle Main Street	\$86,965.81	\$13,041.19	\$100,000.00
North Capitol Main Street	\$86,965.81	\$13,041.19	\$100,000.00
Georgia Avenue (Ward 4)	\$84,485.43	\$15,514.57	\$100,000.00
Kennedy Street (Ward 4)	\$74,110.11	\$25,889.89	\$100,000.00
Mt. Vernon Triangle BID	\$86,935.81	\$13,041.19	\$100,000.00
Rhode Island Avenue (Ward 5)	\$82,497.23	\$17,502.77	\$100,000.00
Ward 1 BID	\$56,033.05	\$43,966.95	\$100,000.00
Anacostia BID (New)		\$100,000.00	\$100,000.00
<b>Total</b>	<b>\$1,079,788.11</b>	<b>\$320,244.89</b>	<b>\$1,400,000.00</b>

Main Street Organizations	FY2014 (Proposed)	Add-on	FY2014
Deanwood Heights Main Street	\$100,000.00	\$25,000.00	\$125,000.00
Barracks Row Main Street	\$100,000.00	\$25,000.00	\$125,000.00
Congress Heights Main Street	\$100,000.00	\$25,000.00	\$125,000.00
H Street NE Main Street	\$100,000.00	\$25,000.00	\$125,000.00
Shaw Main Street	\$100,000.00	\$25,000.00	\$125,000.00
Dupont Circle Main Street	\$100,000.00	\$25,000.00	\$125,000.00
North Capitol Main Street	\$100,000.00	\$25,000.00	\$125,000.00
<b>Total</b>	<b>\$700,000.00</b>	<b>\$175,000.00</b>	<b>\$875,000.00</b>

- The Committee on Transportation and the Environment transfers \$400,000 to the Committee on Business, Consumer and Regulatory Affairs for a new Clean Team Job Training Program,, CSG 50, Activity Code 4040 (Commercial Clean Teams)
- The Committee on Government Operations transfers \$300,000 to the Committee on Business, Consumer and Regulatory Affairs for the Commercial Revitalization Division. The funding will be redirected as follow:
  - \$200,000 to support the creation of a Rhode Island Avenue NE Main Street - CSG 50, Activity Code 4030 (Main Streets); and
  - \$100,000 to support a Clean Team on Bladensburg Road NE - CSG 50, Activity 4040 (Commercial Clean Teams)

**b. Fiscal Year 2014 Policy Recommendations:**

The Committee recommends the following:

1. DSLBD shall be able to list all public-private projects that have a 35% subcontracting requirement and a 20% equity participation requirement in accordance with D.C. Official Code §§ 2-218.46 and 2-218.49a. This recommendation was made in the FY 2013 budget report of the Committee on Small and Local Business Development. DSLBD will now be provided with the manpower resources it needs to address this compliance monitoring responsibility.
2. DSLBD shall be able to list all developers who have not met their 35% subcontracting requirement or 20% equity participation requirement. This recommendation was made in the FY 2013 budget report of the Committee on Small and Local Business Development. DLSBD will now be provided with the manpower resources it needs to address this compliance monitoring responsibility.
3. DSLBD shall aggressively ascertain whether SBEs and CBEs are actually receiving their fair share of contractual opportunities and funding in public-private partnerships in the District of Columbia. This recommendation was made in the FY 2013 budget report of the Committee on Small and Local Business Development. DSLBD will now be provided with the manpower resources it needs to address this compliance monitoring responsibility.
4. DSLBD and the ODCA shall reconcile their databases to get an accurate account of how many public-private partnerships are in the District of Columbia, how many developers have met or not met their subcontracting and equity participation

requirements, and how many District agencies have met or not met their 50% expendable budget spending requirement with SBEs and CBEs.

5. DSLBD should focus its compliance activities on District agencies who consistently fail to meet their SBE expendable budget goals and reporting requirements.

6. DSLBD shall act to take corrective action to address audit deficiencies noted by the ODCA, but on which the agency has been nonresponsive, in previously issued compliance reports of District agencies' with SBE expenditure goals and CBE expenditures of public-private development construction projects.

7. DSLBD shall continue to act on the implementation of recommendations of the ODCA in its *Audit of the Department of Small and Local Business Development's Fiscal Year 2011 Performance Accountability Report* released on February 21, 2013. The Committee further notes that the DSLBD concurs with ODCA's findings and has begun implementing changes consistent with the Auditor's recommendations.

8. DSLBD shall report to the ODCA, the Council of the District of Columbia, and the Committee of jurisdiction its exceptions to findings contained in ODCA compliance monitoring reports;

9. DSLBD should examine its procedures for handling recertification applications. It is the Committee's view that recertification applications should be processed in a routine matter unless there is a substantial change in the status of the applicant firm. Establishing streamline procedures for routine recertification application packages will help the agency free up more time for more complicated application packages.

**c. Fiscal Year 2014 Performance Measure Recommendations:**

The Committee recommends the following performance indicators:

1. DSLBD shall establish measures for each area of performance and consistent with the recommendations made by the ODCA in its report entitled, *Audit of the Department of Small and Local Business Development's Fiscal Year 2011 Performance Accountability Report*.

2. DSLBD shall performance measures that gauge compliance and improvements in SBE procurement and CBE utilization performance. Such measures should indicate the number of large development projects with subcontracting plans to properly utilize SBEs and CBEs. They should also continue to measure which agencies submit SBE utilization reports and the number of agencies DSLBD has assisted to procure more from SBEs.

**F. ALCOHOL BEVERAGE REGULATION ADMINISTRATION**

Fiscal Year 2014 Operating Budget, By Revenue Type					
Alcohol Beverage Regulation Administration					
Source of Funds	FY 2012 Actual	FY 2013 Approved	FY 2014 Mayor's Proposed	FY 2014 Committee Variance	FY 2014 Committee Proposed
DEDICATED TAXES	460,000	460,000	0	1,170,000	1,170,000
INTRA-DISTRICT FUNDS	125,514	0	0	0	0
LOCAL FUND	300,518	0	1,170,000	(1,170,000)	0
SPECIAL PURPOSE REVENUE FUNDS	4,126,505	6,374,924	6,395,140	0	6,395,140
<b>Grand Total</b>	<b>5,012,536</b>	<b>6,834,924</b>	<b>7,565,140</b>	<b>0</b>	<b>7,565,140</b>

Fiscal Year 2014 Operating Budget FTE, By Revenue Type				
Alcohol Beverage Regulation Administration				
Source of Funds	FY 2013 FTEs Approved	FY 2014 FTEs Mayor's Proposed	FY 2014 FTEs Committee Variance	FY 2014 FTEs Committee
DEDICATED TAXES	0.0	0.0	0.0	0.0
INTRA-DISTRICT FUNDS	0.0	0.0	0.0	0.0
LOCAL FUND	0.0	0.0	0.0	0.0
SPECIAL PURPOSE REVENUE FUNDS	49.0	50.0	0.0	50.0
<b>Grand Total</b>	<b>49.0</b>	<b>50.0</b>	<b>0.0</b>	<b>50.0</b>

Fiscal Year 2014 Operating Budget, By Comptroller Source Group (Gross Funds, in thousands)					
Alcohol Beverage Regulation Administration					
Comptroller Source Group Object Class	FY 2012 Actual	FY 2013 Approved	FY 2014 Mayor's Proposed	FY 2014 Committee Variance	FY 2014 Committee Proposed
11-REGULAR PAY - CONT FULL TIME	1,752,700	2,347,966	2,346,412	-	2,346,412
12-REGULAR PAY - OTHER	971,529	1,043,156	1,328,070	-	1,328,070
13-ADDITIONAL GROSS PAY	74,183	-	64,837	-	64,837
14-FRINGE BENEFITS - CURR PERSONNEL	571,020	770,579	872,124	-	872,124
15-OVERTIME PAY	130,831	147,000	162,000	-	162,000
<b>Personal Services (PS) Subtotal</b>	<b>3,500,263</b>	<b>4,308,702</b>	<b>4,773,444</b>	<b>-</b>	<b>4,773,444</b>
20-SUPPLIES AND MATERIALS	75,094	87,832	113,000	-	113,000
30-ENERGY, COMM AND BLDG RENTALS	98,138	104,630	102,637	-	102,637
31-TELEPHONE, TELEGRAPH, TELEGRAM ETC	69,169	73,907	87,602	-	87,602
34-SECURITY SERVICES	115,640	117,230	138,155	-	138,155
35-OCCUPANCY FIXED COSTS	79,139	186,895	179,394	-	179,394
40-OTHER SERVICES AND CHARGES	415,083	530,028	523,052	-	523,052
41-CONTRACTUAL SERVICES - OTHER	155,016	167,500	371,656	-	371,656
50-SUBSIDIES AND TRANSFERS	477,302	1,152,000	1,170,000	(1,170,000)	-
70-EQUIPMENT & EQUIPMENT RENTAL	27,680	106,200	106,200	-	106,200
<b>Non-personal Services (NPS) Subtotal</b>	<b>1,512,273</b>	<b>2,526,222</b>	<b>2,791,696</b>	<b>(1,170,000)</b>	<b>1,621,696</b>
<b>Grand Total</b>	<b>5,012,536</b>	<b>6,834,924</b>	<b>7,565,140</b>	<b>(1,170,000)</b>	<b>6,395,140</b>

Fiscal Year 2014 Operating Budget, By Program (Gross Funds, in thousands)					
Alcohol Beverage Regulation Administration					
Program and Activity Code	FY 2012 Actuals	FY 2013 Approved	FY 2014 Mayor's Proposed	FY 2014 Committee Variance	FY 2014 Committee Proposed
<b>1000-AGENCY MANAGEMENT PROGRAM</b>					
1010- PERSONNEL	2,108	-	-	-	-
1015- TRAINING AND EMPLOYEE DEVELOPMENT	12,877	10,067	36,117	-	36,117
1030- PROPERTY MANAGEMENT	617,889	615,139	727,985	-	727,985
1040- INFORMATION TECHNOLOGY	242,539	324,313	288,385	-	288,385
1060- LEGAL	789,334	984,252	1,088,009	-	1,088,009
1070- FLEET MANAGEMENT	40,444	105,084	100,059	-	100,059
1080- COMMUNICATIONS	58,578	96,625	70,471	-	70,471
1085- CUSTOMER SERVICE	60,011	60,571	64,476	-	64,476
1087- LANGUAGE ACCESS	10,000	10,000	10,000	-	10,000
1090- PERFORMANCE MANAGEMENT	513,024	588,321	643,211	-	643,211
<b>Subtotal (1000)</b>	<b>2,346,805</b>	<b>2,749,322</b>	<b>3,028,662</b>	<b>-</b>	<b>3,028,662</b>
<b>2000-LICENSING</b>					
2010- LICENSING	710,578	822,722	952,990	-	952,990
<b>Subtotal (2000)</b>	<b>710,578</b>	<b>822,722</b>	<b>952,990</b>	<b>-</b>	<b>952,990</b>
<b>3000-INVESTIGATIONS</b>					
3010- INVESTIGATIONS	1,815,794	3,056,095	3,360,307	(1,170,000)	2,190,307
<b>Subtotal (3000)</b>	<b>1,815,794</b>	<b>3,056,095</b>	<b>3,360,307</b>	<b>(1,170,000)</b>	<b>2,190,307</b>
<b>4000-ADJUDICATION</b>					
4010- ADJUDICATION	47,878	56,027	59,308	-	59,308
<b>Subtotal (4000)</b>	<b>47,878</b>	<b>56,027</b>	<b>59,308</b>	<b>-</b>	<b>59,308</b>
<b>5000-RECORDS MANAGEMENT</b>					
5010- RECORDS MANAGEMENT	91,482	150,758	163,877	-	163,877
<b>Subtotal (5000)</b>	<b>91,482</b>	<b>150,758</b>	<b>163,877</b>	<b>-</b>	<b>163,877</b>
<b>Grand Total</b>	<b>5,012,536</b>	<b>6,884,904</b>	<b>7,585,140</b>	<b>(1,170,000)</b>	<b>6,395,140</b>

## 1. COMMITTEE ANALYSIS AND COMMENTS

### a. Agency Mission and Overview

ABRA was created under the Title 25, D.C. Code Enactment and Related Amendment Act of 2001, effective May 3, 2001 (D.C. Law 13-298; D.C. Official Code § 25-101 *et seq.*). The legislation transferred the functions of the Alcoholic Beverage Control Division in the Department of Consumer and Regulatory Affairs into a newly created agency called ABRA and placed it under the supervision of the Alcoholic Beverage Control Board ("ABC Board"). Under the law ABRA is tasked with providing professional, technical, and administrative staff assistance to the ABC Board.

ABRA's mission is to support the public's health, safety, and welfare through the control and regulation of the sale and distribution of alcoholic beverages. ABRA conducts licensing, training, adjudication, and community outreach and enforcement efforts so the community and businesses can understand and adhere to all the District's laws, regulations, and ABRA policies and procedures.

ABRA operates through 5 programs: 1) Licensing which issues new and renewal licenses to manufacture, distribute, sell, or serve alcoholic beverages in the District; 2) Investigations which conducts regulatory and voluntary agreement compliance inspections, underage compliance checks, and joint investigations with other District agencies; 3) Adjudication which provides administrative support

for the ABC Board; 4) Records Management which provides files, documents, and database information to ABRA staff, the ABC Board, and the public; 5) Agency Management which provides administrative support and the required tools to achieve operational and programmatic results.

**b. Mayor's Proposed Fiscal Year 2014 Operating Budget**

**Proposed Operating Budget Summary**

***Local Funds:*** The Mayor's proposed FY 2014 budget consists of \$1,170,000 from local funding sources. The \$1,170,000 came from funds that were converted from Dedicated Taxes Revenue to Local Funds. The local funds will be used to fund the Reimbursable Detail Subsidy Program ("RDO Program") for FY 2014.

***Special Purpose Revenue Funds:*** The Mayor's proposed FY 2014 budget consists of \$6,395,140 from special purpose revenue funds. The proposed budget is a \$20,000, or 0.3%, increase from FY 2013. Due to the shift of the RDO program funding mechanism from Dedicated Tax Revenues to Local Funds, the agency has \$692,000 from Special Purpose Revenue Funds that do not have to be allocated to the RDO program. The increase in funds will be used to hire 1 FTE, bringing the agency's total number of FTEs to 50. The increase funding will also pay for additional costs in contractual services to support underage drinking enforcement, to support step increases, for personal services for estimated Overtime and On Call Pay, to cover Fringe Benefit adjustments, to account for Office Supplies, for Fixed Costs adjustments, and for cost of living adjustments.

**Committee Analysis and Comments**

The Committee is pleased that the proposed budget will allow ABRA to acquire more resources to help it support the enforcement of underage drinking laws. This has been a very important issue the Committee wants to see addressed. The Committee believes proposed budget supports the Council's intent to curb underage drinking. The Council took the first steps in strengthening the underage drinking laws when it adopted the Egregious First-Time Sale to Minor Clarification Emergency Amendment Act of 2013, effective March 19, 2013 (D.C. Act 20-0034; 60 DCR 4644), which was co-introduced by the Committee Chairman Orange and Councilmember Graham. However, more needs to be done and the Committee looks forward to addressing this issue more in-depth when it reviews the Civil Penalty Rulemaking that will be submitted by ABRA to the Council.

The Committee is also pleased the proposed budget made more funds available to allow ABRA to hire another FTE that it had requested. The FTE will be hired as a licensing specialist and will assist with the growing number of new license applications and renewals ABRA must review.

The Committee has concerns with the proposed budget's request to shift funding of the RDO program from Dedicated Tax Revenues to Local Funds. The Committee recognizes the Mayor's commitment to this program, but it believes that even though the program is fully funded in FY 2014 the future of the program would be vulnerable to budget cuts or to changes in policy. The program is very important for the safety of residents, patrons of the businesses, and neighborhoods where there is a great deal of nighttime activities. With the redevelopment of areas and growth of nighttime activities in areas such as NoMa, H Street NE, Shaw, and the Southwest Waterfront this program is more important than ever.

The reasoning behind funding the RDO program through Dedicated Tax Revenues is because of problems that arose when funding was made by Local Funds. In the FY 2011 Revised Budget Request Act of 2010, when the program was funded with Local Funds, the District reduced funding for the

program by \$500,000. This put a strain on the program and the ABC Board had to by emergency rulemaking reduce the percentage distribution of subsidies paid by ABRA to the Metropolitan Police Department ("MPD") from 50% to 25%. To save more money the ABC Board than had to institute an emergency rulemaking that suspended funding for the RDO program on April 1, 2011. However, after seeing how important this program was to public safety, on July 1, 2011 the ABC Board increased funding for the program from 0% to 25%. By the end of the year funding for the program was back at 50%. The Committee believes these sequences of events are unacceptable and could happen again if the mechanism of the funding program is shifted to Local Funds.

Police Chief Cathy Lanier has already raised concerns of needing more officers not only to deal with the neighborhoods that already see increasing nighttime crowds but also to deal with the redeveloping neighborhoods that are starting to see increasing nighttime crowds. Chief Lanier was paraphrased in a Washington Post article where she said that it was hard to keep up with the expanding nightlife in the District and she needs more officers to properly handle the situation.<sup>13</sup> Chief Lanier admitted the District was not prepared when Chinatown turned into an entertainment hub, she stated "the response was too slow, and police had to go in full force to reclaim the area."<sup>14</sup> The Committee believes the RDO program allows ABRA and MPD to provide more resources to help properly protect the nightlife industry.

The Committee believes with the influx of 1,000 new residents a month and the substantial increase in alcohol sales due to an increase in nightlife this program is more important than ever. The District has already seen a 7 percent increase in revenues from alcohol sales so far this year.<sup>15</sup> According to the Office of Chief Financial Officer ("OCFO") the District will see a reduction of revenue from alcohol excise taxes in the range of \$450,000 in the next 4 years, however, the District will see an increase in revenue alcohol sales taxes in the range \$4 million in the next 4 years. When you combine the two taxes the District will see an increase of about of \$4 million in alcohol related tax revenues in the next 4 years. According to Director Fred Moosally in his FY 2012 Performance Oversight hearing testimony noted in FY 2012 ABRA issued 411 more new licenses and permits than they did in FY 2011. This significant increase to the nightlife industry requires committed and dedicated funding for public safety services.

The Mayor's Budget Office raised the issue that only about \$400,000 came from Dedicated Tax Revenues in FY 2013 and the Mayor allocated an extra \$700,000 in local funds to help support the program.<sup>16</sup> So there was a concern that not enough of funds were being allocated from Dedicated Tax Revenues and that would have to be covered by Local Funds.

The Committee notes that the \$400,000 mentioned by the Mayor's Budget Office was required by law prior to passing the Omnibus Alcoholic Beverage Regulation Amendment Act of 2012, signed by the Mayor on February 11, 2013 (D.C. Act 19-0678; 60 DCR 3410) ("Act"). The law required \$460,000 be allocated from Dedicated Tax Revenues to fund the RDO Program. After the Act was passed it raised the allocation from \$460,000 to \$1.17 million from Dedicated Tax Revenues.

The extra \$710,000 is revenue generated from Sunday sales due to the passage of the Act. The Committee reached out to the OFCO and was told the projected \$710,000 for FY 2014 was certified in the fiscal impact statement for the Act issued by their office on October 9, 2012. The OCFO certified that the projected Sunday sales would generate \$710,000 a year from FY 2014 to FY 2016. In fact, the

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<sup>13</sup> Peter Hermann, *Police Chief Cathy Lanier faces challenges as D.C. and night life grow*, Washington Post, April 11, 2013.

<sup>14</sup> *Id.*

<sup>15</sup> Alan Blinder, *D.C. poised to rake in \$42 million from 'sin taxes'*, Washington Examiner, April 7, 2013.

<sup>16</sup> FY2014 Budget Hearing of the Committee of the Whole, April 8, 2013

Act solved the issue of not enough money being allocated from Dedicated Tax Revenues to the RDO program.

During the Committee's FY 2014 Budget Hearing the Committee received and heard testimony from individuals representing the local business community that objected to the shift of the funding mechanism from Dedicated Tax Revenues to Local Funds. Ms. Kristen Barden, Executive Director of the Adams Morgan BID, Ms. Anne-Marie Bairstow, Executive Director at DC BID Council, and Mr. Skip Coburn, Executive Director of the DC Nightlife Association all objected to the proposed shift. Mr. Coburn even went so far that the business community relies on this program and any change that could create uncertainty would have a negative effect.

With the rapid growth of the District it is essential to maintain a safe nighttime environment for its residents, patrons of the businesses, and the neighborhoods. One way to do this is to make sure the RDO program is fully funded through dedicated funds to ensure the program exists in the long-term. The Committee believes the Mayor's proposed change in the short-term would do no harm but there could be unintended consequences in the future. The Committee believes the best way to avoid the unintended consequences is to maintain the current funding mechanism for the program.

**c. Summary of Fiscal Year 2014 Budget Hearing Testimony**

The FY 2014 Budget Hearing for the ABRA was held on April 25, 2013. Copies of the witness testimony are available by request from the Council Secretary's or Committee's offices.

**Witnesses**

**Public Witnesses**

Mr. Skip Coburn, Executive Director, DC Nightlife Association

**Government Witnesses**

Mr. Fred Moosally, Director, Alcohol Beverage Regulation Administration

**2. COMMITTEE RECOMMENDATIONS**

**a. Fiscal Year 2014 Operating Budget Recommendations**

The Committee approves the FY 2014 operating budget for ABRA as proposed by the Mayor with the following changes:

- Reduce the CSG 50, Activity 3010 by \$1,170,000 for the reimbursable detail program.
- Increase CSG 50, Activity Code 3010: Dedicated taxes by \$1,170,000 to be used for the reimbursable detail program.

**b. Fiscal Year 2014 Capital Budget Recommendations**

The Committee has no Capital Budget recommendations.

c. **Fiscal Year 2014 Policy Recommendations**

For FY 2014, the Committee recommends the following:

1. Disapprove the request in the Mayor's FY 2014 proposed budget to move the funding mechanism of the RDO program from Dedicated Tax Revenues to Local Funds.
2. Conduct more community outreach programs to inform the public and local businesses of major changes in ABRA laws and regulations with the implementation of the Omnibus Alcoholic Beverage Regulation Amendment Act of 2012.

d. **Fiscal Year 2014 Performance Measure Recommendations**

For FY 2014, the Committee recommends the following:

1. ABRA should increase its projections for the number of establishments inspected to ensure compliance with underage drinking laws from 700 to 800 in FY 2014. This recommendation takes into account increased in funding ABRA will receive to support its enforcement of the underage drinking laws.
2. ABRA should increase its projections for the number of inspections, investigations, and monitoring activities from 7,000 to 8,000 in FY 2014. ABRA should be more proactive in making sure there is compliance with the law and regulations to create a safe and secure environment for residents, businesses, and the patrons of the businesses.

## G. OFFICE OF TENANT ADVOCATE

Fiscal Year 2014 Operating Budget, By Revenue Type					
Office of Tenant Advocate					
Source of Funds	FY 2012 Actual	FY 2013 Approved	FY 2014 Mayor's Proposed	FY 2014 Committee Variance	FY 2014 Committee Proposed
LOCAL FUND	1,948,805	2,063,971	2,132,106	-	2,132,106
SPECIAL PURPOSE REVENUE FUNDS	0	-	-	-	-
<b>Grand Total</b>	<b>1,948,805</b>	<b>2,063,971</b>	<b>2,132,106</b>		<b>2,132,106</b>

Fiscal Year 2014 Operating Budget, FTEs, By Revenue Type				
Office of Tenant Advocate				
Source of Funds	FY 2013 FTEs Approved	FY 2014 FTEs Mayor's Proposed	FY 2014 FTEs Committee Variance	FY 2014 FTEs Committee
LOCAL FUND	15.0	15.0	0.0	15.0
SPECIAL PURPOSE REVENUE FUNDS	0.0	0.0	0.0	0.0
<b>Grand Total</b>	<b>15.0</b>	<b>15.0</b>	<b>0.0</b>	<b>15.0</b>

Fiscal Year 2014 Operating Budget, By Comptroller Source Group (Gross Funds)					
Office of Tenant Advocate					
Comptroller Source Group Object Class	FY 2012 Actual	FY 2013 Approved	FY 2014 Mayor's Proposed	FY 2014 Committee Variance	FY 2014 Committee Proposed
11-REGULAR PAY - CONT FULL TIME	878,670	1,061,481	1,101,266	-	1,101,266
12-REGULAR PAY - OTHER	29,248	-	-	-	-
13-ADDITIONAL GROSS PAY	2,684	-	-	-	-
14-FRINGE BENEFITS - CLRR PERSONNEL	218,463	285,307	310,689	-	310,689
15-OVERTIME PAY	4,089	-	-	-	-
<b>Personal Services (PS) Subtotal</b>	<b>1,133,155</b>	<b>1,346,788</b>	<b>1,411,955</b>	<b>-</b>	<b>1,411,955</b>
20-SUPPLIES AND MATERIALS	17,280	22,436	21,001	-	21,001
31-TELEPHONE, TELEGRAPH, TELEGRAM ETC	38,444	-	-	-	-
40-OTHER SERVICES AND CHARGES	134,840	375,167	377,477	-	377,477
41-CONTRACTUAL SERVICES - OTHER	625,106	309,579	314,173	-	314,173
50-SUBSIDIES AND TRANSFERS	-	2,500	-	-	-
70-EQUIPMENT & EQUIPMENT RENTAL	-	7,500	7,500	-	7,500
<b>Non-Personal Services (NPS) Subtotal</b>	<b>815,660</b>	<b>717,182</b>	<b>720,151</b>	<b>-</b>	<b>720,151</b>
<b>Grand Total</b>	<b>1,948,805</b>	<b>2,063,971</b>	<b>2,132,106</b>	<b>-</b>	<b>2,132,106</b>

<b>Fiscal Year 2014 Operating Budget, By Program (Gross Funds, in thousands)</b>					
<b>Office of Tenant Advocate</b>					
<b>Program and Activity Codes</b>	<b>FY 2012 Actuals</b>	<b>FY 2013 Approved</b>	<b>FY 2014 Mayor's Proposed</b>	<b>FY 2014 Committee Variance</b>	<b>FY 2014 Committee Proposed</b>
<b>1000-ADMINISTRATIVE SERVICES</b>					
1030 - PROPERTY MANAGEMENT	4,058	-	-	-	-
1040 - INFORMATION TECHNOLOGY	38,444	17,193	-	-	-
1090 - PERFORMANCE MANAGEMENT	371,162	406,674	414,700	-	414,700
<b>Subtotal (1000)</b>	<b>413,664</b>	<b>423,867</b>	<b>414,700</b>	<b>-</b>	<b>414,700</b>
<b>2000-HOUSING ASSISTANCE COMMUNITY SVC PROGRAM</b>					
2010 - HOUSING ASSISTANCE COMMUNITY	704,358	-	-	-	-
<b>Subtotal (2000)</b>	<b>704,358</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>3000-LEGAL REPRESENTATION</b>					
3010 - HOUSING ASSISTANCE	238,278	-	-	-	-
3015 - IN-HOUSE LEGAL REPRESENTATION	-	519,487	607,215	-	607,215
3020 - LEGAL HOTLINE	38,441	45,000	40,133	-	40,133
3030 - LEGAL SERVICE PROVIDER	335,520	259,579	264,173	-	264,173
<b>Subtotal (3000)</b>	<b>612,239</b>	<b>824,066</b>	<b>911,521</b>	<b>-</b>	<b>911,521</b>
<b>4000-POLICY ADVOCACY PROGRAM</b>					
4010					
LEGAL ADVOCACY PROGRAM	-	-	-	-	-
POLICY ADVOCACY PROGRAM	111,030	122,835	124,897	-	124,897
4020 - RESEARCH AND DEVELOPMENT	8,373	-	-	-	-
<b>Subtotal (4000)</b>	<b>119,403</b>	<b>122,835</b>	<b>124,897</b>	<b>-</b>	<b>124,897</b>
<b>5000-OTA EDUCATIONAL INSTITUTE</b>					
5010 - OTA EDUCATION INSTITUTE	99,140	105,750	116,241	-	116,241
<b>Subtotal (5000)</b>	<b>99,140</b>	<b>105,750</b>	<b>116,241</b>	<b>-</b>	<b>116,241</b>
<b>6000-EMERGENCY HOUSING</b>					
6010 - EMERGENCY HOUSING	-	250,000	295,744	-	295,744
<b>Subtotal (6000)</b>	<b>-</b>	<b>250,000</b>	<b>295,744</b>	<b>-</b>	<b>295,744</b>
<b>8000-CASE MNGT ADM AND COMM OUTREACH</b>					
8010 - CASE MANAGEMETN ADMINISTRATION	-	287,453	219,004	-	219,004
8020 - COMMUNITY OUTREACH	-	50,000	50,000	-	50,000
<b>Subtotal (8000)</b>	<b>-</b>	<b>337,453</b>	<b>269,004</b>	<b>-</b>	<b>269,004</b>
<b>Grand Total</b>	<b>1,948,805</b>	<b>2,063,971</b>	<b>2,132,106</b>	<b>-</b>	<b>2,132,106</b>

## 1. COMMITTEE ANALYSIS AND COMMENTS

### a. Agency Mission and Activities

Established as an independent agency effective October 1, 2007, the mission of the OTA is to advocate for the rights and interests of the District's tenants, and to educate and inform tenants, tenant organizations, and the people of the District about tenant-related laws, rules, and policy matters. According to the "Office of the Chief Tenant Advocate Establishment Act of 2005", OTA: (1) provides education and outreach to the tenant community about laws, rules and other policy matters involving rental housing and tenant rights; (2) represents the interests of tenants in legislative, regulatory, and judicial matters; (3) advises tenants on filing complaints and petitions regarding disputes with landlords;

and (4) refers tenants who seek representation in administrative or judicial actions to attorneys or legal services and provides funding for representation in certain instances.

Although a small agency in terms of staffing and budget, this mandate is expansive as it affects approximately 60% of the District's residents and crosses into the jurisdictions of several agencies and Council Committees. For instance, the District's rent control laws fall within the purview of the Department of Housing and Community Development, but the health and safety issues fall within the jurisdiction of the Department of Health, DCRA, and even Metropolitan Police, and Fire and Emergency Medical Services. Further, federal housing programs implicate another layer of jurisdiction.

**b. Proposed Operating Budget Summary**

The Mayor's proposed FY 2014 budget for OTA is \$2,132,106, a slight increase of \$63,135 in local funds, or an increase of 3.3 percent. The FY2014 budget includes authority for 15.0 FTEs, the same as the FY 2013 level.

**Local Funds:** The Mayor's budget proposes local funds in the amount of \$2,132,106 which is an increase of 3.3 percent from FY 2013. The proposed local funding would support 15.0 FTEs, which remains the same for FY 2013.

**Special Purpose Revenue Funds:** The proposed FY 2014 budget reflects \$0 in special purpose revenue funding which is equivalent to FY 2013 levels.

**Committee Analysis and Comments**

OTA's operating budget would increase by \$68,135, or 3.3 percent from \$21,063,971 to "\$2,132,106. The increase reflects higher costs in personal services and increases in two program areas: \$35,000 for emergency housing and \$4,000 to provide closed captioning at agency events. In the FY 2013 budget cycle, the Council approved two new attorney positions, which have allowed the agency to better meet its mandate to provide District tenants with legal representation. Despite the increase in FTEs, the Committee recognizes that staff resources remain stretched to adequately fulfill the agency's mission areas of legal representation, policy advocacy, education, outreach, and emergency housing. He agency has four programmatic divisions: the Legal Division, he Policy Division, an education and outreach division known as the "Tenant Education Institute", and the Emergency Housing Assistance Program

**Legal**

This division provides case management services and legal advice to tenants seeking advice about their rights and remedies regarding landlord-tenant disputes. In FY 2012, OTA handled 2,767 cases, an increase of 6 percent over the previous fiscal year and a 150 percent increase since FY 2007. However, the agency fell short of achieving its FY 2012 performance goal of resolving 100 percent of its caseload, finishing the year with an 87 percent case-resolution rate. The Committee expects to see a better performance by the agency because it has realigned its performance goal more in-line with expectations and because of the addition of two attorney positions. With the increase in legal resources provided in the FY 2013 approved budget, OTA was able to triple the output of legal services, which is an indicator of the consumer demand for such services. In FY 2012, OTA engaged legal contractor services that provided services to 448 District tenants. As a service multiplier, OTA relies on legal interns. One of the benefits of the legal intern program is that it exposes law students to the OTA's legal and policy efforts and encourages them to practice in this area of law.

## **Policy**

OTA engages in policy matters affecting tenants across the full spectrum of the policy process. OTA provides testimony, comments, and recommendations to the Mayor and the Council on a wide range of tenant issue areas. It also provides input on proposed rulemakings, and OTA is a voting member of the Construction Code Coordinating Board's "Property Maintenance" Technical Advisory Group.

## **Education and Outreach**

Tenant rights education and outreach efforts are a critical part of OTA's mission. In FY 2012, OTA established the "Tenant Education Institute." The Institute is developing into a Tenant Resource Center and OTA is working to establish a speakers' bureau and course curriculum for the Institute. OTA also conducts educational workshops; including assisting elderly tenants and tenants with disabilities register their status to secure a lower cap on rent increases; educating students about their rights and responsibilities; and consulting with tenants regarding the creation and governance of tenant associations. Last year, OTA made presentations at over two dozen community events.

## **Emergency Housing**

Demand for OTA's Emergency Housing Assistance Program (EHAP) services continues to grow. EHAP provides emergency housing assistance to tenants displaced due to the closure of the unit by a government agency, a fire, or other circumstance that renders the accommodation uninhabitable. Assistance can take the form of hotel or motel accommodations for up to 14 days; help with moving and storage of personal property; first month's rent; and security and utility deposits. In FY 2012, the OTA handled 115 emergency housing cases and provided 337 displaced individuals with emergency housing assistance. The agency outperformed FY 2012 performance target of resolving 85 percent of all emergency housing cases by resolving 100 percent of the cases filed. OTA also exceeded expectations by providing emergency housing within 24 hours to 100 percent of the households eligible for such service who sought OTA's assistance (the target set for this performance indicator was 90 percent). The Committee is quite concerned that rising demand for emergency housing services exceeds the resources available to OTA. In testimony before the Committee, the agency reported that it had expended its FY 2013 budget for emergency housing services with five months still remaining in the fiscal year. The Committee will urge the administration to reprogram monies to the agency for emergency housing services.

## ***Inter-agency Coordination***

As noted last year, OTA remains challenged by the lack of regulatory coordination between agencies. This lack of inter-agency coordination is an impediment to the administration and enforcement of rental housing laws, and it is also a waste of scarce resources. To its credit, OTA has taken initiative to address the issue with the establishment of an inter-agency regulator non-compliance alert system. Launched in FY 2013, the auto-generated noncompliance notification program sends standardized notices to DCRA, DHCD and/or OTR regarding housing provider non-compliance in the areas of business licensing, unit registration, certificate of occupancy, and homestead exemption requirements. The Committee applauds the agency's efforts and encourages it to explore developing and implementing joint initiatives to improve inter-agency communication and coordination and better serve constituent needs.

a. **Summary Fiscal Year 2014 Budget Hearing Testimony**

**Witnesses**

**Public Witnesses**

Mr. Stephen M. Clark, Staff Attorney-AARP Legal Counsel for the Elderly  
Mr. Richard C. Goemann, Executive Director, DC Law Students in Court  
Ms. Robin Overby, DC Law Students in Court  
Mr. Jim McGrath, Chair, DC Tenants Advocacy Coalition  
Ms. Iris Lipkowitz, Board of Directors, Tenants Association, 4000 Massachusetts Avenue Apts.  
Mr. Tom Gregory, Board of Directors, Tenants Association, 4000 Massachusetts Avenue Apts.

**Government Witnesses**

Ms. Johanna Shreve, Chief Advocate, Office of Tenant Advocate

2. **COMMITTEE RECOMMENDATIONS**

a. **Fiscal Year 2014 Operating Budget Recommendations**

The Committee makes no recommendations for changes to the Mayor's proposed FY 2014 operating budget for OTA.

b. **Fiscal Year 2014 Capital Budget Recommendations**

The OTA does not have a capital budget for FY 2014.

c. **Fiscal Year 2014 Policy Recommendations**

The Committee recommends the following:

1. The Committee urges the Mayor to reprogram funds in FY 2013 to provide additional resources for the Office of Tenant Advocate's Emergency Housing program. The Committee is concerned that OTA has expended its budget of \$250,000 in the first 7 months of the fiscal year. Additional funds are necessary to ensure the agency can provide emergency housing assistance for the remaining 5 months of fiscal year 2013.
2. OTA continues to be challenged by the lack of interagency regulatory coordination. As noted last year, this problem impedes the administration and enforcement of rental housing laws. The Committee is pleased to note, however, that OTA has sought to overcome the obstacle in FY 2013 by establishing an automated noncompliance notification program that sends standardized notices to relevant district agencies regarding housing-provider noncompliance in the areas of: business licensing, unit registration, certificate of occupancy, and homestead exemption requirements. The Committee suggests that the Office establish indicators for measuring the effectiveness of this program activity by tracking improvements in compliance and resulting economic benefits.

### III. FISCAL YEAR 2014 BUDGET REQUEST ACT APPROPRIATION LANGUAGE RECOMMENDATIONS

On March 28, 2013, Chairman Phil Mendelson introduced the Fiscal Year 2014 Budget Request Act of 2013, Bill 20-0198, on behalf of the Mayor. The Committee recommends the following adjustments:

#### **Economic Development and Regulation**

(12) Alcoholic Beverage Regulation Administration-\$7,565,000 (including \$1,170,000 from local funds-dedicated taxes (including \$6,395,000 from other funds)

### IV. FISCAL YEAR 2014 BUDGET SUPPORT ACT RECOMMENDATIONS

On behalf of the Mayor, Chairman Phil Mendelson introduced the Fiscal Year 2014 Budget Support Act of 2013, Bill 20-199, on March 28, 2013. The Bill was retained by the Committee of the Whole, with the Committee on Business, Consumer, and Regulatory Affairs being assigned the responsibility to make comments on the provisions affecting agencies under the Committee's jurisdiction.

The Committee's comments on the assigned provisions, along with recommendations for the Fiscal Year 2014 Budget Support Act, appear below.

#### A. RECOMMENDATIONS ON BUDGET SUPPORT ACT SUBTITLES PROPOSED BY THE MAYOR

The Committee provides comments on the following subtitles of the Fiscal Year 2014 Budget Support Act of 2013:

1. Title I. Subtitle D. Captive Property Insurance Amendment Act of 2013
2. Title II. Subtitle G. Compliance Unit Amendment Act of 2013
3. Title VII. Subtitle H. Alcoholic Beverage Regulation Administration Reimbursable Detail Subsidy Amendment Act of 2013
4. Title VIII. Subtitle E. Waterfront Park at the Yards Amendment Act of 2013

#### **I. Title I. Subtitle D. Captive Property Insurance Amendment Act of 2013**

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

The proposed subtitle amends the District of Columbia Medical Liability Captive Insurance Agency Establishment Act of 2008, effective July 18, 2008 (D.C. Law 17-196; D.C. Official Code § 307.81 *et seq.*) ("Captive Act"). This amendment would make permanent B20-0154, the Captive Earthquake Property Insurance Emergency Amendment Act of 2013 ("Emergency Bill"), which was passed by a unanimous vote by the Council on March 5, 2013. The emergency bill amended the Captive Act to allow the District to issue or purchase earthquake insurance for District property assets that were damaged during the August 2011 earthquake.

The subtitle amends the Captive Act further than what was provided in the Emergency Bill. It will allow the District to formalize the District's self-insurance program by setting aside specific funds in the Captive Trust Fund to pay for future property losses and purchase and issue property insurance for District government real property assets.

**b. Committee Reasoning**

The Committee supports the proposed subtitle. The subtitle will create a long-term vision for a comprehensive insurance structure for District property assets and will improve the District's overall risk management strategies.

The Captive Property Insurance Amendment Act of 2013 will allow the District to combine both self-insurance and purchasing of property insurance. Currently, since the District is only self-insured it does not have sufficient funds to insulate from any potential loss. By buying property insurance it will transfer the District's risk of financial loss to an insurer. It provides replacement costs if the property is a loss following a catastrophic event or natural disaster. The proposed subtitle will save the District an enormous amount of money and it will protect the District's coffers.

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

Sec. 131. states the short title.

Sec. 132. amends the District of Columbia Medical Liability Captive Insurance Agency Establishment Act of 2008, effective July 18, 2008 (D.C. Law 17-196; D.C. Official Code § 307.81 *et seq.*).

*Subsection (a)* amends definitions and incorporates new definitions.

*Subsection (b)* changes the name of the District of Columbia Liability and Earthquake Captive Insurance Agency to the District of Columbia Captive Insurance Agency ("Agency"). It expands the scope of the Agency's purpose to allow it to provide property insurance for District government real property assets.

*Subsection (c)* grants the Agency the authority to issue property insurance for District government real property assets.

*Subsection (d)* amends the composition of the Advisory Council to the Agency by requiring two of the seven members to be experts in general property insurance and re-insurance.

*Subsection (e)* amends the date of when the Agency has to submit an annual report to the Commissioner of the Department of Insurance, Securities and Banking from March 2 to December 15.

*Subsection (f)* grants the Agency authority to establish procedures to offer different types of insurance.

*Subsection (g)* directs the agency to offer insurance that is consistent with coverage offered in the market.

*Subsection (h)* amends the name of the Agency from Medical Liability Captive Trust Fund to the District of Columbia Captive Trust Fund.

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

The Committee recommends **approval** of this subtitle.

**II. Title II. Subtitle G. Compliance Unit Amendment Act of 2013**

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

The proposed subtitle amends the Compliance Unit Establishment Act of 2008, effective June 13, 2008 (D.C. Law 17-176; D.C. Official §§ 1-301-182 and 1-307.184) ("Compliance Act") to transfer the duties of the unit from ODCA to DSLBD. Under the proposal DSLBD will now be required to audit compliance requirements for the following: developers selection and performance guidelines, as defined in the Mayor's source-selection process; requirements related to selection of goods and services, as defined by the District's Public Procurement Act; requirements related to the living-wage law; requirements related to CBE utilization by District agencies, on public-private projects, and equity and development participation; requirements related to environmental standards; and requirements related to affordable housing mandates.

b. **Committee Reasoning**

The Committee opposes this proposed subtitle. The Compliance Act was enacted because of complaints received by the Council from District residents and community organizations that developers come into local neighborhoods and make promises to win support for the project, and then never follow up on their promises. Previous to the bill's enactment, the compliance monitoring unit was situated in the Office of the Deputy Mayor for Planning and Economic Development ("DMPED"). The compliance unit was moved from DMPED because the Committee responded to public concerns that ODCA would be better suited to monitor project compliance. Since enactment of the Act, the ODCA has issued 15 reports regarding compliance and monitoring of CBE utilization requirements. DSLBD is also required to report on agency and developer compliance with CBE requirements, but since 2009 DSLBD has not produced reports containing accurate and reliable monitoring data.

In 2012, news reports alleging fraud and misrepresentation on the part of contractors and certified business enterprises on high-profile school modernization projects and CBEs who act as "pass-throughs" for non-DC based companies. In response to the concerns raised by the Council and news media, the Mayor reprogrammed \$1,028,000 to the agency for purposes of providing 10 FTEs to strengthen the agency's compliance monitoring capacity. The Committee remains concerned with the agency's slow pace in filling these positions. As of February 2012, the agency was performing at 50 percent of full time employee complement.

In order to meet the requirements of the Compliance Act, the agency must develop and implement procedures for determining District agency CBE expenditures and developer compliance with CBE requirements. Until the agency develops its internal audit capabilities, the Council will not receive accurate reports. While the agency is working to bring on board the staff resources and in-house capabilities, it is the view of the Committee that DSLBD will not have the compliance audit instruments ready to monitor CBE compliance requirements accurately by the end of FY 2014. The Committee's view is confirmed by Auditor Yolanda Branche who testified, "It is our view that it may take the end of FY 2014 for DSLBD to establish the necessary policies, procedures and data assessment to provide accurate, timely reports on CBE expenditures by [District] agencies and developers." (Testimony of District of Columbia Auditor Yolanda Branche, April 25, 2013).

The Committee is also concerned about the additional audit duties that would be required by DLSBD other just reporting on CBE utilization requirements. The proposed subtitle requires ODCA to perform audits of several programs that are not under the purview of DSLBD. They would be required to audit programs that range from contracting, environmental standards, living-wage laws, and affordable housing mandates. With DSLBD unable to meet the requirements just to handle CBE utilization reports the Committee believes it would be careless to require DSLBD to perform audits on multiple programs that are not even under their purview. The Committee also believes that sufficient conforming amendments were not made to the Small, Local, and Disadvantaged Business Enterprise Development and Assistance Act of 2005, effective October 20, 2005 (D.C. Law 16-33; D.C. Official Code § 2-218.01 *et seq.*).

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

Sec. 261. states the short title.

Sec. 262. amends the Compliance Act to require DSLBD to audit compliance requirements for the following: developers selection and performance guidelines, as defined in the Mayor's source-selection process; requirements related to selection of goods and services, as defined by the District's Public Procurement Act; requirements related the living-wage law; requirements related to CBE utilization by District agencies, on public-private projects, and equity and development participation; requirements related to environmental standards; and requirements related to affordable housing mandates.

Sec. 263. transfers all positions, personnel, property, records, and unexpended balances of appropriations, allocations, and other funds available from ODCA to DSLBD.

Sec. 264. transfers the responsibility of investigating fraudulent CBEs from ODCA to DSLBD.

Sec. 265. states the proposed subtitle will not limit the authority granted to ODCA.

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

The Committee recommends disapproval of this subtitle.

**III. Title VII. Subtitle H. Alcoholic Beverage Regulation Administration Reimbursable Detail Subsidy Amendment Act of 2013**

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

The proposed subtitle amends D.C. Official Code § 47-2002 by repealing the subsection (b). This section provides that \$1.17 million of the sales tax revenue received pursuant to this section will be used to fund the RDO program. The proposed amendment would shift the funding mechanism of the RDO program from Dedicated Tax Revenues to Local Funds.

**b. Committee Reasoning**

The Committee opposes this proposed subtitle. The Committee is concerned the potential shift of the funding mechanism for the RDO program from Dedicated Tax Revenues to Local Funds will make the program vulnerable for cuts in the future.

The whole purpose of initially shifting the funding mechanism for the program from Local Funds to Dedicated Tax Revenues is because of funding issues the program had in 2011. Due to a \$500,000 cut to the program when it was funded by Local Funds, the reimbursement subsidies for the program were reduced from 50% to 25% for most of the year and the ABC Board had to suspend the program from April, 1 2011 to July 1, 2011. This had a negative impact on small and local businesses that rely on the program.

The Committee believes with the influx of 1,000 new residents a month and the substantial increase in alcohol sales due to an increase in nightlife this program is more important than ever. The only way to make sure the program will not be cut is to keep it funded by a Dedicated Tax Revenue.

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

Sec. 781. states the short title.

Sec. 782. repeals Section 47-2002(b).

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

The Committee recommends **disapproval** of this subtitle.

**IV. Subtitle E. Waterfront Park at the Yards Amendment Act of 2013**

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

The proposed subtitle amends the Waterfront Park at the Yards Act of 2009, effective March 2, 2010 (D.C. Law 18-105; D.C. Official Code § 10-1801 *et seq.*) ("Yards Act") and D.C. Official Code § 47-895.23 to allow the Office of the Chief Financial Officer ("OCFO") to properly implement the Waterfront Park Maintenance and Programming Agreement between the District, Forest City, LLC and the Capitol Riverfront Business Improvement District ("Riverfront BID").

**b. Committee Reasoning**

The Committee supports this proposed subtitle. The subtitle will make technical amendments to make it easier for the OCFO to fund the Riverfront BID. Without this amendment the OCFO will not have the necessary procedures to implement the Waterfront Park Maintenance and Programming Agreement. The Riverfront BID is dependent on the funding it receives from the agreement to provide ongoing management, maintenance and programming of the Yards Park.

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

Sec. 841. states the short title.

Sec. 842. amends the Yards Act.

*Subsection (a)* removes proceeds from the sale of Anacostia Waterfront PILOT Revenue Bonds from the funds that must be deposited into the Water Park Maintenance Fund. It also removes the requirement to have revenue that is generated from naming rights from being sent from Forest City,

LLC to the District and then to the Riverfront BID. The subtitle now allows for the revenue to be sent from Forest City, LLC directly to the Riverfront BID.

*Subsection (b)* is a technical amendment that clarifies the definition of the Consumer Price Index to enable the OCFO to administer the Consumer Price Index adjustments to the sales taxes transferred to the Riverfront BID.

Sec. 843. amends D.C. Official Code § 47-895.23.

*Subsection (a)* requires DMPED to notify the Office of Tax and Revenue when a building achieves the required occupancy levels, as outlined in the Yards Act, such that the building would become subject to the special assessment.

*Subsection (b)* amends the timeline of when a property can be penalized for failing to pay the special assessment.

*Subsection (c)* amends the special assessment billing cycle to coincide with the District's real property tax billing cycle.

Sec. 844. sets the applicability date for the subtitle.

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

The Committee recommends **approval** of this subtitle.

**B. RECOMMENDATIONS FOR NEW BUDGET SUPPORT ACT  
SUBTITLES**

The Committee on Business, Consumer, and Regulatory Affairs recommends no new subtitles to be added to "Fiscal Year 2014 Budget Support Act of 2013" to the Committee of the Whole.

## V. COMMITTEE ACTION AND VOTE

On Wednesday, May 8, 2013, at 11:10 a.m. in the Council Chambers (Room 500) of the John A. Wilson Building, the Committee on Business, Consumer, and Regulatory Affairs met to consider and vote on the FY 2014 Budget for the agencies under its jurisdiction and the Committee's report. Chairperson Vincent Bernard Orange, Sr. determined the presence of a quorum consisting of him **and Councilmembers: Yvette Alexander, Jim Graham, Mary Cheh, and David Grosso**

Chairperson Orange discussed the Committee's FY 2014 operational and capital budget recommendations and then opened this section of the Committee Report for discussion.

Councilmember Cheh complimented Committee Chair Orange for the initiative taken to provide increased funding for Clean Team services and inquired about the distribution of \$500,000 to be transferred from the Committee on Transportation and Environment to the Department of Small and Local Business Development for the Clean Team program in each of fiscal years 2014 and 2015.

In reply, the Committee Chair acknowledged that the Committee Report recommended acceptance of \$100,000 to the Committee from the Committee of Transportation and Environment to increase existing Clean Team funding in FY 2014 and FY 2015. And it recommended acceptance of \$400,000 to the Committee for a new Clean Team Job Training Program in FY 2014 and FY 2015.

Councilmember Graham commended the Committee Report's recommendations and singled out the Committee's recognition of the problem concerning the street-noise problem in mixed-use commercial corridors. He also was pleased to note that the Committee Report recommending disapproval of the Mayor's proposal to shift the funding mechanism for the Reimbursable Detail Officer program from Dedicated Tax Revenues to Local Funds.

Chairperson Orange asked if there was further discussion on the operational and capital budget recommendations of the Committee Report. Hearing none, he proceeded with a discussion and markup on the Budget Request Act and Budget Support Act sections of the Committee Report.

Chairperson Orange then moved approval of the "Fiscal Year 2014 Budget Request Act of 2013" recommendation of appropriating \$7,565,000 to the Alcohol Beverage Regulation Administration with the change that \$1,170,000 derive from dedicated taxes and not from local funds as provided in the Mayor's proposal. The motion was opened for discussion and Councilmember Jim Graham expressed his support for the Committee Report's recommendations. There being no further discussion, the question on the motion was put to a vote and was the Committee Report's recommendations were adopted unanimously. The vote was recorded as follows:

### **Committee members voting in favor of adopting the BRA recommendation:**

- Councilmember Vincent B. Orange, Sr., Chair
- Councilmember Mary Cheh
- Councilmember David Grosso
- Councilmember Jim Graham
- Councilmember Yvette Alexander

The Committee proceeded to several items contained in the "Fiscal Year 2014 Budget Support Act of 2013" (BSA). The first item of business under the BSA section was consideration of Title I,

Subtitle D, the “Captive Property Insurance Amendment Act”. The Committee Report recommended adoption of the subtitle.

Following a summary explanation of the provision, Chairperson Orange asked if there was further discussion. Hearing none, he moved for approval of the subtitle, and the question was put to a vote, which was approved unanimously.

**Committee members voting in favor Title I, Subtitle D:**

- Councilmember Vincent B. Orange, Sr., Chair
- Councilmember Mary Cheh
- Councilmember David Grosso
- Councilmember Jim Graham
- Councilmember Yvette Alexander

Next the Committee turned its attention to Title II, Subtitle G, the “Compliance Unit Amendment Act”. Chairman Orange summarized his objections to the proposal contained in the subtitle, citing that the DSLBD was unable to meet the requirements of the proposal, and recommended a “No” vote on approval of the subtitle. The motion was opened for discussion. Hearing none, the motion was on the approval of the subtitle, and it was defeated by a unanimous vote

**Committee members voting in favor of Title II, Subtitle G:**

None

**Committee members voting against approval of Title II, Subtitle G:**

- Councilmember Vincent B. Orange, Sr., Chair
- Councilmember Mary Cheh
- Councilmember David Grosso
- Councilmember Jim Graham
- Councilmember Yvette Alexander

The next order of business was consideration of Title VII, Subtitle H, the “Alcoholic Beverage Regulation Administration Reimbursable Detail Subsidy Amendment Act of 2013.” The Chairman explained the purpose of the subtitle was to repeal subsection (b) of D.C. Official Code 47-2002 and would shift the funding mechanism of the Reimbursable Detail Officer Program from dedicated taxes to local funds. Following his explanation, the Chairperson indicated that he would move the adoption of the subtitle, but would cast a “No” vote and urged his colleagues to join him. He then asked if there was any discussion. Mr. Graham expressed support for the Chairperson’s position and indicated he would vote against the motion to approve. There being no further discussion, the motion to approve the subtitle was put to a vote, and it was defeated unanimously.

**Committee members voting in favor of Title VII, Subtitle H:**

None.

**Committee members voting against the approval Title VII, Subtitle H:**

- Councilmember Vincent B. Orange, Sr., Chair
- Councilmember Mary Cheh
- Councilmember David Grosso
- Councilmember Jim Graham
- Councilmember Yvette Alexander

The final item of business under the BSA requiring action by the Committee was Title IV, Subtitle E, the “Waterfront Park at the Yards Amendment Act of 2013”. In summary, the Chairman indicated that the subtitle proposed to amend the Waterfront Park at the Yards Act of 2009 to facilitate the Office of Chief Financial Officer to fund the Capitol Riverfront Business Improvement District pursuant to the Waterfront Park Maintenance and Programming Agreement. The Committee Report recommended approval of the subtitle.

The Chairman paused for discussion, and there being none, a vote was ordered.

**Committee members voting in favor of Title VII, Subtitle H:**

- Councilmember Vincent B. Orange, Sr., Chair
- Councilmember Mary Cheh
- Councilmember David Grosso
- Councilmember Jim Graham
- Councilmember Yvette Alexander

**Committee members voting against the approval Title VII, Subtitle H:**

None

Chairperson Orange called for a vote on the Committee’s Fiscal Year 2014 budget report, with leave for staff to make technical, editorial, and conforming changes to reflect the Committee’s actions. The Committee’s FY 2014 budget report was approved unanimously.

**Committee members voting in favor of adopting the Committee Report:**

- Councilmember Vincent B. Orange, Sr., Chair
- Councilmember Mary Cheh
- Councilmember David Grosso
- Councilmember Jim Graham
- Councilmember Yvette Alexander

**Committee members voting against the adoption of the Committee Report:**

None

Chairperson Orange adjourned the meeting at 11:37 a.m.

## **VI. ATTACHMENTS**

**Copies of witness testimony are available by request in the Committee Office.**

- A. April 25, 2013 Fiscal Year 2014 Budget Oversight Hearing Witness List and Testimony
- B. April 26, 2013 Fiscal Year 2014 Budget Oversight Hearing Witness List and Testimony
- C. April 29, 2013 Fiscal Year 2014 Budget Oversight Hearing Witness List and Testimony