



OFFICE OF RACIAL EQUITY AND SOCIAL JUSTICE


Marc Elrich
County Executive

Tiffany Ward
Director and Chief Equity Officer

MEMORANDUM

November 18, 2024

To: Jennifer Bryant, Director
Office of Management and Budget

From: Tiffany Ward, Director
Office of Racial Equity and Social Justice 

Re: Racial Equity Impact Assessment (REIA) – Supplemental Appropriation #25-2
Energy Conservation: MCG (\$861,844) & Supplemental Appropriation #25-31
Exelon-Pepco Merger Fund (\$504,662)

- I. **FINDING:** Based on available information, Supplemental Appropriations (SA) #25-2 Energy Conservation: MCG & SA #25-31 Exelon-Pepco Merger Fund do not appear to significantly change the programming or activities compared to previous iterations of these supplementals. As in prior funding requests, Energy Conservation and the Exelon-Pepco Merger Fund initiatives have had the potential to advance racial equity and social justice in Montgomery County as they take steps to reduce greenhouse gas emissions contributing to climate change, which disproportionately harms Black Indigenous and People of Color (BIPOC) communities and low-income communities. However, there was not enough information provided about the process of site selection or project design to conclude that the supplemental appropriations would advance racial equity and social justice in the County. Therefore, ORESJ's finding was inconclusive, which applies to the current requests as well.
- II. **BACKGROUND:** Supplemental Appropriation #25-2 Energy Conservation and Supplemental Appropriation #25-31 Exelon-Pepco Merger will provide additional funding to support energy saving, renewable energy installations, greenhouse gas reductions, and waste diversion projects at County facilities. SA #25-2 will appropriate utility incentive funds for participating in payback programs and support the County's Building Energy Performance Standard law. SA #25-31 will appropriate financial incentives received from

Pepco Commercial and Industrial Energy Savings for Business Program in a revolving fund to plan, design, and implement future energy projects per the Exelon-Pepco merger agreement. Projects include lighting retrofits, heating, ventilation, and cooling (HVAC) control upgrades, and equipment replacement.

- III. **ANALYSIS:** The Department also intends to use the funds to develop resilient hubs in recreation centers, and fire and police stations throughout the County with a goal to support low-and-moderate-income (LMI) communities in case of major grid outages. They add that the facilities that will be addressed are in underserved areas of the County. However, without more specifics on how DGS will target these funds to address disparities, ORESJ is unable to conclusively determine the impact of reducing disparities and inequities.

As referenced earlier, ORESJ has previously analyzed these supplemental funding requests in REIA #24-11 Energy Conservation: MCG & REIA #24-12 Exelon-Pepco Merger Fund, which can be found at <https://www.montgomerycountymd.gov/ore/Resources/Files/24-11-12.pdf>. The preceding assessment can be found in REIA #23-6 Energy Conservation and REIA #23-7 Exelon-Pepco Merger Fund. A portion of the initial review is included below for convenience.

-
- I. **BACKGROUND:** Supplemental Appropriations #23-6 and #23-7 relate to the County's efforts to reduce greenhouse gas emissions by enhancing the energy efficiency of county facilities. Supplemental Appropriation #23-6 will fund a range of activities in 21 county facilities¹ to help fulfill the county's building energy design standards. Supplemental Appropriation #23-7 will support the planning, design, and implementation of energy-saving projects across the County. Both projects support the County's Resilience Hubs, which are facilities that can be used during a major power grid outage as temporary shelters, to store medicine, charge mobile phones, and serve as a central gathering place.

The County's Climate Action Plan²—aimed at reducing greenhouse gas emissions in the County—highlights in a chapter³ called “Racial Equity and Social Justice” the many interlocking inequities in housing, transportation, and health that disproportionately impact Black Indigenous and People of Color and exacerbate the harms of climate change. The chapter concludes with a section on the impacts of environmental racism and racial equity and social justice guiding principles that should be considered across all areas of the CAP. Therefore, any effort to address greenhouse gas emissions or the consequence of major grid outages should consider these principles.

¹ The list of 21 county facilities is in the data analysis section.

² Montgomery County Climate Action Plan: Building a Healthy, Equitable, Resilient Community. June 2021.
<https://www.montgomerycountymd.gov/green/Resources/Files/climate/climate-action-plan.pdf>

³ Montgomery County Climate Action Plan, Page 19-44. Available at:
<https://www.montgomerycountymd.gov/climate/Resources/Files/climate/climate-action-plan.pdf>.

Available information indicates that the 21 facilities were selected based on a combination of operational and safety needs as well as potential greenhouse gas reduction. Each of the 21 selected facilities has a Maryland Department of the Environment (MDE) Socioeconomic Environmental Justice (EJ) Score⁴. The score is a part of the MDE EJ Screening Tool and aims to help users better understand the nature and number of environmental stressors and potential disparities in communities⁵. Importantly, the tool does not instruct users on how to address EJ disparities. Instead, it points to geographies that, because of historical and current environmental inequities, are more likely to be burdened by climate change harms, and it encourages users to enhance outreach and communications with these communities to determine solutions, both immediate and long-term. In Montgomery County, the median score among the 21 selected sites was 28%, with a maximum of 63% found in Silver Spring and a minimum of 8.9% found in Damascus. For context, the score in the New Hampshire Estates neighborhood (census tract 7020) in East County is 98%, while in Poolesville (census tract 7005), it is 10%. It is unclear how these scores factored into the County's selection process, and to what extent areas of greatest need—as measured in the MDE EJ Screening Tool—were prioritized. Using these scores and prioritizing sites and community engagement (either with the scale of investment or immediacy of improvements) would be a strong application of a racial equity lens to this funding request.

In addition, while the full analysis of the Resilience Hubs is beyond the scope of this REIA, their efficacy will be affected by the extent to which community members are aware of and feel welcome to utilize them. This includes conducting outreach activities and providing other services that may be necessary for residents to take full advantage of the Hub, such as transportation to the site.

cc: David Dise, Director, Department of General Services
Tricia Swanson, Director, Strategic Partnerships, Office of the County Executive

⁴ The score uses three socioeconomic indicators based on census data: minority population, poverty rates, and English proficiency.

⁵ Maryland Department of the Environment. Beta MDE Environmental Justice Screening Tool. Available at: <https://mdewin64.mde.state.md.us/EJ/>.