


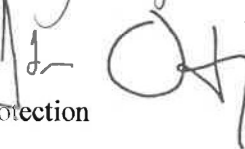


MEMORANDUM

March 13, 2020

TO: Sidney Katz, President  
Montgomery County Council

FROM: Michael Coveyou, Director   
Department of Finance

Adam Ortiz, Director   
Department of Environmental Protection

SUBJECT: 2020 Annual Report on the County's Commercial Property Assessed Clean Energy Program

We are hereby submitting to the Montgomery County Council the annual report on the County's Commercial Property Assessed Clean Energy (C-PACE) program, which was created to assist qualifying commercial property owners to make energy efficiency and renewable energy improvements to their buildings. This annual reporting requirement is described in the Montgomery County Code Chapter 18A, Article 5, Section 18A, § (b) which stipulates that:

*"The Executive must submit an annual report to the County Council by March 15 of each year describing program participation, number and dollar value of surcharge billed and collected, and other relevant information pertaining to the prior calendar year."*

Since the 2019 annual report, the County continued to see a steady pipeline of potential C-PACE projects with a handful of projects expected to close in calendar year 2020; engagement has continued with the building owner, lender, and contractor communities; assistance has been provided to other jurisdictions in the region to develop the framework and best practices for their own C-PACE programs; and joint work sessions have been held with the Montgomery County Green Bank to find ways to improve C-PACE throughout the region. The County expects that legislative amendments passed in May 2019 that allow C-PACE financing to be used for newly constructed buildings that exceed current building code, will lead to a larger pipeline of projects.

In September 2019, the County processed and remitted payment for the second cycle of C-PACE assessment collections due on the property tax bills. The total collection amount for all C-PACE assessment payments in 2019 equaled \$758,243 which was remitted to the C-PACE program manager for disbursement to private lenders. In February 2020, the County was informed by the County Designated



Lender that the first C-PACE loan balance has been successfully paid in full for The Middlebrooke Apartments project.

**Table 1: Completed C-PACE Projects in Montgomery County, Maryland**

Building Name	Property Type	City	C-PACE Financed Amount	Annual Energy Savings (MMBtu/year)	Loan Term	Project Completion Date	First Surcharge Due Date
Shady Grove Professional Building / Comfort Inn Shady Grove	Hotel/ Office	Gaithersburg	\$1,436,019	1,624	20 years	3/10/2017	9/30/2018
The Glens on Battery Lane	Multi-family	Bethesda	\$500,685	577	20 years	11/28/2017	9/30/2018
The Middlebrooke Apartments	Multi-family	Bethesda	\$635,422	874	20 years	11/28/2017	9/30/2018
The Glens on Battery Lane	Multi-family	Bethesda	\$551,581	567	20 years	2/15/2018	9/30/2018
Wellington Apartments	Multi-family	Chevy Chase	\$290,181	152	20 years	2/15/2018	9/30/2018
Glen Brook Apartments	Multi-family	Bethesda	\$402,546	219	20 years	2/15/2018	9/30/2018
Glenmont Apartments	Multi-family	Bethesda	\$421,095	249	20 years	2/15/2018	9/30/2018
The Drake	Multi-family	Chevy Chase	\$537,337	896	20 years	2/15/2018	9/30/2018
Wildwood Medical Center	Office	Bethesda	\$638,849	961	20 years	2/21/2018	9/30/2018
Bradley/ Strathmore Apartments	Multi-family	Chevy Chase	\$481,710	740	20 years	4/9/2018	9/30/2019
Exchange Place	Office	Rockville	\$1,974,843	2,719	20 years	7/31/2018	9/30/2019
The Dorset	Multi-family	Bethesda	\$556,364	1,719	20 years	9/17/2018	9/30/2019

Throughout 2019, the County’s C-PACE program has continued to engage with the building owner, contractor, and lending community through various outreach and education events:

- In March 2019, the County’s program manager presented to developers, contractors, architects and engineers at a joint US Green Building Council - Mid-Atlantic PACE Alliance event in Washington, D.C. about C-PACE in the DMV region.
- In June 2019, the County participated in the Metropolitan Washington Council of Government’s (MWCOG’s) Clean Energy Financing Workgroup meeting to discuss the current state of C-PACE in the region along with challenges and opportunities.
- In July 2019, the County’s program manager was a panel speaker during the DOE Better Buildings, Better Plans Summit in Arlington, VA.
- In August 2019, the County launched a new C-PACE website ([www.MC-PACE.com](http://www.MC-PACE.com)) for owners, contractors, and lenders to more easily access program resources and case studies.

- In August 2019, Montgomery County project information was published on the Mid-Atlantic PACE Alliance's interactive completed project map.
- In September 2019, the County participated in a DOE C-PACE Cohort Call related to Strategies for Local Government Engagement to share information about the County's C-PACE program, lessons learned, and best practices for engaging stakeholders.
- In September 2019, the County's program manager presented during a training for BGE and Pepco Service Provider contractors about the Maryland State and Montgomery County C-PACE programs.
- In October 2019, the County along with the Montgomery County Green Bank hosted a hands-on workshop in Silver Spring for building owners and managers to learn about the opportunities associated with benchmarking and programs to assist with completing projects, such as Commercial PACE financing.
- From July 2019 through January 2020, the County program manager was an exhibitor at larger conferences to promote the County's C-PACE program and other C-PACE programs in Maryland at the following conferences: Maryland Economic Development Association, TEDCO's Entrepreneur Expo, and the Maryland Clean Energy Center Clean Energy Summit.

In addition to the outreach and engagement events with building owners, contractors, and lenders, the County completed a C-PACE-focused research project with the University of Maryland's Environmental Finance Center in May 2019. This research project included: comparisons between Montgomery County's C-PACE program and 43 other C-PACE programs across the country, cataloged nationwide project summary statistics and case studies, and provided recommendations on ways to improve the County program's effectiveness.

The C-PACE program continues to build on the strong foundation put in place since the program's inception in FY 2016. The pipeline of potential projects indicates a continued interest in C-PACE financing among the building owners in Montgomery County, and the County is seeing additional interest in the program from energy contractors and private financial institutions. Additionally, the County anticipates increased project activity following a May 2019 legislative amendment to allow new construction projects to access C-PACE financing for energy efficiency and renewable energy upgrades that exceed current building code. The Department of Finance and the Department of Environmental Protection are proud of the successes made to date, and we look forward to having a wider array of projects to share with the Council in our next annual report.

If you have any questions on the C-PACE program or information provided in this annual report, please contact David Crow, Fiscal Projects Manager, Division of Fiscal Management, Department of Finance at extension 7-8859 or Lindsey Shaw, Manager of Energy and Sustainability Programs, Department of Environmental Protection at extension 7-7754.

c: Tom Hucker, Vice President, Montgomery County Council  
Marc Elrich, County Executive  
Andrew Kleine, Chief Administrative Officer  
Adriana Hochberg, Assistant Chief Administrative Officer