MEMORANDUM

March 18, 2016

TO:                    Nancy Floreen, President  
                       Montgomery County Council

FROM:                  Joseph F. Beach, Director  
                       Department of Finance
                       Lisa Feldt, Director  
                       Department of Environmental Protection

SUBJECT:               Annual Report on the County’s Commercial Property Assessed  
                       Clean Energy program

We are submitting to the Montgomery County Council the first annual report on  
the County’s Commercial Property Assessed Clean Energy financing program (C-PACE), which  
was created to assist qualifying commercial property owners to make energy efficiency and  
renewable energy improvements to their buildings. This annual reporting requirement is  
described in Section 18A-37(b) of the Montgomery County Code, which stipulates that:

"The Executive must submit an annual report to the County Council by March 15 of each  
year describing program participation, number and dollar value of surcharge billed and  
collected, and other relevant information pertaining to the prior calendar year."

Upon the adoption of Bill 6-15 in 2015, which enabled the County to create a  
C-PACE program, the Department of Finance and the Department of Environmental Protection  
coordinated on the development of a robust program as envisioned in the legislation. One goal  
of the legislation was for the County to have a strong presence in the development of the  
program while also maintaining a streamlined program to maximize the participation of energy  
services companies and commercial property owners.

The County has retained, through a competitive contracting process, PACE  
Financial Servicing as the County’s Program Manager and Greenworks Lending as the  
program’s County Designated Lender. The services of these companies are provided at no cost  
to the County throughout the duration of the contract. The costs these companies incur for their  
services are collected from recipients of C-PACE loans through fees based on the size of the
loan. These organizations have greatly assisted the County with the development of program
guidelines; providing information, training, and outreach to building owners and energy services
companies; and helping to create program documents that will be used to expedite projects from
inception to completion.

The County has held joint work sessions with the Program Administrator and
County Designated Lender to develop programmatic, legal, and outreach documents; these
documents will be available on the Montgomery County C-PACE program public website in the
near future. The County also organized an educational Montgomery County Commercial PACE
Open House earlier this month, which was well attended by potential program participants from
the lending, contracting, and property owner communities. The County will officially launch the
C-PACE program during the Montgomery County Energy Summit in April 2016 with additional
trainings and workshops for the commercial building, lending, and contractor sectors.

Since the program’s inception in FY16, the County has laid a strong foundation
for a successful C-PACE program, and the program has generated a lot of interest from the
County’s commercial property owners. To date, the C-PACE program does not yet have
completed projects to report, but it is anticipated that the first C-PACE projects will be
completed in the coming months. Projects completed and submitted to the Department of
Finance by May 1, 2016 would be included in next year’s property tax billing. We look forward
to having more to share with the Council in the March 2017 annual report.

If you have any questions on the C-PACE program or information provided in
this annual report, please contact David Crow, Fiscal Projects Manager, Division of Fiscal
Management at extension 7-8859 or Lindsey Shaw, Energy Program Manager, Department of
Environmental Protection at extension 7-7754.

cc: Isiah Leggett, County Executive
    Timothy L. Firestone, Chief Administrative Officer
    Roger Berliner, Vice President, Montgomery County Council
    Bonnie Kirkland, Assistant Chief Administrative Officer