



Committee: T&E
Committee Review: Completed
Staff: Keith Levchenko, Senior Legislative Analyst
Purpose: To make preliminary decisions – straw vote expected
Keywords: #Environmental Protection and Water Quality

AGENDA ITEM #47
 May 10, 2023
Worksession

SUBJECT

FY24 Operating Budget - Climate Change Planning Non-Departmental Account (NDA)

EXPECTED ATTENDEES

- Vicky Wan, Acting Deputy Director, Department of Environmental Protection (DEP)
- Stan Edwards, Chief, Energy Climate and Compliance Division, DEP
- Rich Harris, Fiscal and Policy Analyst, Office of Management and Budget

FY23 COUNTY EXECUTIVE RECOMMENDATION

| Climate Change Planning Non-Departmental Account | FY23 Approved | FY24 CE Recommended | % Change from FY22 Approved |
|--|------------------------|-----------------------|-----------------------------|
| General Fund | \$691,677 | \$591,639 | -14.5% |
| Personnel Costs | \$291,677 3.05 FTEs | \$20,139 0.05 FTEs | -93.1% -98.4% |
| Operating Costs | \$400,000 | \$571,500 | 42.9% |

COMMITTEE RECOMMENDATIONS

- The T&E Committee recommends the following regarding the Executive’s recommendations noted below:
 - Shift (-\$397,632 and -3.0 FTEs) from the NDA to the DEP General Fund Budget - **Approve**
 - Shift (+\$85,000) funding for Climate Fellows and Interns from the DEP General Fund Budget to the NDA - **Approve**
 - Technical Adjustments (+\$127,494) such as FY24 compensation adjustments, 3.0% inflationary adjustment for Non-Profit Contractors, and other adjustments – **Approve**
 - Add \$85,000 for Climate Fellow and Interns (for a total of \$170,000 in the NDA). – **Put on the Reconciliation List – High Priority**
- The T&E Committee recommends shifting the remaining personnel costs included in the FY24 Recommended NDA (\$20,139; a portion of the County Executive’s Climate Change Officer position) to the County Executive’s budget.

This report contains:

T&E Committee May 4, 2023 Staff Report Excerpt¹

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¹Climate Change Planning NDA portions attached. The full report (which includes the DEP General Fund and the Water Quality Protection Fund) is [available here](#).

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domestic hot water equipment, which in many residences are fueled by on-site combustion of natural gas, oil, or propane. Electrification of these systems is often challenging to homeowners due to technical questions and a lack of available information about available systems and methods for conversion. Contractors providing HVAC and hot water systems generally focus on replacing existing equipment with similar equipment (e.g., replacing gas systems with gas systems) rather than converting to electric systems. This position would provide technical expertise related to the development of policies, programs, and outreach/engagement to residents and contractors regarding residential electrification, including the applicability of grants, incentives, and financing opportunities to residential electrification.

Most of the items are specifically referenced in the Climate Action Plan as priority actions or support stated goals in the Climate Action Plan such as advancing the County’s racial equity and social justice efforts. **Council Staff is supportive of each of them and per the Council President’s direction for budget reviews this year, recommends the Committee support putting all these items on the Reconciliation List.**

To assist future decisions regarding the Reconciliation List, Committees have been asked to identify items on the Reconciliation List which are high priorities.

Council Staff recommends the following Reconciliation List items be “high priority:”

- **High Priority**

- New Positions to Manage County Grant and Incentive Programs (\$174,924, 2 FTEs)
- Consultant Support for Grant Identification and Applications (\$100,000)

Both these items in coordination will provide DEP with the ability to better seek out and leverage outside funding opportunities which will be essential to the County’s success in meeting its climate goals.

- Community Choice Energy Consultant Support (\$250,000)

This initiative is one of the highest priorities noted in the Climate Action Plan and the regulations establishing this program are currently under review by a Public Service Commission Workgroup. The County does not have the in-house expertise to develop and implement this program and will need this consultant support to move forward with this effort.

Climate Change Planning NDA

The FY24 Recommended Budget for the Climate Change Planning NDA is \$591,639 which is a decrease of \$100,038 (-14.5 percent). However there are shifts both in and out of the NDA as well as technical adjustments (such as FY24 compensation, non-profit contractor inflationary increases, annualizations, etc.) (see ©12 for the FY23 to FY24 budget crosswalk included in the Executive’s Recommended Budget). When removing all these other adjustments, net new spending is \$85,000.

Three positions which were originally approved as part of the FY22 budget and fully annualized in the FY23 budget are recommended to move to the DEP General Fund budget (-\$397,632 and -3 FTEs).

As recommended, the remaining personnel costs in the NDA (\$20,139) cover a portion of the Climate Change Officer’s personnel costs. **Council Staff recommends that these remaining personnel costs also be shifted to the County Executive’s office where the balance of the Climate Change Officer’s costs are budgeted.**

The NDA also includes \$400,000 in operating expenses (the same as in FY23) for professional services for various climate-related activities. In past years these dollars were used to fund the development of the Climate Action Plan and related studies. For FY24, DEP staff have noted that,

“...funds will be used for new opportunities that arise during the fiscal year and to provide additional support where necessary in the activities recommended for specific funding. The Climate Change NDA may be used to support, among other things, studies and programmatic efforts related to clean energy, electric vehicle charging, zero emissions fleet transition, building codes, climate finance, residential home labeling, climate communications and engagement, and climate resilience.”

The Executive recommends shifting \$85,000 for the Climate Fellows and Interns item from the DEP General Fund budget to the NDA. In addition, the Executive recommends adding funding *another \$85,000), doubling the program. **The increase to \$170,000 would provide an equivalent of 4 full-time paid interns/fellows. Council Staff recommends that the additional \$85,000 be placed on the Reconciliation List (regular priority item).**

Last year, the T&E Committee discussed with DEP whether the NDA should be closed out and the expenditures and FTEs moved to the DEP General Fund. As noted above, the original planning intent of the NDA was completed (i.e., the Climate Action Plan was finalized in June 2021). Council Staff noted that it was unclear what the distinction is between the activities funded out of the NDA versus those funded out of the DEP budget. Both the DEP and the Climate Change NDA involve professional services expenditures to study issues of interdepartmental concern involving stakeholders both internal and external to County government.

Given the increases approved in FY23 and recommended by the County Executive in FY24 for Climate Change related planning work and staffing in the DEP General Fund budget, the issue of whether having a separate NDA for climate-change related spending remains. **Council Staff suggests the T&E Committee discuss this matter again with DEP staff this year.**

Water Quality Protection Fund Budget

**Table #3
DEP Expenditures and Positions/FTEs**

| Water Quality Protection Fund | Actual | Approved | CE Rec | Change FY24-FY23 | |
|-------------------------------|-------------------|-------------------|-------------------|------------------|-------------|
| | FY22 | FY23 | FY24 | \$\$\$ | % |
| Personnel Costs | 9,603,322 | 10,321,099 | 11,669,775 | 1,348,676 | 13.1% |
| Operating Expenses | 19,299,006 | 20,669,401 | 22,243,437 | 1,574,036 | 7.6% |
| Capital Outlay | - | - | - | - | - |
| Total | 28,902,328 | 30,990,500 | 33,913,212 | 2,922,712 | 9.4% |
| Full-Time Positions | 48 | 60 | 65 | 5 | 8.3% |
| Part-Time Positions | 1 | 1 | 1 | - | n/a |
| FTEs | 93.61 | 96.84 | 101.84 | 5.00 | 5.2% |

Washington Community Foundation (GWCF), was charged with building an equitable, high-quality, accessible, and sustainable early childhood system to support the well-being of children and families in the County. The COA is also charged with identifying and impacting systemic inequities and structurally violent practices, and structures that create access barriers for vulnerable, racially, and ethnically diverse populations. The COA's charge is supported and directed by a 21 voting member board comprised of parents/guardians, center-based providers, family childcare providers, employers, philanthropy, non-profit organizations, Montgomery College, Universities at Shady Grove, and ex officio appointees from Montgomery County Public Schools, Department of Health and Human Services, Office of Management and Budget, and County Council.

| FY24 Recommended Changes | Expenditures | FTEs |
|---|----------------|-------------|
| FY23 Approved | 0 | 0.00 |
| Shift: Cost from Children's Opportunity Fund NDA to Children's Opportunity Alliance NDA | 425,000 | 0.00 |
| Shift: Cost from Children's Opportunity Fund program in HHS General Fund to Children's Opportunity Alliance NDA | 290,637 | 0.00 |
| Increase Cost: Three Percent Inflationary Adjustment to Non-Profit Service Provider Contracts | 12,750 | 0.00 |
| FY24 Recommended | 728,387 | 0.00 |

☀ Climate Change Planning

This NDA provides funding for the prioritization of greenhouse gas reduction strategies and the development of an implementation plan to meet the County's goal of an 80 percent reduction in greenhouse gas emissions by 2027 and a 100 percent reduction by 2035. Funding in this NDA can also be used to develop climate change adaptation strategies. Any excess appropriation available after the above work is completed may be used to fund other climate change-related initiatives.

| FY24 Recommended Changes | Expenditures | FTEs |
|---|----------------|-------------|
| FY23 Approved | 691,677 | 3.05 |
| Add: New Funding for Climate Fellows and Interns | 85,000 | 0.00 |
| Shift: Funding for Climate Fellows and Interns from Department of Environmental Protection | 85,000 | 0.00 |
| Increase Cost: FY24 Compensation Adjustment | 12,363 | 0.00 |
| Increase Cost: Three Percent Inflationary Adjustment to Non-Profit Service Provider Contracts | 1,500 | 0.00 |
| Shift: Reassign Three Positions from NDA to Department of Environmental Protection | (397,632) | (3.00) |
| Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. | 113,731 | 0.00 |
| FY24 Recommended | 591,639 | 0.05 |

☀ Climate Response

This program supports the County's mission to provide an effective and efficient transportation system to ensure the safe and convenient movement of persons, bicycles and vehicles throughout the County in response to winter snow storms and severe wind/rain events.

Budgeted funds for this program support the costs for the Department of Transportation and Department of General Services when actual expenditures exceed their individual snow removal and storm cleanup budgeted amounts, which is a circumstance that occurs every year.

The snow removal and storm cleanup program is an integral part of coordinating the response to emergencies and severe weather events through the preparation, active response, and post storm/emergency cleanup. Tasks performed during these operations