

MEMORANDUM

April 20, 2023

TO: Transportation & Environment (T&E) Committee

FROM: Naeem M. Mia, Legislative Analyst

SUBJECT: **FY24 Recommended Operating Budget – Department of General Services – Utilities Non-Departmental Account (NDA)**

FY23 Supplemental Appropriation – Utilities NDA - \$8,286,672

PURPOSE: Vote on recommendations for the Council's consideration

Expected Attendees:

- David Dise, Director, Department of General Services (DGS)
- Jamie Cooke, Deputy Director, DGS
- Michael Yambrach, Manager, Office of Energy & Sustainability, DGS
- Chris Weatherly, Program Manager, DGS
- Gary Nalven, Fiscal and Policy Analyst, Office of Management and Budget (OMB)

A. Staff Recommendations for FY24

1. Approve the FY23 supplemental appropriation request of \$8,286,672 (source of funds: General Fund Undesignated Reserves.). The FY24 recommended operating budget has assumed approval of this supplemental and projects a year-end fund balance in the undesignated portion of \$238.0 million.
2. As outlined in Council President's budget guidance memorandum, **all** tax-supported additions to the budget over the FY23 Approved level **must** be placed on the reconciliation list *except* compensation adjustments in County Government (which are being considered separately) and changes to internal service funds (such as motor pool), which will be looked at across all budgets.

Staff recommendations on changes to the FY24 recommended operating budget are as follows:

#	Cost Item	Amount	Staff Recommendation
1	Increase Cost: Utility Commodities Prices	9,610,812	High Priority
2	Enhance: Brookville Bus Depot Microgrid Payment	1,539,866	Priority
A	Total Change with Approvals:	\$0	
B	Items added to the Reconciliation List:	\$11,150,678	

B. Fiscal Summary

NDA	FY23 Approved	FY24 Recommended	Change from FY23 Approved
Utilities NDA	\$22,736,337	\$33,887,015	49.0%
Operating Costs	\$22,736,337	\$33,887,015	7.4%
Total Expenditures (General Fund)	\$22,736,337	\$33,887,015	49.0%

C. Total Budget Growth since FY19

	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Actual	FY23 Approved	FY23 Estimated	FY24 Recommended
Budget	25,638,023	23,938,495	22,600,087	\$26,190,844	\$22,736,337	\$31,023,009	\$33,887,015
YoY % Change	-	- 6.6%	- 5.6%	15.9%	-	18.4%*	49.0%

* 18.4% increase over FY22 Actuals; **9.2% increase over FY23 Estimated.

D. Operating Budget Equity Tool Rating and Justification

1. ORESJ Rating: 3 - Department-level budget demonstrates a strong commitment to advancing racial equity and social justice in Montgomery County.
2. ORESJ Justification: The department indicated commitments across each major area of the Government Alliance (GARE) framework and is well positioned to making meaningful impacts on redressing discrimination in the County.

E. FY23 Supplemental Appropriation Request

DGS is requesting an FY23 supplemental appropriation request in the amount of \$8,286,672 (or 18.4% increase over the FY23 approved budget) to cover increased costs of electricity compared to what was assumed in the FY23 Approved operating budget. Both the usage of electricity (as measured in kilowatt-hours, kwh) and the unit cost (cost per kwh) has increased as seen in Tables E-1 and E-2 below:

Table E-1. Usage of Electricity.

Commodity	Unit	FY21 Electric Usage	FY22 Electric Usage	FY23 Electric Usage (Approved)	FY23Q2 Electric Usage (Estimated)	% Change - FY23 Estimate vs. Approved
Electric - Grid	kWh	82,579,254	84,395,421	75,955,881	84,275,374	10.95%
Electric - Solar	kWh	21,026,919	20,445,320	18,400,788	20,312,615	10.39%
Electric - Streetlights	kWh	24,919,626	24,652,280	22,187,052	25,772,273	16.16%
Electric - Traffic Signals	kWh	1,117,113	1,153,555	1,038,202	1,020,688	-1.69%
Total	kWh	129,642,912	130,646,576	117,581,923	131,380,950	11.74%

Table E-2. Unit Cost of Electricity.

Commodity	Unit	FY21 Unit Cost	FY22 Unit Cost	FY23 Unit Cost (Approved)	FY23Q2 Unit Cost (Estimated)	% Change - FY23 Estimate vs. Approved
Electric - Grid	kWh	\$0.1130	\$0.1400	\$0.1150	\$0.1550	34.78%
Electric - Solar	kWh	\$0.0740	\$0.0780	\$0.0750	\$0.0780	4.00%
Electric - Streetlights	kWh	\$0.2910	\$0.3170	\$0.3000	\$0.3220	7.33%
Electric - Traffic Signals	kWh	\$0.1840	\$0.2070	\$0.1880	\$0.2370	26.06%
Natural Gas	Therms	\$0.9150	\$1.2360	\$1.2070	\$1.2360	2.40%
Water & Sewer	kGallons	\$0.0200	\$0.0210	\$0.0210	\$0.0240	14.29%

The FY23 Approved operating budget assumed usage levels 10% below the approximately 130 million kwh the County has consumed annually on average in FY21 and FY22; the estimated usage for FY23 (based on current usage through the first nine months of this fiscal year) is slightly above this level.

Similarly, unit costs for electricity (and other commodities) estimated for FY23 are closer in line with FY22 costs; unit costs for grid-sourced electricity, streetlights- and traffic signals have increased sharply (7 to 35 percent) since FY22.

Council Staff Recommendation: Approve.

F. Discussion of FY24 Cost Changes

The recommended FY24 budget Utilities NDA includes two cost increases:

1. Increase Cost: Utility Commodity Pricing (+ \$9,610,812)

Of the \$11,150,678 cost increase in FY24 recommended vs. FY23 approved, the increase in projected unit costs of electricity is the primary driver, accounting for \$9,610,812 of increased costs.

Unit costs for commodities are expected to rise by between .30 percent (for water and sewer) to 4.4% (for electricity) in the FY24 recommended vs. the FY23 approved budget. When comparing the FY24 recommended unit costs to the FY23 estimated unit costs (based on more recent actual costs incurred), the increase in commodities ranges from 0 percent (for water and sewer) to 2.6% for grid-sourced and solar electricity. Electricity usage for traffic signals is expected to decline by 11.9% (although usage for signals represents less than one percent of total electricity usage).

Electricity usage, which comprises 75% of the NDA’s budget, is expected to increase by 11.1% between FY23 approved and FY24 recommended levels (and is expected to decline by .58% between FY23 estimated and FY24 recommended levels).

Table F-1 Comparison of Units Costs.

Commodity	Unit	FY21	FY22	FY23 (Approved)	FY23 (Estimated)	FY24	% - FY24 Rec vs. FY23 Approved	% - FY24 Rec vs. FY23 Est.
Electric - Grid	kWh	\$0.1130	\$0.1400	\$0.1150	\$0.1550	\$0.1590	4.40%	2.58%
Electric - Solar	kWh	\$0.0740	\$0.0780	\$0.0750	\$0.0780	\$0.0800	0.50%	2.56%
Electric - Streetlights	kWh	\$0.2910	\$0.3170	\$0.3000	\$0.3220	\$0.3260	2.60%	1.24%
Electric - Traffic Signals	kWh	\$0.1840	\$0.2070	\$0.1880	\$0.2370	\$0.2090	2.10%	-11.81%
Natural Gas	Therms	\$0.9150	\$1.2360	\$1.2070	\$1.2360	\$1.2930	8.60%	4.61%
Water & Sewer	kGallons	\$0.0200	\$0.0210	\$0.0210	\$0.0240	\$0.0240	0.30%	0.00%

Table F-2. Comparison of Electricity (All Sources) Usage.

Commodity	Unit	FY21	FY22	FY23 (Approved)	FY23 (Estimated)	FY24	% - FY24 Rec vs. FY23 Approved	% - FY24 Rec vs. FY23 Est.
Electricity - All Sources	kWh	129,642,912	130,646,576	117,581,923	131,380,950	130,622,744	11.09%	0.58%

Council Staff Recommendation: Add to the reconciliation list as “High Priority.” The FY24 recommended operating budget funding level for the NDA is reasonable and in line with the most recent estimate for FY23 and brings the anticipated cost closer to actual levels.

2. Enhance: Brookville Bus Depot Microgrid Payment (+ \$1,539,886)

The Council approved approximately \$382,000 in the FY22 Utilities NDA budget to begin the design and construction of a microgrid at the Brookeville bus depot to support the transition to electric buses. At that time (during the FY22 budget process), estimated lease payments to support the operation of the microgrid of \$1.1 million was expected to begin in FY24, eventually increasing to \$2.4 million by FY26. A portion of these lease payments is planned to be eventually charged to the Transit budget.

The recommended FY24 budget is proposing an enhancement to expand the scope of the original project to support 70 electric buses (from the original 44 planned). This additional phase of the project is set to be complete by mid-FY24; lease payments have subsequently increased from \$1.1M to \$1.5M. The FY23 base budget includes \$950,000 for project-related expenses, including the lease payments (plus the increase) results in a total budget of \$2.48 million for this program.

Council Staff Recommendation: Add to the reconciliation list as “High Priority.” This project is a multi-year effort to upgrade infrastructure to support the transition to electric buses. Lease payments are contractually required to be expended.

G. Facilities and Energy Savings Projects Entering Service in FY23 and FY24

Tables G-1 and Table G-2 show new energy efficiency projects and renovated facilities entering (or re-entering) service in FY23 and FY24, respectively, and the estimated cost, energy, and greenhouse (GHG) savings (compared to pre-renovation) associated with each.

Table G-1. Completed Projects in FY23.

Description	Location	Estimated Annual Electric Savings (kWh)	Estimated Annual Natural Gas Savings (Therms)	Estimated Annual Utility Savings (\$)	Estimated GHG Savings (MTCO ₂ e) Total
L&LC	BLACKROCK CENTER FOR THE ARTS	59,304	0	\$ 9,904	42
L&LC	CIRCUIT COURT NORTH TOWER	804,329	0	\$ 134,323	569
L&LC	COLESVILLE DEPOT	130,113	0	\$ 21,729	92
L&LC	EAST COUNTY SERVICE CENTER	40,304	0	\$ 6,731	29
L&LC	M C CORRECTIONAL FACILITY	333,942	0	\$ 55,768	236
L&LC	PSTA-NEW	46,800	0	\$ 7,816	33
L&LC	PUBLIC SAFETY COMMUNICATIONS CENTER	284,192	0	\$ 47,460	201
L&LC	PUBLIC SAFETY HEADQUARTERS	1,076,821	0	\$ 179,829	762
L&LC	UPCOUNTY REG. SERVICES CENTER	202,112	0	\$ 33,753	143
L&LC	WAREHOUSE CENTER	8,301	0	\$ 1,386	6
L&LC	FIRE STATION #15	40,768	0	\$ 6,808	29
L&LC	MATERIALS MANAGEMENT WAREHOUSE	21,366	0	\$ 3,568	15
L&LC	5th_DISTRICT_POLICE_STATION	121,920	0	\$ 20,361	86
L&LC	ANIMAL SHELTER	133,590	0	\$ 22,310	95
Major Renovation	DETENTION CENTER	175,500	111	\$ 29,464	125
MBCx	EXECUTIVE OFFICE BUILDING	1,295,000	0	\$ 216,265	918
MBCx	COUNCIL OFFICE BUILDING	404,502	925	\$ 68,853	291
MBCx	STRATHMORE CONCERT HALL	365,434	10,256	\$ 75,458	313
MBCx	PROGRESS PLACE (NEW)	86,923	339	\$ 14,993	63
MBCx	BRIG. GEN. CHARLES MCGEE LIBRARY	175,364	1,418	\$ 31,281	132
		5,806,585	13,049	\$ 988,059	4,181

Table G-2. Completed Projects in FY24.

Description	Location	Estimated Annual Electric Savings (kWh)	Estimated Annual Natural Gas Savings (Therms)	Estimated Annual Utility Savings (\$)	GHG Savings (MTCO2e) Total
L&LC	BOARD OF ELECTIONS	71,900	0	\$ 13,373	50.9
L&LC	LONE OAK CENTER	39,700	0	\$ 7,384	28.1
L&LC	M C CORRECTIONAL FACILITY	313,800	0	\$ 58,367	222.0
L&LC	STRATHMORE CONCERT HALL	421,600	0	\$ 78,418	298.3
L&LC	BRIG. GEN. CHARLES MCGEE LIBRARY	174,000	0	\$ 32,364	123.1
L&LC	ROCKVILLE MEMORIAL LIBRARY	108,500	0	\$ 20,181	76.8
MBCx	AFI/ BLACKBOX	179,700	117	\$ 33,569	127.7
MBCx	GREY COURTHOUSE	100,200	76	\$ 18,731	71.3
MBCx	PSTA-NEW	219,700	328	\$ 41,269	157.2
MBCx	PUBLIC SAFETY COMMUNICATIONS CENTER	300,800	5	\$ 55,955	212.8
MBCx	SSCB @ VETERANS PLAZA	91,800	123	\$ 17,227	65.6
MBCx	DENNIS AVE HEALTH CTR	98,400	284	\$ 18,654	71.1
MBCx	ROCKVILLE MEMORIAL LIBRARY	108,500	152	\$ 20,369	77.6
MBCx	3rd DISTRICT POLICE STATION	62,000	76	\$ 11,625	44.3
MBCx	ANIMAL SHELTER	207,300	346	\$ 38,985	148.5
		2,497,900	1,507	\$ 466,472	1,775

This packet contains:

- | | |
|---|-----------------------------|
| 1. Page from FY24 Recommended Operating Budget Book – Utilities NDA | <u>Circle Page #</u>
1-6 |
| 2. OBET Scoring for DGS | 7-11 |
| 3. Transmittal Memo for FY23 Supplemental Appropriation Request | 12-14 |
| 4. Draft Resolution for FY23 Supplemental Appropriation Request | 15-16 |



Utilities

RECOMMENDED FY24 BUDGET

\$33,887,015

FULL TIME EQUIVALENTS

0.00

☼ DAVID DISE, DIRECTOR

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.

The Department of General Services manages the payment for over 1,500 separately metered utility accounts for these County facilities, streetlights, and traffic control signalized intersections.

BUDGET OVERVIEW

The FY24 Recommended Budget for the tax-supported Utilities NDA is \$33,887,015 an increase of \$11,150,678 or 49.0 percent from the FY23 Approved Budget of \$22,736,337. Allocation of these utilities expenditures is approximately: electricity, 75.2 percent; natural gas, 6.9 percent; water and sewer, 6.4 percent. Renewable energy and other expenses total 11.5 percent.

The FY24 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 supported through user fees or charges for services, instead of through taxes.

Utilities expenditures are also found in the budgets of other County agencies: Montgomery County Public Schools (MCPS), Montgomery College, WSSC Water, and the Maryland-National Capital Park and Planning Commission (M-NCPPC). The total budget request for these outside agencies is \$83,661,976, which includes the entire bi-county area of WSSC Water.

The FY24 Recommended tax supported budget for Utilities Management, including both the General Fund NDA (\$33,887,015) and the other tax supported funds (\$4,604,165), is \$38,491,180, an increase of \$11,150,678 or 40.8 percent above the FY23 Approved utilities budget. The FY24 Recommended Budget for non-tax supported utilities expenditures is \$4,006,114, a decrease of \$399,997 below the FY23 Approved Budget.

Increased utilities expenditures result primarily from greater consumption due to new facilities or services, facilities reopening after COVID closures, increased rates, 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, energy, and HVAC management systems) help offset increased utility consumption and higher unit costs. Renewable energy includes the purchase of credits to offset fossil fuel purchases.

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 and not the General Fund Utilities NDA. The General Fund Utilities NDA also includes expenses (under the "Other" category) for consultant support and energy accounting software.

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 NDA.

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 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 appropriated in the budgets of other departments, and are not appropriated in Fleet Services.

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 fund utility expenditures associated with the operation of all County-owned parking garages and parking lots.

Alcohol Beverage Services

Alcohol Beverage Services funds utility expenditures associated with the operation of the liquor warehouse, administrative offices, and the County operated retail liquor stores.

Department of Environmental Protection, Recycling and Resource Management

Recycling and Resource Management 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.

COUNTY PRIORITY OUTCOMES

While this program area supports all seven of the County Executive's Priority Outcomes, the following are emphasized:

- ◆ **A Greener County**
- ◆ **Easier Commutes**

PROGRAM CONTACTS

Contact Angela Dizelos of the Department of General Services/Utilities Management at 240.777.6028 or Gary Nalven of the Office of Management and Budget at 240.777.2779 for more information regarding this department's operating budget.

BUDGET SUMMARY

	Actual FY22	Budget FY23	Estimate FY23	Recommended FY24	%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	26,190,844	22,736,337	31,023,009	33,887,015	49.0 %
County General Fund Expenditures	26,190,844	22,736,337	31,023,009	33,887,015	49.0 %
PERSONNEL					
Full-Time	0	0	0	0	---
Part-Time	0	0	0	0	---
FTEs	0.00	0.00	0.00	0.00	---

FY24 RECOMMENDED CHANGES

	Expenditures	FTEs
COUNTY GENERAL FUND		
FY23 ORIGINAL APPROPRIATION	22,736,337	0.00
Changes (with service impacts)		
Enhance: Brookville Bus Depot Microgrid Payment [Utilities]	1,539,866	0.00
Other Adjustments (with no service impacts)		
Increase Cost: Utility Commodities Prices [Utilities]	9,610,812	0.00
FY24 RECOMMENDED	33,887,015	0.00

FUNDING PARAMETER ITEMS

CE RECOMMENDED (\$000S)

Title	FY24	FY25	FY26	FY27	FY28	FY29
COUNTY GENERAL FUND						
EXPENDITURES						
FY24 Recommended	33,887	33,887	33,887	33,887	33,887	33,887
No inflation or compensation change is included in outyear projections.						
Brookville Microgrid Payments	0	776	966	636	298	298
These payments fund the solar microgrid installation at the Brookville Bus Depot in Silver Spring. In the future, a portion of these costs will be charged to the Transit budget where there will also be offsetting fuel cost savings. The exact cost allocations will vary based on the pace and scope of bus fleet electrification.						
Subtotal Expenditures	33,887	34,663	34,853	34,523	34,185	34,185

EXPENDITURES BY ENERGY SOURCE						
	ACTUAL	ACTUAL	APPROVED	RECOMMENDED	CHANGE	% CHANGE
	FY21	FY22	FY23	FY24	BUDGET/REC	BUDGET/REC
COUNTY GOVERNMENT TAX SUPPORTED OPERATIONS						
NON-DEPARTMENTAL ACCOUNT						
Electricity	17,091,175	20,241,364	16,813,451	25,475,674	8,662,223	51.5%
Water & Sewer	2,110,017	2,359,672	2,171,093	2,171,093	0	0.0%
Fuel Oil	33,466	26,267	33,833	33,833	0	0.0%
Natural Gas	2,519,352	2,971,518	2,347,045	2,347,045	0	0.0%
Propane	23,504	18,671	16,872	16,872	0	0.0%
Renewable Energy	220,607	0	228,158	228,158	0	0.0%
Other	504,536	562,972	1,125,885	3,614,340	2,488,455	221.0%
GENERAL FUND NDA EXPENDITURES	22,502,657	26,180,465	22,736,337	33,887,015	11,150,678	49.04%
OTHER TAX SUPPORTED OPERATIONS						
Electricity	1,989,849	2,378,602	2,707,598	2,707,598	0	0.0%
Water & Sewer	586,619	596,597	674,957	674,957	0	0.0%
Fuel Oil	0	0	9,628	9,628	0	0.0%
Natural Gas	595,840	749,640	616,679	616,679	0	0.0%
Propane	32,906	55,967	57,910	57,910	0	0.0%
Renewable Energy	0	0	0	0	0	0.0%
Other	43,393	44,847	537,393	537,393	0	0.0%
SUBTOTAL	3,248,606	3,825,654	4,604,165	4,604,165	0	0.0%
TOTAL TAX SUPPORTED	25,751,263	30,006,119	27,340,502	38,491,180	11,150,678	40.78%
NON-TAX SUPPORTED OPERATIONS						
Electricity	2,210,435	2,847,815	3,768,687	3,368,689	(399,998)	-10.6%
Water & Sewer	295,765	244,415	224,341	224,341	0	0.0%
Fuel Oil	3,702	1,090	4,289	4,289	0	0.0%
Natural Gas	284,078	398,335	358,727	358,727	0	0.0%
Propane	0	0	1,040	1,040	0	0.0%
Renewable Energy	0	0	0	0	0	0.0%
Other	61,754	87,150	49,027	49,028	1	0.0%
TOTAL NON-TAX SUPPORTED	2,855,734	3,578,805	4,406,111	4,006,114	-399,997	-9.08%
SUMMARY - COUNTY GOVERNMENT						
Electricity	21,291,459	25,467,781	23,289,736	31,551,961	8,262,225	35.5%
Water & Sewer	2,992,401	3,200,684	3,070,391	3,070,391	0	0.0%
Fuel Oil	37,168	27,357	47,750	47,750	0	0.0%
Natural Gas	3,399,270	4,119,494	3,322,451	3,322,451	0	0.0%
Propane	56,410	74,638	75,822	75,822	0	0.0%
Renewable Energy	220,607	0	228,158	228,158	0	0.0%
Other	609,683	694,969	1,712,305	4,200,761	2,488,456	145.3%
TOTAL COUNTY GOVERNMENT	28,606,997	33,584,923	31,746,613	42,497,294	10,750,681	33.86%
OUTSIDE AGENCIES TAX AND NON-TAX SUPPORTED OPERATIONS						
Electricity	47,282,473	55,939,642	53,622,657	63,580,371	9,957,714	18.6%
Water & Sewer	4,880,570	7,075,353	8,718,333	8,720,818	2,485	0.0%
Fuel Oil	84,993	131,120	167,775	185,650	17,875	10.7%
Natural Gas	6,671,850	8,699,075	7,313,616	10,345,325	3,031,709	41.5%
Propane	190,674	240,718	252,497	318,959	66,462	26.3%
Renewable Energy	98,346	175,440	223,165	233,315	10,150	4.5%
Other	180,334	248,466	277,538	277,538	0	0.0%
SUBTOTAL	59,389,240	72,509,814	70,575,581	83,661,976	13,086,395	18.54%
TOTAL UTILITIES EXPENDITURES						
Electricity	68,573,932	81,407,423	76,912,393	95,132,332	18,219,939	23.7%
Water & Sewer	7,872,971	10,276,037	11,788,724	11,791,209	2,485	0.0%
Fuel Oil	122,161	158,477	215,525	233,400	17,875	8.3%
Natural Gas	10,071,120	12,818,569	10,636,067	13,667,776	3,031,709	28.5%
Propane	247,084	315,356	328,319	394,781	66,462	20.2%
Renewable Energy	318,953	175,440	451,323	461,473	10,150	2.2%
Other	790,017	943,435	1,989,843	4,478,299	2,488,456	125.1%
TOTAL UTILITIES EXPENDITURES	87,996,237	106,094,737	102,322,194	126,159,270	23,837,076	23.30%

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farms, food assistance providers, charities, and educational institutions. The OFSR will develop and maintain a system to collect and process local food systems data to support accurate and timely monitoring of the state of the local food systems, and analyze such data to support decision making and strategic planning. In coordination with the ORESJ, the OFSR will develop and maintain a system to collect and process food assistance recipient data and use that data to find barriers in the food security space.

2. How does your department's budget allocate funds towards ensuring that public documents (including websites and related apps), policies, plans, meetings, and hearings are readily accessible to the public? Please use the checkboxes below to indicate which activities your department budget will enable. Then, in the text box that follows, please describe how your budget targets resources towards these activities.

- Translating documents and marketing material to relevant languages based on the project impact area. Completed in partnership or at the advisement of the Office of Community Partnerships.
- We've not yet planned or implemented strategies listed here and will use the textbox to explain why.

Building off the successful practices of the Food Security Task Force, we know community targeted materials will be necessary. As the OFSR has not been officially stood up with dedicated full time staff, strategies and plans have not been implemented. Once the office is officially stood up, the manor to ensure access will be determined.

3. What persistent gaps or limitations could inhibit your department's ability to advance racial equity and social justice?

Currently there are siloed workflows within multiple government departments and key stakeholders; by working together and using the resources of all these partners in one collective effort-we will be able to better plan, budget and use resources more efficiently and effectively towards a more sustainable plan for the system itself and the residents using the system.

ORESJ Rating

No Data

ORESJ Justification

No Data

General Services



1. How will your overall budget support the department's commitment to advancing racial equity and social justice? To aid you in the formulation of your response, we've offered a list of activities, using the GARE framework, that demonstrate department-level commitments to racial equity and social justice. More information about the GARE framework is below and here.

Normalize - Establish racial equity as a key value by developing a shared understanding of key concepts across the department and create a sense of urgency to make changes

- ★ Form a Racial Equity CORE Team.
- ★ Allocate or support the use of staff time for CORE team activities.
- ★ Develop a racial equity vision statement (and/or racial equity and social justice mission, values, or guiding principles).

DGS assigned an employee, Kara Olsen Salazar, as the DGS Racial Equity liaison. While the goal is that core team members will develop a Racial Equity Action Plan, DGS has not had the capacity to schedule regular meetings with a defined group.

Organize - Build staff and organizational capacity, skills, and competencies through training while also building infrastructure to support the work, like internal organizational change teams and external partnerships with other institutions and community.

- ★ Designate resources for staff participation in GARE conferences and other department-specific racial equity and social justice professional development.

DGS supports the next GARE conference on November 18-19, 2022. DGS Racial Equity Liaison, Kara Olsen Salazar, will attend the conference. DGS prioritized training resources to fund the GARE conference in November 2022. While DGS has integrated RESJ in Performance Plans for certain positions, it is not across the board. Funding and staff availability limit our ability at this time to allow ALL staff to complete the trainings. For example, if a mechanic were to take the training, another staff member would need to be available to cover the shift. Access to computer training is also a challenge. The DGS RESJ Liaison has completed the trainings: "Advancing Racial Equity: the Role of Government" and "the Racial Equity Institute's Groundwater Approach: building practical understanding of structural racism" trainings. Others in the department have completed the trainings as well, as time permits. The length of the trainings makes it a challenge for staff to have availability to complete.

Operationalize - Put theory into action by implementing new tools for decision-making, measurement, and accountability like a Racial Equity Tool and developing a Racial Equity Action Plan.

- ★ We're doing something else and will use the text box to describe.

While DGS' mission is to serve the diverse business and service requirements of all County departments, enabling departments to successfully complete their respective missions, DGS is committed to advancing equity in the County. DGS works with our colleagues in departments that we support, to assure that conversations and decisions consider the impact on racial equity and social justice. Areas where DGS programs advance racial equity in the County: - The ADA Compliance Project is constantly working to remove barriers (physical and attitudinal) for people with disabilities who are disproportionately represented by people facing racial inequities. Community feedback is at the core of how ADA Compliance projects are selected with



an emphasis on racial equity so that everyone regardless of disability, age, race, ethnicity can maximize the potential of all programs and services provided by Montgomery County. People with disabilities are disproportionately highly represented in data involving poverty, unemployment and quality of life when compared to our non-disabled peers. The data increases when other marginalized populations become disabled as well. Racism and ableism are often thought of as parallel systems of oppression that work separately to perpetuate social hierarchy. Not only does this way of looking at the world ignore the experiences of people of color with disabilities, but it also fails to examine how race is pathologized in order to create racism. Meaning that society treats people of color in specific ways to create barriers, and these poor conditions create disability. The concept of disability has been used to justify discrimination against other groups by attributing disability to them. According to the National Disability Institute, African Americans are not only more likely to have a disability, but the impact of the disability on their lives is greater than it is on their white counterparts. Ensuring that all of Montgomery County's programs and facilities are fully accessible for people with disabilities, mitigates the societal ramifications that face people of color and people living in poverty in our community. Data from the CDC shows that 26 percent of the U.S. population—61 million American adults—live with a disability that's either visible or non-apparent (<https://www.cdc.gov/ncbddd/disabilityandhealth/infographic-disability-impacts-all.html>). -Site Selection and Facility Planning CIP are areas where DGS can have an impact on where new facilities are located. However, for the most part, the locations for new Libraries, Recreation Center, and Public Safety facilities are decided by the respective departments. -General Government Level of Effort projects allow for very little flexibility to select where work is planned as funds are limited and must be allocated where the need for renovation/repair is most urgent. We have prioritized several LOE projects to support much needed repairs at the Colesville Health Center. This facility serves low income residents. -DGS' solicitations support the County's minority, female, and disabled community. DGS awards over \$30M in contracts to minority, female and disabled owned businesses. -DGS' Office of Energy and Sustainability implemented the reuse of 16 acres of the former Oak's Landfill facility for a 6MW ground mounted solar project. The system generates 11.4 million kWh of energy annually. 7.6 million Kilowatts are designated for Low to Moderate Income households through the community solar program, which enables participation in renewable energy while also providing a discount on energy costs. -The Bette Carol Thompson Scotland Neighborhood Recreation Center has been prioritized to provide equitable and resilient community benefits using "microgrid" planning. The Scotland Neighborhood Recreation Center is located in an identified Equity Emphasis Area with higher-than-average concentrations of low-income, minority populations, and limited English language skills. The project will incorporate energy efficient lighting and equipment upgrades, the installation of 76kW rooftop solar and emergency power generation. The Centers' upgrades, when completed in 2021, will enable independent operation during power outages or other weather-related emergencies for an extended period; enabling critical services to be delivered to the community, such as refrigeration for medicines, mobile phone charging centers, centralized communications. Future hubs were selected to engage a diverse socioeconomic and geographic distribution. The future sites are: Damascus Community Recreation Center; Kennedy Shriver Aquatic Center (KSAC); White Oak Community Recreation Center; Plum Gar Community Recreation Center; Marilyn Praisner Community Recreation Center, Upper County Community Recreation Center - Fleet Management Services promotes equity by providing procurement and maintenance support to DOT Ride-on buses, which offer safe and reliable transportation across the communities in the County allowing easy access to work, school, and shopping for all County constituents. In addition, DFMS ensures via maintenance support of heavy equipment,



that the roadways are clear and in safe operating condition for all modes of transportation including Ride-on buses operating in Montgomery County. Data shows that bus ridership supports lower socioeconomic areas and communities of color.

2. How does your department's budget allocate funds towards ensuring that public documents (including websites and related apps), policies, plans, meetings, and hearings are readily accessible to the public? Please use the checkboxes below to indicate which activities your department budget will enable. Then, in the text box that follows, please describe how your budget targets resources towards these activities.

- ★ Translating documents and marketing material to relevant languages based on the project impact area. Completed in partnership or at the advisement of the Office of Community Partnerships.
- ★ Ensuring interpretation services (ASL and closed-captioning) are available to the public in all relevant places and programs (such as service desks, service phone lines, open houses, public meetings, etc.).
- ★ Ensuring accessibility for people with disabilities using Section 508 of the Rehabilitation Act; Web Content Accessibility Guidelines; and compliance with the Americans with Disabilities Act as a minimum standard.

The DGS Office of ADA Compliance assures compliance with the Americans with Disabilities Act. DGS has entered into a contract with two vendors to provide interpretation services and supports all departments with Visual Communication and Sign Language services, assuring accessibility across County programs. The DGS ADA Coordinator worked with the Public Information Office (PIO) and the Department of Technology and Enterprise Business Solutions (TEBS) on a Web-Site Accessibility Initiative, assuring that County web pages are accessible to all.

3. What persistent gaps or limitations could inhibit your department's ability to advance racial equity and social justice?

While DGS is committed to supporting RESJ, we currently have limited resources to be able to fully engage in all aspects of the RESJ work plan. The DGS FY24 budget requires a 2% cut which further limits our ability to support this important initiative. Funding and staff availability limit our ability at this time to allow ALL staff to complete the trainings. For example, if a mechanic were to take the training, another staff member would need to be available to cover the shift. Access to computer training is also a challenge. The DGS RESJ Liaison has completed the trainings: "Advancing Racial Equity: the Role of Government" and "the Racial Equity Institute's Groundwater Approach: building practical understanding of structural racism" trainings. Others in the department have completed the trainings as well, as time permits. The length of the trainings makes it a challenge for staff to have availability to complete.

ORESJ Rating

3-Department-level budget demonstrates a strong commitment to advancing racial equity and social justice in Montgomery County

ORESJ Justification

The department indicated commitments across each major area of the GARE framework, however the department reports being constrained in meeting the training requirement articulated in RESJ Act. In addition,



while the department's CORE team lead has worked diligently to explore the intersection of racial equity and the department's various lines of business, scaling the staff competencies and capacities across these departments is critical. In the operationalizing section, there are various programmatic activities that appear to explore and consider racial disparities and inequities in the areas of accessibility, climate resilience and energy equity, site selection and planning, and fleet management. To strengthen its work, the department should look to reviewing and developing processes, policies, and practices that enable the seamless application of a racial equity lens to how DGS does business and makes decisions in collaboration with departments and vendors. DGS sits at the intersection of many important government functions, and therefore could play a large role in the County's ability to reduce racial disparities and inequities across a number of life outcomes.

Grants Management



1. How will your overall budget support the department's commitment to advancing racial equity and social justice? To aid you in the formulation of your response, we've offered a list of activities, using the GARE framework, that demonstrate department-level commitments to racial equity and social justice. More information about the GARE framework is below and here.

Normalize - Establish racial equity as a key value by developing a shared understanding of key concepts across the department and create a sense of urgency to make changes

- ★ Form a Racial Equity CORE Team.
- ★ Allocate or support the use of staff time for CORE team activities.
- ★ Develop a racial equity vision statement (and/or racial equity and social justice mission, values, or guiding principles).

Integration of RESJ considerations into all aspects of the County's grant management activities is a legislated requirement for the Office of Grants Management. RESJ considerations are factored into every policy, process, and tool under development by OGM. Each position within OGM is being recruited with the requirement that the final candidate understands RESJ issues, how they impact grants management, and have a general sense of strategies of how to improve equity in the grants management space. Overall, as a small office with RESJ as a core part of our mandate and function in County government, all staff members will be part of a Racial Equity CORE Team, will have staff time dedicated for CORE Team activities, and will be part of developing a racial equity vision statement for the office.

Organize - Build staff and organizational capacity, skills, and competencies through training while also building infrastructure to support the work, like internal organizational change teams and external partnerships





OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

MEMORANDUM

March 15, 2023

TO: Evan Glass, President
Montgomery County Council

FROM: Marc Elrich, County Executive *Marc Elrich*

SUBJECT: Supplemental Appropriation #23-93 to the FY23 Operating Budget
Montgomery County Government
Utilities Non-Departmental Account (NDA), \$8,286,672

I am recommending a supplemental appropriation to the FY23 Operating Budget of the Utilities Non-Departmental Account in the amount of \$8,286,672. This appropriation will fund increased county government utility costs.

This increase is needed because utility commodity prices have increased drastically during the past year. For electricity, which accounts for over 75 percent of the County's utility expenditures, the cost per kilowatt-hour has increased from 11.3 cents in FY21 to 15.6 cents in FY23. Based on the recently completed second quarterly analysis, expenditures for utilities at county facilities during FY23 are projected to exceed the original appropriation in this non-departmental account by over \$8 million.

I recommend that the County Council approve this supplemental appropriation in the amount of \$8,286,672 and specify the source of funds as General Fund Undesignated Reserves. This supplemental will reduce County General Fund Undesignated Reserves by \$8,286,672 and is consistent with the fund balance policy for tax supported reserves. These funds are assumed in the March transmittal of the FY24 budget.

I appreciate your prompt consideration of this action.

ME:gn

Enclosure: Supplemental Appropriation #23-93

cc: Jennifer R. Bryant, Director, Office of Management and Budget
David Dise, Director, Department of General Services

Resolution: _____
Introduced: _____
Adopted: _____

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the Request of the County Executive

SUBJECT: Supplemental Appropriation #23-93 to the FY23 Operating Budget
Montgomery County Government
Utilities Non-Departmental Account (NDA), \$8,286,672

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 six Councilmembers. A supplemental appropriation for any other purpose that is approved before January 1 of any fiscal year requires an affirmative vote of seven 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. The County Executive has requested the following FY23 Operating Budget appropriation increases for the Utilities Non-Departmental Account:

<u>Personnel Services</u>	<u>Operating Expenses</u>	<u>Total</u>	<u>Source of Funds</u>
\$0	\$8,286,672	\$8,286,672	General Fund Undesignated Reserves

3. This increase is needed because utility commodity prices have increased drastically during the past year. For electricity, which accounts for over 75 percent of the County's utility expenditures, the cost per kilowatt-hour has increased from 11.3 cents in FY21 to 15.6 cents in FY23. Expenditures for utilities at county facilities during FY23 are projected to exceed the original appropriation in this non-departmental account by over \$8 million, based on the recently completed second quarterly analysis.
4. The County Executive recommends a supplemental appropriation to the FY23 Operating Budget in the amount of \$8,286,672 for the Utilities Non-Departmental Account and specifies that the source of funds will be General Fund Undesignated Reserves.
5. Notice of public hearing was given and a public hearing was held.

Action

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

A supplemental appropriation to the FY23 Operating Budget of the Utilities Non-Departmental Account is approved as follows:

<u>Personnel Services</u>	<u>Operating Expenses</u>	<u>Total</u>	<u>Source of Funds</u>
\$0	\$8,286,672	\$8,286,672	General Fund Undesignated Reserves

This is a correct copy of Council action.

Judy Rupp
Clerk of the Council

Resolution No.: _____
 Introduced: _____
 Adopted: _____

**COUNTY COUNCIL
 FOR MONTGOMERY COUNTY, MARYLAND**

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

SUBJECT: Supplemental Appropriation #23-93 to the FY23 Operating Budget
Montgomery County Government
Utilities Non-Departmental Account (NDA), \$8,286,672

Background

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<u>Personnel Services</u>	<u>Operating Expenses</u>	<u>Total</u>	<u>Source of Funds</u>
\$0	\$8,286,672	\$8,286,672	General Fund Undesignated Reserves

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4. The County Executive recommends a supplemental appropriation to the FY23 Operating Budget in the amount of \$8,286,672 for the Utilities Non-Departmental Account and specifies that the source of funds will be General Fund Undesignated Reserves.
5. Notice of public hearing was given and a public hearing was held.

Action

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

A supplemental appropriation to the FY23 Operating Budget of the Utilities Non-Departmental Account is approved as follows:

<u>Personnel Services</u>	<u>Operating Expenses</u>	<u>Total</u>	<u>Source of Funds</u>
\$0	\$8,286,672	\$8,286,672	General Fund Undesignated Reserves

This is a correct copy of Council action.

Judy K. Rupp
Clerk of the Council