



MEMORANDUM

March 1, 2017

TO: Roger Berliner, President
Montgomery County Council

FROM: *Alexandre A. Espinosa*
Alexandre A. Espinosa, Director
Department of Finance

Lisa Feldt, Director *Lisa Feldt*
Department of Environmental Protection

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

We are hereby submitting to the Montgomery County Council the second 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 first annual report in March 2016, the County's C-PACE program has made great strides in outreach to the community, establishing a robust pipeline of potential C-PACE projects; held joint work sessions with the program manager and County designated lender with potential program participants from the lending, contracting, and property owner communities; assisted other jurisdictions within the state to develop the framework and best practices for their own C-PACE programs; and completed the first C-PACE project within the County and the state of Maryland.

The County was proud to announce the first completed project into the C-PACE program earlier this month. The project at the Shady Grove Professional Building and the adjacent Comfort Inn Shady Grove in Gaithersburg includes energy-efficient heating ventilation and air-conditioning (HVAC) upgrades, boiler replacements, LED light installations, and building envelope improvements. This project is expected to save more than 1,600 million British Thermal Units of energy – enough to power approximately 35 homes for a year – and reduce greenhouse gas emissions by more than 330 metric tons



of carbon dioxide equivalent (MTCO₂e) annually, contributing to the County's aggressive climate protection goals. The project is being financed by the County's program designated lender, Greenworks Lending, for approximately \$1.4 million, has a payback period of less than 10 years, and is expected to reduce the buildings' operating costs by approximately \$140,000 annually. Further, this project will provide a more efficient building and greater comfort for 144 medical office tenant employees, 46 retail tenant employees, and 52,000 annual hotel guests that use the building. This project, along with any others completed and submitted to the Department of Finance by May 1, 2017, will be included in the next year's property tax billing.

Throughout 2016, the County's C-PACE program has conducted extensive training and education with building owners, contractors, and other interested stakeholders. In April 2016, the C-PACE program was officially launched during the 2016 Montgomery County Energy Summit, an event with more than 200 attendees. This event highlighted completed C-PACE projects around the region and provided training for contractors, lenders, and building owners. With the assistance of PACE Financial Servicing, the County's program manager and Greenworks Lending, the County has held both large outreach events such as contractor trainings and also hosted one-on-one meetings with building owners. In November 2016, Pepco, the County's largest electricity utility, invited the County to present on the C-PACE program at their Trade Ally contractor meeting to discuss how Pepco's utility incentives can work in tandem with C-PACE financing. In 2017, the C-PACE program is planning "lunch-and-learn" events with area economic development organizations and chambers of commerce, and the program will expand its regional lender education and outreach.

In October 2016, the County and the program manager were also proud to launch the MC-PACE.com website for the C-PACE program. This transparent website allows for interested building owners, contractors, and lenders to easily access program documents including the program application, as well as a list of registered contractors who have received C-PACE training from the County.

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. The Department of Finance and the Department of Environmental Protection are proud of the successes made to date, and we look forward to having more projects to share with the Council in the March 2018 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

Hans Riemer, Vice President, Montgomery County Council

Bonnie Kirkland, Assistant Chief Administrative Officer