

MEMORANDUM

TO: City Council

FROM: David J. Deutsch
City Manager

SUBJECT: *Status Report*

DATE: March 28, 2013

1. Fitch Ratings

Fitch Ratings has affirmed the City's AAA rating on its 2009 general obligation bonds, with a rating outlook of stable. The key rating drivers according to Fitch were:

- Strong financial management
- Proximity to diverse labor markets
- Above-average socioeconomic factors
- Low debt burden

2. Bowie Business Innovation Center (Bowie BIC)

Attached is the Incubator's report for the first quarter of 2013.

3. Maryland Smart Energy Communities Grant

The City has been contacted by the Maryland Energy Administration (MEA) indicating that the City is eligible for a \$44,627 Maryland Smart Energy Communities Grant. This is a new program being administered by MEA with assistance from the University of Maryland. The dollar amount of the grant is based on the number of potential applicants and the population of the City. In order to participate in this grant, the City must agree to establish policies in two of the following three areas:

- **Energy Efficiency:** Establish an electricity consumption baseline and develop a plan with the goal to reduce per-square foot electricity consumption in City-owned buildings by 15% within five years of the baseline.
- **Renewable Energy:** Reduce conventional centralized electricity generation serving a local government's buildings by meeting 20% of those buildings' electricity demand with distributed, renewable energy generation by 2022.
- **Petroleum Reduction:** Establish a petroleum consumption baseline for all local government vehicles, and put in place a comprehensive program designed to reduce the baseline by 20% within five years of the baseline year.

City staff has spoken with staff at MEA and explained our concern about our ability to meet the objectives that MEA has adopted for this program. Staff is also concerned

about the potential for having to engage a consultant to put the baseline numbers together. MEA exhibited some flexibility concerning how the City could establish baseline numbers. However, the bottom line is that the City cannot in good faith assert that we can achieve a 15% reduction in electricity usage, provide 20% of electric demand with distributed renewable energy generation or achieve a 20% reduction in fuel usage over a five-year period.

MEA staff suggested that the City check the box that says:

- We do not intend to pass two of the three policies during the calendar year 2013, but we are interested in getting started with technical assistance from MEA. We understand that we will not be eligible for project funding in the first round of this program, but may be eligible for funding in a future year.

MEA staff also suggested that we provide feedback to MEA as to why we made the decision we did so MEA can refine and alter this program going forward, if it gets funding beyond the first year.

Without a major alteration in the way the City provides services, the 15% reduction in electric usage, the 20% renewable energy goal, and the 20% reduction in fuel usage are not attainable. Staff proposes that we take the advice of MEA and check the box that we are not interested in obtaining funding in the first year of the program, but perhaps receive some technical assistance from MEA this year and leave the door open for potential future funding. This information, along with a modified grant application will be submitted to MEA by the April 5th deadline.

Even though it is not practical to pursue the grant at this time, staff will continue to strive to reduce energy consumption and enhance the use of renewable energy in City operations. However, we want to be realistic about what we are able to achieve and be able to back this up with hard numbers.