

Resolution No.:	<u>18-1217</u>
Introduced:	<u>July 10, 2018</u>
Adopted:	<u>July 24, 2018</u>

**COUNTY COUNCIL  
FOR MONTGOMERY COUNTY, MARYLAND**

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Lead Sponsor: Council President at the Request of the County Executive

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**SUBJECT:** Amendment to the FY19-24 Capital Improvements Program and Supplemental Appropriation #1-S19-CMCG-1 to the FY19 Capital Budget Montgomery County Government Department of Transportation (MCDOT) Streetlighting (No. 507055), \$7,000,000

**Background**

1. Section 307 of the Montgomery County Charter provides that any supplemental appropriation shall be recommended by the County Executive who shall specify the source of funds to finance it. The Council shall hold a public hearing on each proposed supplemental appropriation after at least one week's notice. A supplemental appropriation that would comply with, avail the County of, or put into effect a grant or a Federal, State or County law or regulation, or one that is approved after January 1 of any fiscal year, requires an affirmative vote of five Councilmembers. A supplemental appropriation for any other purpose that is approved before January 1 of any fiscal year requires an affirmative vote of six Councilmembers. The Council may, in a single action, approve more than one supplemental appropriation. The Executive may disapprove or reduce a supplemental appropriation, and the Council may reapprove the appropriation, as if it were an item in the annual budget.
2. Section 302 of the Montgomery County Charter provides that the Council may amend an approved capital improvements program at any time by an affirmative vote of no fewer than six members of the Council.
3. The County Executive recommends the following capital project appropriation increases:

<u>Project Name</u>	<u>Project Number</u>	<u>Cost Element</u>	<u>Amount</u>	<u>Source of Funds</u>
Streetlighting	507055	Other	\$6,105,000	Long-Term
Financing			<u>\$895,000</u>	Utility Incentives
TOTAL			\$7,000,000	

4. This increase is needed to allow MCDOT and Procurement to complete the contract and issue a notice to process in a timeframe that allows MCDOT to maximize PEPCO

- incentive funding. The recommended amendment is consistent with the criteria for amending the CIP because the project leverages significant non-County sources of funds and the project offers significant cost savings opportunities, which will be lost if not taken at this time.
5. The County Executive recommends an amendment to the FY19-24 Capital Improvements Program and a supplemental appropriation in the amount of \$7,000,000 for Streetlighting (No. 507055), and specifies that the source of funds will be Long-Term Financing and Utility Incentives.
  6. Notice of public hearing was given and a public hearing was held.

### Action

The County Council for Montgomery County, Maryland approves the following resolution:

The FY19-24 Capital Improvements Program of the Montgomery County Government is amended as reflected on the attached project description form and a supplemental appropriation is approved as follows:

<u>Project Name</u>	<u>Project Number</u>	<u>Cost Element</u>	<u>Amount</u>	<u>Source of Funds</u>
Streetlighting	507055	Other	\$6,105,000	Long-Term
Financing			<u>\$895,000</u>	Utility Incentives
TOTAL			\$7,000,000	

This is a correct copy of Council action.

  
 Megan Davey Limarzi, Esq.  
 Clerk of the Council

## Streetlighting (P507055)

<b>Category</b>	Transportation	<b>Date Last Modified</b>	05/16/18
<b>SubCategory</b>	Traffic Improvements	<b>Administering Agency</b>	Transportation
<b>Planning Area</b>	Countywide	<b>Status</b>	Ongoing

Total	Thru FY17	Est FY18	Total 6 Years	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	Beyond 6 Years
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### EXPENDITURE SCHEDULE (\$000s)

Planning, Design and Supervision	3,386	765	663	2,058	343	343	343	343	343	343	-
Site Improvements and Utilities	9,452	1,940	1,350	6,162	1,027	1,027	1,027	1,027	1,027	1,027	-
Other	18,000	-	-	18,000	7,000	0	0	0	0	0	-
<b>TOTAL EXPENDITURES</b>	<b>30,838</b>	<b>2,705</b>	<b>1,913</b>	<b>26,220</b>	<b>10,370</b>	<b>10,370</b>	<b>1,370</b>	<b>1,370</b>	<b>1,370</b>	<b>1,370</b>	<b>-</b>

### FUNDING SCHEDULE (\$000s)

Long-Term Financing	18,000	-	-	18,000	6,000	0	0	0	0	0	0
G.O. Bonds	12,838	2,705	1,913	8,220	1,370	1,370	1,370	1,370	1,370	1,370	-
<b>TOTAL FUNDING SOURCES</b>	<b>30,838</b>	<b>2,705</b>	<b>1,913</b>	<b>26,220</b>	<b>10,370</b>	<b>10,370</b>	<b>1,370</b>	<b>1,370</b>	<b>1,370</b>	<b>1,370</b>	<b>-</b>

### OPERATING BUDGET IMPACT (\$000s)

Maintenance				84	4	8	12	16	20	24	
Energy				63	3	6	9	12	15	18	
<b>NET IMPACT</b>				<b>147</b>	<b>7</b>	<b>14</b>	<b>21</b>	<b>28</b>	<b>35</b>	<b>42</b>	

### APPROPRIATION AND EXPENDITURE DATA (\$000s)

Appropriation FY 19 Request	1,370	Year First Appropriation	FY70
Appropriation FY 20 Request	1,370	Last FY's Cost Estimate	10,098
Cumulative Appropriation	4,618	<b>SUPPLEMENTAL</b>	<b>7,000</b>
Expenditure / Encumbrances	3,181		
Unencumbered Balance	1,437		

### PROJECT DESCRIPTION

This project provides for the installation and upgrading of streetlights countywide with an emphasis on residential fill in areas, high crime areas, pedestrian generator locations, and high accident locations, as well as the conversion of existing streetlights to a more energy-efficient technology. This project also provides for the replacement of streetlights that are knocked down, damaged, or have reached the end of service life. Streetlights that pose safety concerns and are no longer functioning to the specifications of original installation are also replaced under this project.

The County is planning to upgrade approximately 26,000 streetlight fixtures to light-emitting diodes (LED) through an energy savings performance contract. Contracts performed by Energy Services Companies (ESCOs) have been used extensively by the federal government and other state and local jurisdictions to accomplish energy savings retrofits. Third party funding (bonds or commercial loans) covers the cost of the contract. The savings in energy and maintenance costs over the life of the new fixtures will pay for the replacement. Project installation will take approximately 24 months. A key feature of Energy Savings Performance Contracts (ESPC) is that no General Obligation (GO) bonds are required for the contract and construction costs. A financing mechanism is initiated to cover the cost of the contract and the repayment of the debt is guaranteed through the energy savings.

### COST CHANGE

Cost increase due to increased funding in FY19 and FY20 for an energy savings performance contract to install energy efficient LED streetlight fixtures and for the addition of FY23 and FY24 to this ongoing level-of-effort project.

### PROJECT JUSTIFICATION

County resolution dated June 25, 1968, requires Montgomery County to provide for the installation of streetlights in those subdivisions that were platted prior to February 1, 1969, when the installation of streetlights was not a requirement of subdivision development. This project provides funds for these streetlight installations, as well as for lighting of the public right-of-way when the existing lighting is substandard to the extent that public safety is compromised. New streetlight plans are developed in conformance with established County streetlight standards and are normally implemented under contract with the pertinent local utility company. The March 2010 Report of the Infrastructure Maintenance Task Force, identified streetlighting in need of lifecycle replacement. Implementation of the ESCO project is consistent with the County's continuing objective to accomplish environmentally friendly initiatives, as well as limit the level of GO Bonds. The ultimate objectives are to save money in the long run, reduce our carbon footprint, and provide high-quality, dark sky compliant roadway and pedestrian lighting.

### OTHER

This project also supports the County Executive's Vision Zero initiative which aims to reduce injuries and fatalities on all roads.

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**FISCAL NOTE**

A financing mechanism is initiated to cover the cost of the contract and the repayment of the debt is guaranteed through the energy savings. The Council will consider an appropriation for an energy savings performance contract once an Investment Grade Audit is complete.

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**DISCLOSURES**

A pedestrian impact analysis will be performed during design or is in progress. Expenditures will continue indefinitely.

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**COORDINATION**

Baltimore Gas and Electric Company, Potomac Edison, Verizon, Cable TV Montgomery, Maryland State Highway Administration, PEPCO, Washington Gas and Light, Washington Suburban Sanitary Commission, Pedestrian Safety Advisory Committee, Citizen's Advisory Boards, Maryland-National Capital Park and Planning Commission, Department of General Services.

### *FISCAL NOTE*

A financing mechanism is initiated to cover the cost of the contract and the repayment of the debt is guaranteed through the energy savings. An FY19 supplemental and amendment programs \$6,105,000 in Long Term Financing to allow MCDOT to take advantage of an energy rebate program from PEPCO and programs \$895,000 in Utility Incentives, which is the anticipated amount the County will receive in PEPCO incentives. The Council will consider an additional project amendment once vendor contract negotiations are completed.