

District Beat

BY MARK SEGRAVES

Bamboozled

It's been a few years since Vincent Orange was on the campaign trail. Last time out, the former Ward 5 Councilmember got a District-wide pounding earning just less than 3 percent of the vote in the 2006 Democratic mayoral primary. Since then he's been working as a lobbyist for Pepco.

Now V.O. is back, and he hasn't forgotten how to politic. Since announcing his candidacy for chairman of the DC Council, Orange hasn't wasted anytime. His signs can be seen all over town, mostly on public space. V.O. has raised about the same amount of cash as his chief rival, Councilmember Kwame Brown (D-At-Large). They both have raised about \$180,000. Brown has been campaigning longer than Orange in this race, which is one reason the Kwame yard signs are more likely to actually be in somebody's yard rather than along the side of a road or on a telephone pole.

At a recent Ward 8 Democrats debate, moderated by WTOP political analyst Mark Plotkin, Orange played to the crowd telling them, "Don't be bamboozled" and then pointing to Brown. (A reference to the speech Denzel Washington gave in the Spike Lee film "Malcolm X.") Orange used the "bamboozled" line more than once that night. But it was Brown who scored the final blow at the end of the night in his closing statement when he turned the tables on Orange and told the crowd, "Bamboozled? Don't fall for that." Then turning to Orange he said, "You're not Malcolm X."

"It brought the house down," Plotkin recalls.

As for another early indicator as to how this race is shaping up, Brown trounced Orange in the DC Democratic party's District-wide straw poll. Brown took 585 votes to Orange's 329. And the Ward 3



Chairman Vince Gray chats with supporters at the groundbreaking of the Hill Center. Photo: Andrew Lightman

Dems endorsed Brown who took more than 75 percent of the vote in that straw poll.

While straw polls and endorsements aren't always true indicators of how the primary will shake out, it does help to boost a campaign's morale. A better indicator would be the fact that Kwame has proven he can win in a District-wide election. In 2006 Orange proved he can come in fourth behind Fenty, Linda Cropp and Marie Johns.

Don't Count Doug Out

For the first time in several years, the District's non-voting Delegate to Congress has a legitimate challenger. Doug Sloan is his name – he's well organized, bright and most importantly, he doesn't come off as a crazy person who can easily be dismissed. Just ask the Ward 3 Democrats. Sloan pulled off what can only be described as a huge upset winning the Ward 3 straw poll with 65 percent of the vote compared to Norton's 30 percent.

"Ward 3 Democrats don't like Norton," political analyst Mark Plotkin says. And while it's hard to imagine Norton losing the primary – Norton crushed Sloan in the DC Dems District-wide straw poll, and

she won the endorsement of the Gertrude Stein Democrats Club winning 87 percent of the vote – Plotkin says the Ward 3 numbers "could be an early indicator that Norton's popularity is slipping."

Can't Buy Me Love

Despite the fact that Mayor Adrian Fenty has raised eight times what his closest competitor has raised, an unprecedented \$4.2 million, Fenty can't seem to buy himself a break.

Council Chairman Vince Gray has won nearly all of the recent straw polls, including the Ward 3 Dems where Gray won by 6 votes, the Gertrude Stein Dems where Gray snagged 63 percent of the votes and the DC Democratic State Convention where Gray bested Fenty with 703 votes to Fenty's 190. Leo Alexander managed to get 75 votes. Fenty did manage to win the Ward 8 straw poll, but only when unregistered voters were allowed to vote. When the vote was limited to previously registered voters, Gray came out on top.

It's not a good trend for Fenty, who less than four years ago won every single precinct in the District and has a good record of accomplish-

ments to run on. Not to mention that Fenty is a far better politician than Gray, better organized, better looking and better known.

On paper, Fenty would be the odds on favorite by a mile. But right now, with fewer than 90 days before the election, it's Grays to lose.

I have to admit, I never thought I would write those words. Six months ago when Gray was toying with the idea of running, it didn't seem like he had a chance to beat Fenty. It was a fool's errand. But Gray has proven he's nobody's fool.

And Fenty continues to prove that he is his own worst enemy. Take the recent incident surrounding the theft of two bicycles from Fenty's home. According to police and press reports, some kids walked into Fenty's garage and made off with his son's bicycles. Any other politician would have seen this as an opportunity to show the public he's just like they are, and anyone can be a victim of crime. "I feel your pain" comes to mind.

But not our mayor. No, Fenty has based his mayoral career on secrecy. Everything he does is a secret, whether it's taking trips to foreign countries paid for by governments that discriminate against minorities like China and the United Arab Emirates, or his mid-day bike rides using a police motorcycle escort, or his meetings with elected officials, Fenty thinks the public is on a need-to-know-basis only. And the public doesn't need to know.

So it was with the bike theft. The police report was marked confidential; at first Fenty would not answer questions about it, then when it was clear this was going to be a news story, he released a brief statement.

It all goes to his attitude toward the public. The public who he is sworn to serve, the public who pays his salary, and the public who is depending on him. And on the heels

The Wrong Prescription

DC'S Financial Woes are Being Misdiagnosed

BY JENNY REED

of the missing bikes comes news that a Fenty campaign staffer was arrested for selling crack to an undercover police officer. Fenty just can't seem to buy a break.

But Gray has his problems as well. And like Fenty, they are self-made. Gray still refuses to admit he did anything wrong when it comes to the fence he built at his home. District officials have determined the fence is illegal and must be moved. Gray insists this is political payback from Fenty loyalists in the government.

The fact is Gray built the fence without getting permits, and no matter how screwed up the DC permitting process is, Gray is the second highest elected official in the District and should be held to higher standard than the average homeowner. His insistence that he's done nothing wrong does not play well in the church basements and living rooms across the eight wards. But Gray seems tone deaf on this issue.

Watch Most of the Candidates

You can see most of the candidates this summer on my weekly TV show, NewsPlus, Fridays at 7:30 a.m. and Sundays at 10 a.m. on DC 50. Or you can watch anytime at www.dc50tv.com. I say "most of the candidates" because for the past three and a half years, despite promising to do so, Mayor Fenty has refused to appear on my radio or TV show. Luckily the other candidates are not afraid to sit down with me.

Mark Segraves is an award winning investigative reporter and talk show host. He can be heard daily on WTOP Radio 103.5 FM and weekly on DC 50 TV. He can be reached at msegraves@wtop.com.

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You may have heard that DC is headed for another control board. But you know better than to believe everything you hear, right? Yes, DC's finances have suffered in the recession, as have every city's and every state's. But the District isn't anywhere close to the kinds of problems that actually would trigger a control board, such as consistently failing to pay its bills on time or running a year-end deficit.

So why the alarm? The reason is that the city's "fund balance" — essentially DC's bank account — has declined from a high of \$1.6 billion in 2005 to \$920 million in 2009 and perhaps as low as \$650 million by the end of 2011. The pace of the decline has justifiably raised some concerns.

But the reality is that the District is weathering the economic storm better than most states, which also are pulling money out of reserves to avoid major budget cuts in the midst of one of the worst recessions in history. In fact, DC's reserves are healthier than in 43 states.

The concern over the state of fiscal affairs has led to calls to shore up the city's dwindling reserves. While this goal makes sense, a plan just adopted by the DC Council goes too far too fast, and it will tie up a significant amount of any new resources. The middle of a recession is the wrong time to focus solely on building reserves, when limited resources are needed to avoid cuts in city services, and to make critical reinvestments as we start the long road to recovery.

So What Is 'Fund Balance,' and Why Is It So Important?

DC's Fund balance is essentially the city's checking and savings ac-

count in one. Not surprisingly, Wall Street credit agencies keep an eye on how well we manage the fund balance as one of many factors considered when they set our bond rating.

What's in the city's bank account? The fund balance includes lots of parts, including the city's rainy day reserves, escrow funds needed to back DC's bond payments, and taxes collected for specific purposes that haven't been spent yet. When DC's economy is strong and the city runs a surplus, that goes into the fund balance, too.

One critical use of the fund balance is to help the city meet its cash flow needs. Some tax collections come in as big chunks at different times of the year — like property taxes that are paid in September and March. Yet DC's bills come in every month. Having money in the bank — the fund balance — helps the city meet its regular payments and avoid short-term borrowing to cover expenditures.

Why Did DC's Fund Balance Go Up? And Why Is it Coming Down?

DC's bank account swelled in the mid-2000s as a result of large and unexpected budget surpluses. Our fund balance reached an unprecedented \$1.6 billion — equal to 37 percent of DC's budget at a time when the average for states was 8 percent.

In the face of that, DC's leaders made conscious and sensible decisions to put some of that excess to good use. Most notably, we devoted huge sums to fund a backlog of capital and infrastructure projects without the need for borrowing. And when the recession hit, the mayor and council tapped into

a number of "special purpose funds" that were underutilized and had built up large surpluses, using those funds to avoid deep cuts to program and services.

DC's fund balance could fall by 2011 to a level equal to 10 percent of the city's budget. Yet that still is higher than in 43 states, including Maryland and Virginia.

Shoring up DC's Finances: What's the Most Important Thing to Do?

Even if DC's fund balance is not at a crisis state, we probably can't take out too much more — and at some point it would be good to build our savings back up. But how much and when are key questions to ask.

The budget just approved by the DC Council includes provisions to start rebuilding reserves now. While the council deserves credit for seeing this as an important issue, their plan ultimately will tie up a lot more money than is necessary at a time when DC's finances are still fragile.

Under the new budget, 100 percent of future budget surpluses will be used to fill two reserves until they reach a total of nearly \$700 million. (Yes, even in a recession, DC is likely to end the year with some surplus.) Initially, half of surplus funds will go to a reserve to help respond to unforeseen spending pressures that arise during the year. This makes sense, and it's similar to a \$50 million budget reserve DC maintained until fiscal year 2009 when it was eliminated. Under the new plan, the operating reserve will be built up to \$145 million.

The plan for the other half of future surpluses is far more problematic. These funds will just sit in the fund balance — to help meet