


T&E COMMITTEE #1
April 29, 2015

Worksession

MEMORANDUM

April 27, 2015

TO: Transportation, Infrastructure, Energy & Environment Committee (T&E)

FROM:  Keith Levchenko, Senior Legislative Analyst

SUBJECT: **FY16 Operating Budget:** Utilities Non-Departmental Account (NDA)

Council Staff Recommendation:

- **Approve the FY16 Utilities NDA budget as recommended by the County Executive**
- **Include Paragraph 69 (from the FY15 County Government Appropriation Resolution) in the FY16 County Government Appropriation Resolution.**
- **The Committee should discuss environmental sustainability efforts, benchmarking, and reporting requirements across all agencies after budget.**

Attachments to this Memorandum

- County Executive's FY16 Recommended Budget Section for Utilities (©1-8)
- County Government Utilities NDA Cost and Usage Trends (©9-10)
- Resolution 17-1111 Excerpt: Paragraph 69 (payment of financing costs for ESCO projects) (©11)
- Department of General Services New Construction Projects Utility Usage in FY15 & FY16 (©12)

Executive Branch Staff Participants Include:

- Beryl Feinberg, Deputy Director, Department of General Services (DGS)
- Angela Dizelos, Chief, Division of Central Services, DGS
- Eric Coffman, Chief, Office of Energy and Sustainability (OES), DGS
- Victor Sousa, DGS
- Michael Yambrach, DGS
- Erika Lopez Finn, Office of Management and Budget

The T&E Committee met on April 16 and discussed County agency utility costs and clean energy and energy conservation initiatives. Council Staff was still collecting information at that time with regard to the cost trends and assumptions within the County Government's Utilities NDA and suggested the Committee come back to the Utilities NDA budget issue at a future committee meeting.

Utility budgets are based on rate assumptions as well as on projected changes in energy consumption at existing facilities and estimated energy requirements for new facilities coming on-line during FY16. Energy efficiency measures are also taken into account. It is important to note that energy use is also greatly affected by the severity of weather conditions in a given year. The Utilities budget presented here assumes a typical weather year.

County Government Utility Cost Trends

The County owns, operates, and/or maintains 412 facilities totaling 9,759,852 square feet. The Department of General Services manages the payment for 1,321 separately metered utility accounts for these facilities.

Total County Government utility costs for FY16 are recommended at \$34.7 million (an increase of \$1.3 million or 3.8 percent. As discussed at the April 16 T&E Committee meeting, this increase is below MCPS' projected increase (8.7 percent) and slightly above Montgomery College and WSSC (3.0 percent and 2.3 percent respectively).¹

Utilities Non-Departmental Account

Fiscal Summary

The Utilities Non-Departmental Account (NDA) budget funds 804 of the county's 1,321 accounts, in addition to 68,426 streetlights and 832 traffic-controlled signalized intersections.

For the General Fund NDA (which accounts for the tax-supported General Fund portion of the County Government's utility costs), utilities are recommended to increase by \$387,758 (of 1.5 percent) as shown on the following chart.

Table 1:
NDA Utility Costs by Type (General Fund Only)

Type of Utility	Approved FY13	Actual FY13	Approved FY14	Actual FY14	Approved FY15	CE Rec FY16	Change (FY16 vs. FY15)	
							\$	%
Electricity	22,630,630	19,560,557	22,113,482	20,756,510	21,490,160	21,821,289	331,129	1.5%
Water and Sewer	2,090,500	1,528,193	1,831,663	1,630,635	1,676,271	1,701,615	25,344	1.5%
Fuel Oil	210,000	83,127	210,000	132,406	210,000	213,171	3,171	1.5%
Natural Gas	1,168,730	1,478,902	1,481,502	1,928,192	1,797,702	1,824,910	27,208	1.5%
Propane	60,000	29,669	60,000	52,125	60,000	60,906	906	1.5%
Total	26,159,860	22,680,448	25,696,647	24,499,868	25,234,133	25,621,891	387,758	1.5%

Electricity (which makes up 85.2 percent of all expenditures) continues to be the dominant energy cost category.

Interestingly, the FY13 actuals are about \$3.5 million (13.3 percent) below the FY13 Approved Budget and the FY14 actuals are about 5.0 percent below the FY14 Approved Budget. However, the FY14 actuals are about 8.5 percent higher than the FY13 actuals. These fluctuations (both up and down) are indicative of the challenge in predicting energy costs (even with the County utilizing fixed price contracts).

¹ Comparisons between agencies are problematic, given the differences in each agency's energy usage profile, differing opportunities to achieve energy savings, and energy purchasing processes. Comparing a particular agency to itself over time is a fairer measure of progress.

FY15 to FY16 Crosswalk

The Executive's Recommended Budget provides a crosswalk from FY15 to FY16 (see chart at the bottom of the page on ©4). The net changes are relatively small compared to past years and include:

- \$222,798 for renewable energy costs: Last year, the Council enacted Bill 9-14, which requires the County to purchase the equivalent of 100 percent of its energy from renewable energy sources within two years. The Council ultimately approved sufficient funds in the FY15 budget to achieve a 100 percent purchase during FY15. DGS plans to issue a request for procurement for this 100% purchase very shortly (April 2015).
- \$113,184 increase in costs based on estimated consumption and unit costs: This item includes several large adjustments both up and down.
 - Consumption and cost changes are estimated to increase costs about \$1.87 million. This is partially a result of the Council's \$1.0 million reduction taken in FY15 as well as higher unit costs under an extended fixed price contract.²
 - Streetlight consumption is expected to be down nearly \$1.0 million in FY15 and the FY16 recommendation assumes a \$1.0 million reduction as well.
 - The Executive also transferred the costs for a DGS Capital Project Manager from the Utilities NDA to the DGS General Fund (reducing the Utilities NDA in FY16 by \$107,383).
 - Finally, the Executive made a \$650,000 reduction in FY16 for fiscal reasons.
- \$56,604 for new buildings opening (either during FY15 or during FY16): DGS provided a detail sheet (see ©12) breaking out the square footage, estimated energy usage, and costs for DGS' new building openings. The facilities involved include: The Colesville Depot, Silver Spring Library, North Potomac Recreation Center, Ross Boddy Recreation Center, Silver Spring Transit Center, and Glenmont Fire Station #18.
- \$4,828 in cost savings from ESCO contracts. This savings, which is net of debt service costs associated with the project, is related to the retrofit work done at 401 Hungerford Drive.³

Fuel/Energy Tax Sunset Issue

In 2010, the Council approved a major increase to the Fuel/Energy Tax. The increase had been scheduled (by legislation) to sunset after FY12. However, the County Executive's FY13 Recommended Budget (including the NDA for Utilities) assumed no sunset in FY13. The Council ultimately approved an FY13 Energy Tax that included a 10 percent reduction off of the 2010 increase. A similar scenario in FY14 played out with the Executive recommending no change in the energy tax rate and the Council approving a 10 percent reduction off of the 2010 increase. In FY15, the County Executive again recommended no change in the energy tax rate. The Council ultimately approved a 7 percent reduction off of the 2010 increase. For FY16, no change is recommended by the Executive again.

2 The County's prior fixed price energy supply contract expired in January 2015. The County executed a one-year extension (to expire in January 2016) to provide time for the County to finalize its on-site renewable energy projects, since these projects will ultimately affect the volume and schedule the County uses as a basis for its energy purchase. Under the extension, the cost per KWH went up from \$0.1223 to \$0.1272 and the cost per THERM went up from \$1.1030 to \$1.1361.

3 The FY15 County Government Appropriation Resolution (Paragraph 69, see ©11) allows transfers from the Utilities NDA to the Debt Service Fund to cover the financing of energy-related equipment where the energy savings are guaranteed by an energy services contract and the savings are equal to or greater than the debt service costs.

On April 14, the Council introduced legislation to reduce the revenue received from the 2010 energy tax by up to 10 percent. If this reduction is approved, County revenue would be reduced by an estimated \$11.5 million, although there would be some offsetting savings in agency utility budgets. Council Staff has asked the agencies (MCPS, Montgomery College, WSSC, and DGS) to provide an estimate of potential savings. Based on responses from agency staff, savings of approximately \$514,000 across all agencies would be realized. About \$150,000 would be saved by County Government.

Depending on the outcome of the energy tax legislation, agency energy budgets, County Government special funds, and the Utilities NDA could see some savings.

Council Staff Recommendations

Accurately predicting energy costs from year to year is problematic, given the many moving parts (unit costs for energy, changes in gross square feet of conditioned space, aging of equipment and buildings, the impacts of energy conservation efforts and retrofit projects, and major changes in weather conditions). On top of these variables, in each of the past few years, the Council has reduced funding from the Executive's recommended amount for the Utilities NDA (\$1.0 million last year) to encourage more aggressive energy conservation efforts.

For FY16, the Executive has reduced the Utilities NDA budget by \$1.0 million to reflect current trends in streetlight energy costs. In addition, the Executive has assumed a \$650,000 reduction in facility energy costs for fiscal reasons. These adjustments make the Executive's Recommended FY16 Utilities NDA Budget particularly tight this year. While the County is embarking on a number of energy conservation and on-site clean energy projects, savings from these efforts will not have a significant budgetary impact until FY17 and later.

Given these factors, Council Staff does not support further reductions to the FY16 Utilities NDA at this time and recommends approval of the FY16 Utilities NDA Budget as recommended by the County Executive.

NOTE: Since the Utilities NDA is the subject of a direct appropriation, the Council is assured that the funding approved for this NDA is going for energy procurement or for the financing of ESCO projects. Excess funding (if any) will revert to General Fund balance. Assuming DGS is successful in the implementation of many of the energy conservation and clean energy projects listed earlier, the amount of dollars transferred out of the NDA for that purpose will rise and County energy usage (and costs paid out of the NDA to purchase energy) will decline.

Council Staff also recommends:

- **Including Paragraph 69 (from the FY15 County Government Appropriation Resolution) in the FY16 County Government Appropriation Resolution.**
- **Having the Committee discuss environmental sustainability efforts, benchmarking, and reporting requirements across all agencies after budget.**

Attachments

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Utilities

MISSION STATEMENT

The goals of the County Government relating to utility consumption are to:

- achieve energy savings by the elimination of wasteful or inefficient operation of building systems;
- continue improvements in energy efficiency in all County operations; and
- obtain required energy fuels at the most favorable cost to the County.

HIGHLIGHTS

The County owns, operates, and/or maintains 412 facilities totaling 9,759,852 square feet. The Department of General Services manages the payment for 1,321 separately metered utility accounts for these facilities. The Utilities non-departmental account (NDA) budget funds 804 of these accounts, in addition to 68,426 streetlights, and 832 traffic-controlled signalized intersections.

BUDGET OVERVIEW

The FY16 Recommended Budget for the tax supported Utilities non-departmental account (NDA) is \$25,621,891 an increase of \$387,758 or 1.5 percent from the FY15 Approved Budget of \$25,234,133. Allocation of these utilities expenditures is approximately: electricity, 85.4 percent; natural gas, 7.0 percent; water and sewer, 6.5 percent; and fuel oil, 0.8 percent, and propane, 0.2 percent.

The FY16 Recommended Budget includes County government utilities expenditures for both tax and non-tax supported operations. Tax supported utilities expenditures related to the General Fund departments are budgeted in the Utilities NDA, while utilities expenditures related to special fund departments are budgeted in those funds. Some of these special funds, such as Recreation and portions of the Department of Transportation, are tax supported. Other special funds, such as Solid Waste, are not supported by taxes, but through user fees or charges for services.

Utilities expenditures are also found in the budgets of other County agencies: Montgomery County Public Schools (MCPS), Montgomery College, the Washington Suburban Sanitary Commission (WSSC), and the Maryland-National Capital Park and Planning Commission (M-NCPPC). The total budget request for these "outside" agencies is \$74,311,947 which includes the entire bi-county area of WSSC.

The FY16 Recommended tax supported budget for Utilities Management, including both the General Fund NDA (\$25,621,891) and the other tax supported funds (\$3,710,379), is \$29,332,270, an increase of \$1,266,265 or approximately 4.5 percent from the FY15 Approved utilities budget. The FY16 Recommended budget for non-tax supported utilities expenditures is \$5,325,559, no change from the FY15 Approved Budget.

In both the tax and non-tax supported funds, utilities expenditures result primarily from higher commodity unit costs due to market price fluctuations; greater consumption due to new facilities or services; and in some cases, a more precise alignment of budgeted costs with actual prior-year expenditures by utility type. Energy conservation and cost-saving measures (e.g., new building design, lighting technology, and energy and HVAC management systems) are assumed to offset increased utility consumption for new facilities and higher unit costs.

Unleaded gasoline, diesel, and compressed natural gas fuels are purchased from various providers, and are budgeted in the Department of General Services, Division of Fleet Management Services; not the General Fund Utilities NDA. The Interagency Committee on Energy and Utilities Management (ICEUM) also monitors changes in energy costs in the current year and will recommend appropriate changes, if necessary, prior to final Council approval of the FY15 Budget.

The following is a description of utility service requirements for departments which receive tax or non-tax supported appropriations for utilities expenditures. The utilities expenditures for the non-tax supported operations are appropriated within their respective operating funds but are described in the combined utilities presentation for reader convenience.

TAX SUPPORTED

Department of General Services

The Department of General Services is responsible for managing all utilities for general County operations including all County office buildings, police stations, libraries, health and human services facilities, correctional facilities, maintenance buildings, and warehouses.

Department of Transportation

The Department of Transportation manages all County streetlights, traffic signals, traffic count stations, and flashing school signs. The utilities expenditures for these devices are budgeted here as this Department designs, installs, controls, and maintains them. In addition, minimal utility costs for the Operations Center and Highway Maintenance Depots are budgeted in the Traffic Engineering component of the General Fund non-departmental account.

Division of Transit Services - Mass Transit

The Department of Transportation Mass Transit Facilities Fund supports all utilities associated with the Ride On transit centers and Park and Ride Lots.

Department of Recreation

The Department of Recreation funds all utility costs for its recreational facilities located throughout the County, such as swimming pools, community recreation centers, and senior citizen centers.

Urban Districts

Urban District utilities are supported by Urban District Funds, which are included in the operating budget for Regional Services Centers.

NON-TAX SUPPORTED

Fleet Management Services

The Department of General Services - Fleet Management Services utility expenditures are displayed in the Special Fund Agencies - Non-Tax Supported section, to reflect that Fleet Management Services expenditures are not appropriated directly but in the budgets of other departments.

The Department of General Services - Fleet Management Services Motor Pool Internal Service Fund supports all utilities associated with the vehicle maintenance garages in Rockville, Silver Spring, and Gaithersburg. Fuel for the County's fleet is also budgeted in that special fund, but these costs are not included in the utilities expenditures displayed in this section.

Parking Districts

The Parking Districts funds utility expenditures associated with the operation of all County-owned parking garages and parking lots.

Liquor Control

The Department of Liquor Control funds utility expenditures associated with the operation of the liquor warehouse, administrative offices, and the County-owned and contractor-operated retail liquor stores.

Department of Environmental Protection, Solid Waste Services

Solid Waste Services funds utility expenditures associated with the operation of the County's Solid Waste Management System. Utilities expenditures associated with the operation of the Oaks Sanitary Landfill maintenance building, the County's Recycling Center, the Resource Recovery Facility, and most of the Solid Waste Transfer Station are currently the responsibility of the operators. Only the site office and maintenance depot costs continue to be budgeted as an identifiable utilities expenditure in the Solid Waste Disposal Fund.

Other Agencies

Utilities for MCPS, Montgomery College, WSSC (bi-county), and M-NCPPC are displayed in the charts on the following pages. These are the amounts requested in the budgets of those agencies.

LINKAGE TO COUNTY RESULT AREAS

While this program area supports all eight of the County Result Areas, the following are emphasized:

❖ ***An Effective and Efficient Transportation Network***

❖ ***Safe Streets and Secure Neighborhoods***

PROGRAM CONTACTS

Contact Angela Dizelos of the Utilities at 240.777.6028 or Erika Lopez-Finn of the Office of Management and Budget at 240.777.2771 for more information regarding this department's operating budget.

PROGRAM DESCRIPTIONS

Utilities (for All General Fund Departments)

The Utilities non-departmental account provides the General Fund utilities operating expense appropriations for the facilities maintained by the Department of General Services and the Department of Transportation. The utilities expenditures for other non-tax supported operations and other agencies are appropriated within their respective department or agency.

BUDGET SUMMARY

	Actual FY14	Budget FY15	Estimated FY15	Recommended FY16	% Chg Bud/Rec
COUNTY GENERAL FUND					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
County General Fund Personnel Costs	0	0	0	0	—
Operating Expenses	24,499,868	25,234,133	25,234,133	25,621,891	1.5%
Capital Outlay	0	0	0	0	—
County General Fund Expenditures	24,499,868	25,234,133	25,234,133	25,621,891	1.5%
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	0.00	0.00	0.00	0.00	—
GRANT FUND MCG					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
Grant Fund MCG Personnel Costs	0	0	0	0	—
Operating Expenses	0	0	0	0	—
Capital Outlay	0	0	0	0	—
Grant Fund MCG Expenditures	0	0	0	0	—
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	0.00	0.00	0.00	0.00	—
DEPARTMENT TOTALS					
Total Expenditures	24,499,868	25,234,133	25,234,133	25,621,891	1.5%
Total Full-Time Positions	0	0	0	0	—
Total Part-Time Positions	0	0	0	0	—
Total FTEs	0.00	0.00	0.00	0.00	—
Total Revenues	0	0	0	0	—

FY16 RECOMMENDED CHANGES

	Expenditures	FTEs
COUNTY GENERAL FUND		
FY15 ORIGINAL APPROPRIATION	25,234,133	0.00
Other Adjustments (with no service impacts)		
Increase Cost: Renewable Energy	222,798	0.00
Increase Cost: Due to unit costs and consumption changes	113,184	0.00
Increase Cost: New buildings opening	56,604	0.00
Decrease Cost: ESCO Utility Savings	-4,828	0.00
FY16 RECOMMENDED:	25,621,891	0.00

FUTURE FISCAL IMPACTS

Title	CE REC.			(S000's)		
	FY16	FY17	FY18	FY19	FY20	FY21
This table is intended to present significant future fiscal impacts of the department's programs.						
COUNTY GENERAL FUND						
Expenditures						
FY16 Recommended	25,622	25,622	25,622	25,622	25,622	25,622
No inflation or compensation change is included in outyear projections.						
Subtotal Expenditures	25,622	25,622	25,622	25,622	25,622	25,622

COUNTY UTILITIES EXPENDITURES						
EXPENDITURES BY DEPARTMENT/AGENCY						
	ACTUAL FY13	ACTUAL FY14	APPROVED FY15	RECOMMENDED FY16	CHANGE BUD/APPR	% CHANGE REC/APPR
COUNTY GOVERNMENT TAX SUPPORTED OPERATIONS						
NON-DEPARTMENTAL ACCOUNT						
Facilities	13,487,035	15,372,911	15,061,601	16,449,359	1,387,758	9.2%
Traffic Signals and Streetlighting	9,193,413	9,126,957	10,172,532	9,172,532	(1,000,000)	-9.8%
GENERAL FUND NDA EXPENDITURES	22,680,448	24,499,868	25,234,133	25,621,891	387,758	1.5%
OTHER TAX SUPPORTED OPERATIONS						
Transit Services	73,694	291,007	91,730	276,200	184,470	201.1%
Recreation	2,755,137	3,116,581	2,740,142	3,434,179	694,037	25.3%
SUBTOTAL	2,828,831	3,407,588	2,831,872	3,710,379	878,507	31.0%
TOTAL TAX SUPPORTED	25,509,279	27,907,456	28,066,005	29,332,270	1,266,265	4.5%
COUNTY GOVERNMENT NON-TAX SUPPORTED OPERATIONS						
Fleet Management Services	1,069,366	1,350,157	1,630,392	1,630,392	0	0.0%
Parking Districts	2,183,187	2,299,158	2,598,489	2,598,489	0	0.0%
Liquor Control	852,105	899,856	865,810	865,810	0	0.0%
Solid Waste Services	132,380	156,874	230,868	230,868	0	0.0%
TOTAL NON-TAX SUPPORTED	4,237,038	4,706,045	5,325,559	5,325,559	0	0.0%
SUMMARY - COUNTY GOVERNMENT						
TOTAL TAX SUPPORTED	25,509,279	27,907,456	28,066,005	29,332,270	1,266,265	4.5%
TOTAL NON-TAX SUPPORTED	4,237,038	4,706,045	5,325,559	5,325,559	0	0.0%
TOTAL COUNTY GOVERNMENT	29,746,317	32,613,501	33,391,564	34,657,829	1,266,265	3.8%
OUTSIDE AGENCIES TAX AND NON-TAX SUPPORTED OPERATIONS						
Montgomery County Public Schools	35,779,753	39,444,381	35,692,609	38,802,112	3,109,503	8.7%
Montgomery College	7,096,728	6,992,988	7,613,648	7,840,755	227,107	3.0%
Washington Suburban Sanitary Commission	23,062,585	24,934,389	23,246,536	23,783,400	536,864	2.3%
M-NCPPC	2,819,826	2,915,931	3,969,940	3,885,680	(84,260)	-2.1%
TOTAL OTHER AGENCIES EXPENDITURES	68,758,892	74,287,689	70,522,733	74,311,947	3,789,214	5.4%
TOTAL UTILITIES EXPENDITURES	98,505,209	106,901,190	103,914,297	108,969,776	5,055,479	4.9%

COUNTY UTILITIES EXPENDITURES						
EXPENDITURES BY ENERGY SOURCE						
	ACTUAL FY13	ACTUAL FY14	APPROVED FY15	RECOMMENDED FY16	CHANGE BUDGET/REC	% CHANGE BUDGET/REC
COUNTY GOVERNMENT TAX SUPPORTED OPERATIONS						
NON-DEPARTMENTAL ACCOUNT						
Electricity	19,560,557	20,756,510	21,490,160	21,821,289	331,129	1.5%
Water & Sewer	1,528,193	1,630,635	1,676,271	1,701,615	25,344	1.5%
Fuel Oil	83,127	132,406	210,000	213,171	3,171	1.5%
Natural Gas	1,478,902	1,928,192	1,797,702	1,824,910	27,208	1.5%
Propane	29,669	52,125	60,000	60,906	906	1.5%
GENERAL FUND NDA EXPENDITURES	22,680,448	24,499,868	25,234,133	25,621,891	387,758	1.5%
OTHER TAX SUPPORTED OPERATIONS						
Electricity	1,805,671	2,126,218	1,832,172	2,437,831	605,659	33.1%
Water & Sewer	472,923	539,650	360,090	525,138	165,048	45.8%
Fuel Oil	81,133	78,790	0	96,521	96,521	#DIV/0!
Natural Gas	437,411	590,644	639,610	591,314	(48,296)	-7.6%
Propane	31,693	72,286	0	59,575	59,575	#DIV/0!
SUBTOTAL	2,828,831	3,407,588	2,831,872	3,710,379	878,507	0.0%
TOTAL TAX SUPPORTED	25,509,279	27,907,456	28,066,005	29,332,270	1,266,265	4.5%
NON-TAX SUPPORTED OPERATIONS						
Electricity	3,762,544	4,188,447	4,685,740	4,685,740	0	0.0%
Water & Sewer	99,596	107,825	186,590	186,590	0	0.0%
Fuel Oil	0	2,918	0	0	0	#DIV/0!
Natural Gas	374,898	406,855	452,189	452,189	0	0.0%
Propane	0	0	1,040	1,040	0	0.0%
TOTAL NON-TAX SUPPORTED	4,237,038	4,706,045	5,325,559	5,325,559	0	0.0%
SUMMARY - COUNTY GOVERNMENT						
Electricity	25,128,772	27,071,175	28,008,072	28,944,860	936,788	3.3%
Water & Sewer	2,100,712	2,278,110	2,222,951	2,413,343	190,392	8.6%
Fuel Oil	164,260	214,114	210,000	309,692	99,692	47.5%
Natural Gas	2,291,211	2,925,691	2,889,501	2,868,413	(21,088)	-0.7%
Propane	61,362	124,411	61,040	121,521	60,481	99.1%
TOTAL COUNTY GOVERNMENT	29,746,317	32,613,501	33,391,564	34,657,829	1,266,265	3.8%
OUTSIDE AGENCIES TAX AND NON-TAX SUPPORTED OPERATIONS						
Electricity	56,244,835	62,598,187	56,767,657	59,467,772	2,700,115	4.8%
Water & Sewer	4,496,191	3,567,374	5,058,360	5,488,149	429,789	8.5%
Fuel Oil	289,180	231,536	351,100	319,734	(31,366)	-8.9%
Natural Gas	7,540,076	7,674,647	8,083,160	8,735,268	652,108	8.1%
Propane	188,630	215,945	262,456	301,024	38,568	14.7%
SUBTOTAL	68,758,892	74,287,689	70,522,733	74,311,947	3,789,214	5.4%
TOTAL UTILITIES EXPENDITURES						
Electricity	81,373,607	89,669,362	84,775,729	88,412,632	3,636,903	4.3%
Water & Sewer	6,596,903	5,845,484	7,281,311	7,901,492	620,181	8.5%
Fuel Oil	453,420	445,650	561,100	629,426	68,326	12.2%
Natural Gas	9,831,287	10,600,338	10,972,661	11,603,681	631,020	5.8%
Propane	249,992	340,356	323,496	422,545	99,049	30.6%
TOTAL UTILITIES EXPENDITURES	98,505,209	106,901,190	103,914,297	108,969,776	5,055,479	4.9%

UTILITIES BUDGET REQUEST -- FY16

Facilities

DEPT. NAME
DIVISION NAME
ORG. CODE
INDEX CODE
SUBJECT CODES

JUSTIFICATION/DESCRIPTION:

Surplus / deficit						
UTILITY TYPE	Actual FY 2013	Actual FY 2014	Budget FY15	Projected FY15	FY16 REQUEST / FY14BUDGET	
ELECTRICITY						
COST	\$9,989,139	\$11,189,312	\$11,005,790	\$11,610,316	\$10,175,660	92.46%
KWH's (000's)	86,486,052	93,791,381	90,002,985	94,946,668	95,415,661	
COST/KWH	0.1155	0.1193	0.1223	0.1223	0.1272	
WATER & SEWER						
COST	\$1,528,193	\$1,546,263	\$1,670,271	\$1,633,370	\$1,670,271	100.00%
GALLONS (000's)	105,175	101,899	104,829	102,513	103,306	
COST/GALLON	14.5300	15.1745	15.9332	15.9332	16.7299	
FUEL OIL #2						
COST	\$83,127	\$132,405	\$210,000	\$247,031	\$210,000	100.00%
GALLONS	18,597	35,375	51,006	60,000	60,000	
COST/GALLON	4.4700	3.7429	4.1172	4.1172	4.3230	
NATURAL GAS						
COST	\$1,478,258	\$1,928,192	\$1,789,102	\$2,161,631	\$1,789,102	100.00%
THERMS (000's)	1,501,837	1,835,499	1,621,996	1,959,730	1,897,140	
COST/THERM	0.9843	1.0505	1.1030	1.1030	1.1361	
PROPANE						
COST	\$29,669	\$52,125	\$60,000	\$80,640	\$60,000	100.00%
GALLONS	12,209	13,574	14,881	20,000	14,159	
COST/GALLON	2.4300	3.8400	4.0320	4.0320	4.2336	
Other Utilities		\$138,066	\$0	\$140,000	\$1,922,343	
Professional services	\$18,541	\$0	\$0	\$50,000	\$0	
Contract & Services		\$0	\$50,000	\$50,000	\$50,000	
Printing/Duplication		\$961			\$0	
Charges from SWS	\$1,043	\$261,251	\$276,438	\$276,438	\$276,438	
Travel	\$2,100					
Training and Educational	390.6					
Renewable Energy	\$54,706	\$67,275	72,747 \$0	\$294,398	\$295,545	
TOTAL COSTS	\$13,185,166	\$15,315,849	\$15,061,601	\$16,543,824	\$16,449,359	

* Requested FY16 reflects budget reductions. Rate and consumption may not match.

UTILITIES BUDGET REQUEST -- FY16

DEPT NAME:

DIVISION NAME:

ORG. CODE:

COST CENTER

ACCOUNT CODE: 65014, 65016, 65018, 65020, 65022

Street Lights
Traffic Signals

JUSTIFICATION/DESCRIPTION:						
UTILITY TYPE						FY16 REQUEST FY15 BUDGET
ELECTRICITY 65016 STREET LIGHTS - <i>Sum of Electricity & Maintenance Cost shown below</i>	\$7,906,541	\$7,734,041	\$0	\$7,960,761	\$7,758,169	
ELECTRICITY 65016 STREET LIGHTS COST (electricity)	\$3,437,242	\$3,458,946		\$3,545,476	\$3,687,864	
KWH's (000's)	33,144,048	31,027,507		31,028,000	31,028,000	
COST/KWH	0.1037	0.1115		0.1143	0.1189	
ELECTRICITY 65016 STREET LIGHTS COST (maintenance)	\$4,469,299	\$4,275,094		\$4,415,284	\$4,070,874	
KWH's (000's)	33,144,048	31,027,507		31,028,000	31,028,000	
COST/KWH	0.1348	0.1378		0.1423	0.1312	
ELECTRICITY 65018 TRAFFIC SIGNALS COST	\$1,281,966	\$1,374,071		\$1,311,822	\$1,364,295	
KWH's (000's)	10,629,902			10,647,473	10,647,473	
COST/KWH	0.1206	0.1202		0.1232	0.1281	
ELECTRICITY 65014 Other- Misc COST	\$4,262	\$5,473	\$10,157,932	\$30,000	\$30,000	
KWH's (000's)	36,271					
COST/KWH	0.1175					
Water & Sewer 65020 COST	\$0	\$13,372	\$6,000	\$10,000	\$13,500	
GALLONS (000's)						
COST/GALLON						
NATURAL GAS 65022 COST	\$644	\$0	\$8,600	\$6,000	\$6,000	
THERMS						
COST/THERM	1.0000					
TOTAL COSTS	9,193,413	9,126,957	10,172,532	9,318,583	9,172,532	

68. This resolution appropriates \$204,252,969 as the FY 2015 Employee Health Benefit Self Insurance Fund Appropriation. The Director of Finance must transfer \$10,056,754 from the Employee Health Benefit Self Insurance Fund to the General Fund during FY 2015.
69. This resolution appropriates \$25,234,133 to the Utilities Non-Departmental Account (NDA) for the cost of electricity, natural gas, and other energy-related use and operating costs. When the County executes an Energy Services Agreement for capital renovations to energy related equipment to produce long-term utility savings in County facilities, the County Executive may transfer up to \$5 million from this Account to the Debt Service Fund to pay principal and interest related to the energy-related equipment. The following conditions apply to the use of this transfer authority:
- (a) The program must not require any new FY 2015 tax-supported appropriation or future tax-supported funds.
 - (b) The annual savings provided under the Energy Services Agreement are guaranteed by the Energy Services Company that the County contracts with and the savings and any additional revenue that result from the Energy Services Agreement are equal to or greater than the debt service costs related to the capital renovations over the life of the project financing.
 - (c) The Executive must notify the Council in writing within 30 days after each transfer.
70. This resolution appropriates \$1,381,347 for inflation adjustments for tax-supported contractors with the Department of Health and Human Services (DHHS) and to eligible contractors with the Department of Housing and Community Affairs that are providing Special Needs Housing programs. Any inflation adjustment awarded under this paragraph must not exceed 3% of the total contract price. Any contract funded by a non-County grant is not eligible for an inflation adjustment under this paragraph. Each contractor must meet the following eligibility criteria.
- (a) Non-profit service provider, or
 - (b) Contract that provides meals on wheels, court appointed special advocates, direct mental health services to seniors, and homeless outreach.
 - (c) The increase is to the General Fund value of the contract (Grant Fund value not included).
 - (d) The contract must not be in its first year or have an automatic inflation adjustment built into the contract.
 - (e) This increase does not apply to contracts for Montgomery Cares (except administration) or Care for Kids (except for the services associated with the Latino Health Initiative) as their budgets have been adjusted for expected FY 2015 levels of service.
 - (f) This increase does not apply to contracts that are a specific match to a grant.
 - (g) This increase does not apply to contracts covered by the DD Supplement as it has been adjusted for FY 2015.
 - (h) This increase does not apply to contracts covered by the Residential Treatment Provider Supplement. This resolution appropriates \$30,513 to increase the Residential Treatment Provider Supplement.

DGS New Construction Projects

New Construction Projects - Projected Utility Usage in FY15 and FY16

ELECTRICITY										
	Net Area (Sq. Ft.)	Energy Use (kWh/SqFt)	Occupied Year	FY	FY15 PrRte factor	FY16 PrRte factor	FY 2015 Change (Kwh)	FY 2016 Change (Kwh)	FY15 Costs	FY16 Costs
Scotland Neighborhood Recreation Ce	7,315	19.00	10/23/2014	FY15	4/12	8/12	46,328	92,657	\$5,665	\$11,784
Colesville Depot	5,450	20.00	12/15/2015	FY16	0/12	7/12	0	63,583	\$0	\$8,164
Silver Spring Library	17,650	19.18	12/17/2014	FY15	7/12	5/12	197,474	141,053	\$24,148	\$18,111
North Potomac Rec Center	48,084	17.00	1/8/2016	FY16	0/12	7/12	0	476,833	\$0	\$61,224
Ross Boddy Rec Center	8,764	19.20	3/1/2016	FY16	0/12	7/12	0	98,157	\$0	\$12,603
Silver Spring Transit Center	225,332	3.35	12/3/2014	FY15	11/12	3/12	691,957	506,997	\$84,614	\$65,097
Glenmont FS #16	21,000	20.00	1/30/2016	FY16	0/12	7/12	0	245,000	\$0	\$31,457
SubTotal	720,773						935,758	1,624,280	\$114,427	\$208,439

NATURAL GAS										
	Net Area (Sq. Ft.)	Therms/Ft2 ESTIMATED	Occupied Year	FY	FY14 PrRte factor	FY15 PrRte factor	FY 2015 New Usage (Therms)	FY 2016 New Usage (Therms)	FY15 Costs	FY16 Costs
Scotland Neighborhood Recreation Ce	7,315	0.48	10/23/2014	FY15	4/12	8/12	1,170	2,341	\$1,291	\$2,711
Colesville Depot	5,450	0.48	12/15/2015	FY16	0/12	7/12	0	1,526	\$0	\$1,767
Silver Spring Library	17,650	0.60	12/17/2014	FY15	7/12	5/12	6,178	4,413	\$6,814	\$5,110
North Potomac Rec Center	48,084	0.53	1/8/2016	FY16	0/12	7/12	0	14,866	\$0	\$17,217
Ross Boddy Rec Center	8,764	0.53	3/1/2016	FY16	0/12	7/12	0	2,710	\$0	\$3,138
Silver Spring Transit Center	225,332	0.52	12/3/2014	FY15	11/12	3/12	107,408	29,293	\$118,474	\$33,927
Glenmont FS #16	21,000	0.53	1/30/2016	FY16	0/12	7/12	0	6,493	\$0	\$7,519
SubTotal	720,773						114,756	61,640	\$126,579	\$71,391

WATER & SEWER										
	Net Area (Sq. Ft.)	KGal/Ft2 ESTIMATED	Occupied Year	FY	FY14 PrRte factor	FY15 PrRte factor	FY 2015 New Usage (kGal)	FY 2016 New Usage (kGal)	FY15 Costs	FY16 Costs
Scotland Neighborhood Recreation Ce	7,315	0.012	10/23/2014	FY15	4/12	8/12	29	59	\$468	\$979
Colesville Depot	5,450	0.012	12/15/2015	FY16	0/12	7/12	0	38	\$0	\$638
Silver Spring Library	17,650	0.025	12/17/2014	FY15	7/12	5/12	257	184	\$4,101	\$3,076
North Potomac Rec Center	48,084	0.020	8/9/2015	FY16	0/12	7/12	0	561	\$0	\$9,385
Good Hope Rec Center	4,000	0.020	1/8/2016	FY17	0/12	0/12	0	47	\$0	\$781
Wheaton Library and Rec Center	30,000	0.020	3/1/2016	FY18	0/12	0/12	0	350	\$0	\$5,855
Silver Spring Transit Center	225,332	0.000	12/3/2014	FY15	11/12	3/12	83	23	\$1,316	\$377
Glenmont FS #16	21,000	0.012	1/30/2016	FY16	0/12	7/12	0	147	\$0	\$2,459
SubTotal	702,395						369	1,408	\$5,884	\$23,551

Total Cost	FY15	FY16
Electricity	\$114,427	\$208,439
Gas	\$126,579	\$71,391
Water Sewer	\$5,884	\$23,551
Total Cost	\$246,890	\$303,380

8. (DGS) What has been your actual energy cost savings experience at the HHS headquarters after the completion of the ESCO pilot project (The estimated savings noted last year was \$159,784). What was the total amount spent on the project and the current assumed payback period for the project?

Estimated Net 401 Hungerford Energy Performance Contract Savings after Debt Service \$4,828

	Measured Utility Savings	Payment to Johnson Ctrls (Perf Mgmt)	Utility Savings - (real dollars)	FY16 Budget Adjustment
Base Year FY15	\$179,574	\$19,790	-\$159,784	-\$4,828