



Committee: GO
Committee Review: N/A
Staff: Naeem M. Mia, Legislative Analyst
Purpose: To introduce agenda item – no vote expected
Keywords: energy conservation, utility incentives

AGENDA ITEM #8W
July 26, 2022
Introduction

SUBJECT

Supplemental Appropriation #23-6 to the County Government's FY23 Capital Budget and Amendment to the FY23-28 Capital Improvements Program (CIP), Montgomery County Government, Department of General Services, Energy Conservation (No. P507834), \$975,269 (Source of Funds: Utility Incentives)

EXPECTED ATTENDEES

None

COUNCIL DECISION POINTS

- Introduction only.
- Public Hearing and Action is scheduled for September 13, 2022. A motion is required.

BACKGROUND/DESCRIPTION/ISSUE

The Energy Conservation: MCG CIP project provides funds to target rapid return on investment energy conservation projects; provide ancillary funds to support the installation of solar photovoltaic systems on County facilities; augment other energy conservation projects (e.g., funding incremental costs of higher efficiency equipment); support energy and sustainability master planning for County facilities and operations; leverage federal, state, and local grant funding; and provide funds to leverage public-private partnerships and third-party resources.

This supplemental appropriation request is to appropriate utility incentives funds of \$975,269 that the Department of General Services received from participating in utility payback incentives from third-party vendors. The requested funds will be used at twenty-one County facilities and the projects will focus on energy savings, renewable energy installations, greenhouse gas reductions, and waste diversions. The Council previously appropriated \$819,000 of Utility Incentives in FY18 for similar projects.

This report contains:

1. Draft Resolution © 1-2
2. County Executive's Transmittal Memo date July 19, 2022 and Project Description Form © 3-5

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Resolution No.:
Introduced: July 26, 2022
Adopted:

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the Request of the County Executive

SUBJECT: Amendment to the FY23-28 Capital Improvements Program
Supplemental Appropriation #23-6 to the FY23 Capital Budget
Montgomery County Government
Department of General Services, Energy Conservation (No. P507834), \$975,269
(Source of Funds: Utility Incentives)

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. 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>
Energy Conservation	P507834	Construction	\$975,269	Utility Incentives

3. The increase is needed to appropriate utility incentives funds of \$975,269 the Department of General Services received from participating in utility payback incentives from third-party vendors. The requested funds will be used at twenty-one county facilities and the projects will focus on energy savings, renewable energy installations, greenhouse gas reductions, and waste diversions. The funding is necessary to fulfill the mandate of the County's building energy design standards.

4. The County Executive recommends a supplemental appropriation in the amount of \$975,269 for the Energy Conservation (No. P507834) project and specifies that the source of funds will be Utility Incentives.
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 Capital Budget is approved as follows:

<u>Project</u> <u>Name</u>	<u>Project</u> <u>Number</u>	<u>Cost</u> <u>Element</u>	<u>Amount</u>	<u>Source</u> <u>of Funds</u>
Energy Conservation	P507834	Construction	\$975,269	Utility Incentives

This is a correct copy of Council action.

Judy Rupp
Clerk of the Council




OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

M E M O R A N D U M

July 19, 2022

TO: Gabe Alborno, President
Montgomery County Council

FROM: Marc Elrich, County Executive 

SUBJECT: Amendment to the FY23-28 Capital Improvements Program
Supplemental Appropriation #23-6 to the FY23 Capital Budget
Montgomery County Government
Department of General Services, Energy Conservation (No. P507834), \$975,269

I am recommending a Supplemental Appropriation to the FY23 Capital Budget in the amount of \$975,269 for the Energy Conservation (No. P507834) project. Appropriation for this project will fund energy conservation improvements to support the County's objectives in reducing its carbon footprint.

The increase is needed to appropriate utility incentives funds of \$975,269 the Department of General Services received from participating in utility payback incentives from third-party vendors. The requested funds will be used at twenty-one County facilities and the projects will focus on energy savings, renewable energy installations, greenhouse gas reductions, and waste diversions. The funding is necessary to fulfill the mandate of the County's building energy design standards.

I recommend that the County Council approve this Supplemental Appropriation to the FY23 Capital Budget in the amount of \$975,269 and specify the source of funds as Utility Incentives.

I appreciate your prompt consideration of this action.

ME:aaa

Enclosure: Amendment to the FY23-28 Capital Improvements Program and Supplemental Appropriation #23-6 to the FY23 Capital Budget

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

Energy Conservation: MCG (P507834)

Category	General Government	Date Last Modified	12/31/21
SubCategory	County Offices and Other Improvements	Administering Agency	General Services
Planning Area	Countywide	Status	Ongoing

	Total	Thru FY21	Est FY22	Total 6 Years	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	Beyond 6 Years
EXPENDITURE SCHEDULE (\$000s)											
Planning, Design and Supervision	487	145	144	198	33	33	33	33	33	33	-
Land	23	23	-	-	-	-	-	-	-	-	-
Site Improvements and Utilities	402	1	401	-	-	-	-	-	-	-	-
Construction	3,784	2,065	42	1,677	1,092	117	117	117	117	117	-
Other	10	4	6	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	4,706	2,238	593	1,875	1,125	150	150	150	150	150	-

FUNDING SCHEDULE (\$000s)											
Current Revenue: General	4	4	-	-	-	-	-	-	-	-	-
G.O. Bonds	2,459	966	593	900	150	150	150	150	150	150	-
State Aid	449	449	-	-	-	-	-	-	-	-	-
Utility Incentives	1,794	819	-	975	975	-	-	-	-	-	-
TOTAL FUNDING SOURCES	4,706	2,238	593	1,875	1,125	150	150	150	150	150	-

APPROPRIATION AND EXPENDITURE DATA (\$000s)			
Appropriation FY 23 Request	150	Year First Appropriation	FY78
Appropriation FY 24 Request	150	Last FY's Cost Estimate	3,431
Supplemental Appropriation Request	975		
Cumulative Appropriation	2,831		
Expenditure / Encumbrances	2,457		
Unencumbered Balance	374		

PROJECT DESCRIPTION

The project supports efforts yielding rapid financial returns to the County or substantial progress towards established environmental goals, such as energy savings, renewable energy installations, greenhouse gas reductions, and waste diversion. The County conducted energy assessments and other analysis to identify resource and cost savings opportunities in County facilities that will inform project scheduling. In addition, the County is preparing a comprehensive sustainability plan with specific programs and actions to reduce the environmental footprint of County operations and reduce costs. This project will provide funds to target rapid return on investment energy conservation projects; provide ancillary funds to support the installation of solar photovoltaic systems on County facilities; augment other energy conservation projects (e.g., funding incremental costs of higher efficiency equipment); support energy and sustainability master planning for County facilities and operations; leverage federal, state, and local grant funding; and provide funds to leverage public-private partnerships and third-party resources.

ESTIMATED SCHEDULE

Projects are identified and scheduled based on energy savings potential, reduced maintenance costs, overall cost savings, and quantifiable environmental benefits.

COST CHANGE

Cost increase is due to the addition of utility payback incentives from third-party vendors.

PROJECT JUSTIFICATION

This program is integral to the County's cost-containment efforts. Generally, projects will pay for themselves in one to ten years, with short payback initiatives being targeted to reduce pressure on the operating budget. The program also funds incremental costs in staff, planning, contractor support, analytics and other efforts to increase the impact of the County's overall energy and sustainability projects. The program is necessary to fulfill the mandate of the County's building energy design standards (8-14a), Council Bill 2-14 Energy Performance Benchmarking, Council Bill 5-14 Social Cost of Carbon, Council Bill 6-14 Office of Sustainability, and Council Bill 8-14 Renewable Energy Technology. Significant reductions in energy consumption, greenhouse gas emissions, solid waste, water consumption, and maintenance are expected.

FISCAL NOTE

A FY18 supplemental of \$819,000 in Utility Incentives was approved. FY23 supplemental in Utility Incentives for the amount of \$975,269.

DISCLOSURES

Expenditures will continue indefinitely. The County Executive asserts that this project conforms to the requirement of relevant local plans, as required by the

COORDINATION

Department of General Services, - Advanced Energy Initiative, and Energy Modernization Program.