

**To:** Council President Friedson and Council Members  
**From:** The Climate Mobilization, Montgomery County  
**Date:** April 8, 2024  
**RE:** FY25 Budget Request for Buildings Climate Action

Thank you for the opportunity to testify on the proposed FY25 operating budget.

The Climate Action Plan (CAP) states that the buildings sector (covering both commercial and residential buildings) contributes nearly 50% of the total greenhouse gas (GHG) emission inventory in the county. In order to meet the goals of the CAP for 80% reduction in GHG emissions by 2027 and 100% by 2035, we must move aggressively to reduce carbon pollution in this sector for there to be any hope of reaching these targets.

The Climate Mobilization is a member of the Climate Coalition of Montgomery County and agrees with the Coalition's testimony on the overall proposed climate budget. I want to focus my comments on proposed climate budget items for buildings, as contained in the Climate Change chapter (Pages 76-1 thru 76-8).

We are in favor of the base climate action funding and proposed FY25 new funding for buildings, with several requested changes:

1. Building Energy Performance Standards (BEPS)
  - We support the funding for the Department of Environmental Protection (DEP) staff and outreach to support implementation of BEPS, given that we anticipate that the BEPS proposed regulations will be approved by the County Council later this year.
  - We also support new funding for energy audits (\$275K) for under-resourced buildings, but consider this level of funding insufficient to address the need for under-resourced buildings subject to BEPS. The proposed budget will assist only a small number of the many under-resourced buildings. We recommend that this funding be increased to a minimum of \$1M for FY25.
2. Energy Ambassadors
  - We support the new funding (\$200K) to expand the DEP's Energy Ambassadors program staff for additional community outreach to promote climate and energy upgrade incentives available through the Federal Inflation Reduction Act and Bipartisan Infrastructure Law. This will focus on efforts to engage with disadvantaged and overburdened communities.
3. Green Bank
  - We support the continued transfer of funds (\$19.1M) to the Green Bank Non-Departmental Account (NDA) for ongoing programs to provide financial assistance to promote the electrification of commercial and residential buildings.
4. Building Code Compliance

- We support the new funding (\$163K) for two positions in the Department of Permitting Services (DPS) to increase the capacity to review and inspect building code compliance. This will help DPS implement the energy conservation code updates contained in the Climate Action Plan.
5. Single family home home electrification pilot
- We support continuation of the single family home electrification pilot program in FY25 and beyond. This program is a key climate action to encourage electrification of the estimated 200,000 residential homes in the county. The FY23 and FY24 approved budgets each included \$1M for implementation of the pilot, but there is no additional funding proposed in the FY25 budget. We request that the Council add another \$2M to accelerate its implementation.

Last, I want to touch briefly on a recommendation for using Climate Bonds (commonly referred to Green Bonds) to fund climate action for buildings:

- We encourage the County Council to add support next year for the County to act as a guarantor for the Montgomery County Green Bank's proposal to issue a \$50M Green Bond. By acting as a guarantor, the county will enable the Green Bank to enter the Green Bond market and leverage its assets to scale up quickly to meet the County's climate goals, including helping private entities to comply with BEPS requirements. Working through the Green Bank allows the County to:
  - Employ the MoCo Green Bank's project assets to accelerate meeting the goals of the Climate Action Plan.
  - Use the MoCo Green Bank's resources for businesses to comply with regulations.
  - Address the needs of low-income and disadvantaged communities which are often not well served by traditional financing.
- Future Green Bond issuances likely will need less county support, enabling increases in subsequent bond amounts. Ultimately, the Green Bank could issue an aggregate total of \$3 billion and at that stage should have no need for county support.

Thank you for your consideration of these requests.

Karl Held, on behalf of The Climate Mobilization, Montgomery County