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

- Introduced on July 26, 2022.
- 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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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:

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Project Number</th>
<th>Cost Element</th>
<th>Amount</th>
<th>Source of Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Conservation</td>
<td>P507834</td>
<td>Construction</td>
<td>$975,269</td>
<td>Utility Incentives</td>
</tr>
</tbody>
</table>

(1)
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:

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Project Number</th>
<th>Cost Element</th>
<th>Amount</th>
<th>Source of Funds</th>
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<tbody>
<tr>
<td>Energy Conservation</td>
<td>P507834</td>
<td>Construction</td>
<td>$975,269</td>
<td>Utility Incentives</td>
</tr>
</tbody>
</table>

This is a correct copy of Council action.

___________________________________
Judy Rupp
Clerk of the Council
MEMORANDUM

July 19, 2022

TO: Gabe Albornoz, 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
SubCategory: County Offices and Other Improvements
Planning Area: Countywide
Date Last Modified: 12/31/21
Administering Agency: General Services
Status: Ongoing

EXPENDITURE SCHEDULE ($000s)

<table>
<thead>
<tr>
<th>Planning, Design and Supervision</th>
<th>487</th>
<th>145</th>
<th>144</th>
<th>198</th>
<th>33</th>
<th>33</th>
<th>33</th>
<th>33</th>
<th>33</th>
<th>33</th>
<th>-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>23</td>
<td>23</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Site Improvements and Utilities</td>
<td>402</td>
<td>1</td>
<td>401</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Construction</td>
<td>3,784</td>
<td>2,065</td>
<td>42</td>
<td>1,677</td>
<td>1,092</td>
<td>117</td>
<td>117</td>
<td>117</td>
<td>117</td>
<td>117</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>10</td>
<td>4</td>
<td>6</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL EXPENDITURES</strong></td>
<td>4,706</td>
<td>2,238</td>
<td>593</td>
<td>1,875</td>
<td>1,125</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>-</td>
</tr>
</tbody>
</table>

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 |
| Supplemental Appropriation Request | 150 | Last FY's Cost Estimate 3,431 |
| Cumulative Appropriation        | 975  | |
| Expenditure / Encumbrances      | 2,831 | |
| Unencumbered Balance            | 2,457 | |
|                                 | 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.