



MEMORANDUM

March 15, 2019

TO: Nancy Navarro, President
Montgomery County Council

FROM: Alexandre A. Espinosa, Director
Department of Finance

Adam Ortiz, Director
Department of Environmental Protection

SUBJECT: 2019 Annual Report on the County's Commercial Property Assessed Clean Energy Program

We are hereby submitting to the Montgomery County Council the annual report on the County's Commercial Property Assessed Clean Energy (C-PACE) program, 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 the Montgomery County Code Chapter 18A, Article 5, Section 18A, § (b) 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."

Since the 2018 annual report, nine additional C-PACE projects have been completed in the County; an already robust pipeline of potential C-PACE projects has grown; engagement has continued with the building owner, lender, and contractor communities; assistance has been provided to other jurisdictions in the region to develop the framework and best practices for their own C-PACE programs; and joint work sessions have been held with the program manager, County designated lender, and the Montgomery County Green Bank to find ways to improve the C-PACE program.

In 2018, the first solar energy system on a commercial property rooftop financed by C-PACE was completed at Exchange Place in Rockville. Using C-PACE, the owners of the building at 451 Hungerford Drive were able to construct a 75-kilowatt solar energy system, along with other energy efficiency improvements. In total, the energy improvements are projected to reduce the building's electricity and water consumption by almost half, saving more than \$160,000 in energy and maintenance costs annually. The project will also reduce energy use by approximately 2,300 million British Thermal



Units (MMBTU), generate nearly 100,000 kWh of solar energy, and save more than 750,000 gallons of water annually.

Table 1: Completed C-PACE Projects in Montgomery County, Maryland

Building Name	Property Type	City	C-PACE Financed Amount	Annual Energy Savings (MMBtu/year)	Loan Term	Project Completion Date	First Surcharge Due Date
Shady Grove Professional Building / Comfort Inn Shady Grove	Hotel/ Office	Gaithersburg	\$1,436,019	1,624	20 years	3/10/2017	9/30/2018
The Glens on Battery Lane	Multi-family	Bethesda	\$500,685	577	20 years	11/28/2017	9/30/2018
The Middlebrooke Apartments	Multi-family	Bethesda	\$635,422	874	20 years	11/28/2017	9/30/2018
The Glens on Battery Lane	Multi-family	Bethesda	\$551,581	567	20 years	2/15/2018	9/30/2018
Wellington Apartments	Multi-family	Chevy Chase	\$290,181	152	20 years	2/15/2018	9/30/2018
Glen Brook Apartments	Multi-family	Bethesda	\$402,546	219	20 years	2/15/2018	9/30/2018
Glenmont Apartments	Multi-family	Bethesda	\$421,095	249	20 years	2/15/2018	9/30/2018
The Drake	Multi-family	Chevy Chase	\$537,337	896	20 years	2/15/2018	9/30/2018
Wildwood Medical Center	Office	Bethesda	\$638,849	961	20 years	2/21/2018	9/30/2018
Bradley/ Strathmore Apartments	Multi-family	Chevy Chase	\$481,710	740	20 years	4/9/2018	9/30/2019
Exchange Place	Office	Rockville	\$1,974,843	2,719	20 years	7/31/2018	9/30/2019
The Dorset	Multi-family	Bethesda	\$556,364	1,719	20 years	9/17/2018	9/30/2019

In September 2018, the County processed and remitted payment the first cycle of C-PACE assessment collections due on the property tax bills. The total collection amount for all C-PACE assessment payments equaled \$ 482,064 which was remitted to the C-PACE program manager for disbursement to private lenders.

Throughout 2018, the County's C-PACE program has continued to engage with the building owner, contractor, and lending community through various outreach and education events:

- In April 2018, the County along with the Montgomery County Green Bank and Pepco contractor ICF gave a presentation to Pepco's Service Provider contractors to educate them on available energy project financing opportunities for their building owner clients.
- In May 2018, the County's program manager organized a regional C-PACE educational event at the Bethesda-Chevy Chase Regional Services Center to educate

solar installers and developers about using C-PACE for solar projects in the Washington, DC-metro area.

- In August 2018, the County led a roundtable discussion about C-PACE and other financing tools with local government representatives from across the country at the Department of Energy's Better Buildings Summit and Energy Exchange in Cleveland, Ohio.
- In summer and fall 2018, the County organized information-sharing conference calls with Prince George's County, Maryland; Arlington, Virginia; and Cook County, Illinois about the structure and success of Montgomery County's C-PACE program.
- In November 2018, the County participated in a half-day workshop about the benefits of a Green Bank for your community, where local jurisdictions discussed the benefits, challenges, and opportunities for C-PACE in the Washington, DC-metro region.

In addition to the outreach and engagement events with building owners, contractors, and lenders, the County pursued C-PACE focused research with the University of Maryland's Environmental Finance Center. This research will compare Montgomery County's C-PACE program to other C-PACE program structure to see where there may be opportunities for improvement. The County expects to complete this research in late spring 2019 and will share the research findings with Council and the public when available.

The C-PACE program continues to build on the strong foundation put in place since the program's inception in FY 2016. The healthy pipeline of projects indicates a continued interest in C-PACE financing among the building owners in Montgomery County, and the County is seeing additional interest in the program from energy contractors and private financial institutions. Additionally, the County anticipates increased project activity following a recent legislative amendment to modify the timing of the placement of the C-PACE assessment on the tax bill, as well as the possibility of allowing new construction projects to access C-PACE financing. The Department of Finance and the Department of Environmental Protection are proud of the successes made to date, and we look forward to having a wider array of projects to share with the Council in our next 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, Department of Finance at extension 7-8859 or Lindsey Shaw, Manager of Energy and Sustainability Programs, Department of Environmental Protection at extension 7-7754.

c: Marc Elrich, County Executive
Andrew Kleine, Chief Administrative Officer
Sidney Katz, Vice President, Montgomery County Council
Adriana Hochberg, Assistant Chief Administrative Officer



MEMORANDUM

March 15, 2018

TO: Hans Riemer, President
Montgomery County Council

FROM: 
Alexandre A. Espinosa, Director
Department of Finance

Patty Bubar, Acting Director 
Department of Environmental Protection

SUBJECT: 2018 Annual Report on the County's Commercial Property Assessed Clean Energy Program

We are hereby submitting to the Montgomery County Council the annual report on the County's Commercial Property Assessed Clean Energy (C-PACE) program, 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 the Montgomery County Code Chapter 18A, Article 5, Section 18A, § (b) 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."

Since the 2017 annual report, two additional C-PACE projects have been completed in the County; eight additional project applications have been approved and are expected to be completed by the end of Fiscal Year 2018; an already robust pipeline of potential C-PACE projects has grown; engagement has continued with the building owner, lender, contractor communities; assistance has been provided to other jurisdictions in the region to develop the framework and best practices for their own C-PACE programs; and joint work sessions have been held with the program manager, County designated lender, and the Montgomery County Green Bank to find ways to improve the C-PACE program.

The County's C-PACE Program was awarded the National Association of Counties (NACo) achievement award in 2017 in the category of Fiscal Management.



The County was proud to announce the completion of the first multifamily C-PACE projects within the County and the State of Maryland. In the Summer of 2017, Aldon Management submitted eight boiler and hot water heating retrofit projects at select Class B multi-family apartment buildings in downtown Bethesda. To date, the County has received the completion documentation for two of the eight retrofit projects. In total, these projects are expected to save more than 4,200 million British Thermal Units of energy annually – equivalent to taking nearly 50 cars off the road each year – and reduce greenhouse gas emissions by more than 220 metric tons of carbon dioxide equivalent (MTCO_{2e}) annually, contributing to the County’s aggressive climate protection goals. The projects are being financed by the County’s program designated lender, Greenworks Lending, for approximately \$3.5 million. These projects, along with any others completed and submitted to the Department of Finance by May 1, 2018, could be included in this year’s property tax billing.

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Throughout 2017, the County’s C-PACE program has continued to engage with the building owner, contractor, and lending community through various outreach and education events:

- In April 2017, the County and local energy contractor, Recurrent, organized a “green ribbon cutting” event to celebrate the Shady Grove Professional Building and the adjacent Comfort Inn Shady Grove in Gaithersburg—the first completed C-PACE project in Montgomery County and the State of Maryland.
- In April 2017, the building owner, contractor, and lender of the County’s first C-PACE project participated on an education session panel about the project at the 2017 Montgomery County Energy Summit, an annual conference focused on commercial energy and green building issues co-hosted by the Department of Environmental Protection and USGBC National Capital Region.
- In May 2017, the County led a roundtable discussion about C-PACE with other jurisdictional representatives at the Department of Energy’s Better Buildings Summit in Washington, DC.
- In Summer 2017, the County’s program manager implemented a direct mail campaign to Montgomery County hotels to inform them of the County’s C-PACE program, highlighting the Comfort Inn Shady Grove as a successful case study.
- In June 2017 and February 2018, the County met with regional utilities on a number of energy programs, including the C-PACE program, and continued to look for opportunities to educate the utilities’ service providers on the program.

- In November 2017, the County's program manager and designated lender organized a C-PACE educational event at a local law office in Bethesda, MD to educate the local commercial real estate community about the C-PACE program.

The C-PACE program continues to build on the strong foundation put in place since the program's inception in FY 2016. The healthy pipeline of projects indicates a growing interest in C-PACE financing among the building owners in Montgomery County, and the County is seeing additional interest in the program from energy contractors and private financial institutions. The Department of Finance and the Department of Environmental Protection are proud of the successes made to date, and we look forward to having a wider array of projects to share with the Council in the March 2019 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, Department of Finance at extension 7-8859 or Lindsey Shaw, Commercial Energy Program Manager, Department of Environmental Protection at extension 7-7754.

c: Isiah Leggett, County Executive
Timothy L. Firestine, Chief Administrative Officer
Nancy Navarro, Vice President, Montgomery County Council
Bonnie Kirkland, Assistant Chief Administrative Officer

