




MEMORANDUM

March 15, 2021

TO: Tom Hucker, President
Montgomery County Council

FROM: Michael Coveyou, Director 
Department of Finance

Adam Ortiz, Director 
Department of Environmental Protection

SUBJECT: 2021 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."

The global health pandemic greatly impacted the commercial building sector. In the beginning of the pandemic, building owners and contractors were unable to undertake energy efficiency projects safely, and the utility companies restricted or stopped work on energy efficiency projects eligible for EmPOWER Maryland incentives out of an abundance of caution. Thus, the County saw a significant drop in C-PACE pipeline and project applications in 2020. However, now that energy contractors are able to perform upgrades with necessary safety precautions and projects using EmPOWER Maryland incentives can resume, the County anticipates a resurgence of C-PACE projects that may also aid in a local economic revitalization.

In November 2020, the County's contractual relationship with the inaugural Program Manager and County Designated Lender came to a close. Now that C-PACE has developed into an established program, the County will retire the designated lender concept. With this change, the County anticipates greater participation of capital providers in the program.



The County is pleased to announce that the Montgomery County Green Bank has taken over Program Administrator responsibilities as of January 2021. The Green Bank’s trusted status with capital providers, building owners, and energy service contractors made the transition of program management a logical next step for the County’s C-PACE program. Updated application forms, transparent guidance documents, a new web presence, and other program enhancements are anticipated in early 2021.

In September 2020, the County processed and remitted payment the third cycle of C-PACE assessment collections due on the property tax bills. The total collection amount for all C-PACE assessment payments in 2020 equaled \$395,484 which was remitted to the C-PACE program manager for disbursement to private lenders. In 2020, the County was informed by the County Designated Lender that three C-PACE loan balances have been successfully paid in full, which are indicated below in Table 1, as well as four additional loan balances that are pending payoff confirmation documentation:

Table 1: Accepted 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	Loan Pay-off Date
Shady Grove Professional Building / Comfort Inn Shady Grove	Hotel/ Office	Gaithersburg	\$1,436,019	1,624	20 years	3/10/2017	5/7/2020
The Glens on Battery Lane	Multi-family	Bethesda	\$500,685	577	20 years	11/28/2017	-
The Middlebrooke Apartments	Multi-family	Bethesda	\$635,422	874	20 years	11/28/2017	1/31/2020
The Glens on Battery Lane	Multi-family	Bethesda	\$551,581	567	20 years	2/15/2018	-
Wellington Apartments	Multi-family	Chevy Chase	\$290,181	152	20 years	2/15/2018	-
Glen Brook Apartments	Multi-family	Bethesda	\$402,546	219	20 years	2/15/2018	-
Glenmont Apartments	Multi-family	Bethesda	\$421,095	249	20 years	2/15/2018	-
The Drake	Multi-family	Chevy Chase	\$537,337	896	20 years	2/15/2018	-
Wildwood Medical Center	Office	Bethesda	\$638,849	961	20 years	2/21/2018	-
Bradley/ Strathmore Apartments	Multi-family	Chevy Chase	\$481,710	740	20 years	4/9/2018	-
Exchange Place	Office	Rockville	\$1,974,843	2,719	20 years	7/31/2018	5/15/2020
The Dorset	Multi-family	Bethesda	\$556,364	1,719	20 years	9/17/2018	-
Best Western Plus Rockville Hotel & Suites	Hotel	Rockville	\$1,611,899	515	20 years	TBD	-

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Despite the COVID-19 pandemic, the County's C-PACE program has continued to engage with the building owner, contractor, and lending community through limited virtual outreach and education events and newsletters. The County looks forward to partnering with the Montgomery County Green Bank in 2021 on a robust outreach campaign for the C-PACE program, as well as the other financial products the Green Bank provides to commercial and multifamily building owners.

The C-PACE program continues to build on the strong foundation put in place since the program's inception in FY 2016. Now that the C-PACE program resides within the Green Bank alongside their other financial products for building owners, the County anticipates additional project growth, new capital providers, and increased outreach and education about C-PACE to owners, contractors, and lenders. The Departments of Finance and Environmental Protection are proud of the successes made to date, and we look forward to having a wider array of future and completed 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
Richard Madaleno, Chief Administrative Officer
Gabe Albornoz, Vice President, Montgomery County Council
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