



Committee: Directly to Council
Committee Review: N/A
Staff: Keith Levchenko, Senior Legislative Analyst
Christine Wellons, Senior Legislative Attorney
Purpose: To receive testimony/final action - vote expected
Keywords: #SpecialProjectsLegislation and CIP

AGENDA ITEM #6
June 17, 2025
Public Hearing/Action

SUBJECT

Expedited Bill 15-25, Special Capital Improvements Projects – New Organics Processing Facility (P802508)

DESCRIPTION/ISSUE

- Section §302 of the County Charter and Section §20-1 of the County Code require certain capital improvement projects to be individually authorized by law if the locally funded cost is projected to exceed the “Special Projects Legislation threshold.” The threshold is \$25,190,000 in FY26 dollars.
- On May 15, 2025, the County Executive transmitted a request for a Special Capital Improvements Project bill associated with the Approved FY25-30 Capital Improvements Program for the New Organics Processing Facility (P802508).
- A public hearing on the bill is scheduled for June 17, 2025 with action scheduled immediately after the public hearing.

COUNCIL STAFF RECOMMENDATION

- Council Staff recommends approval of Expedited Bill 15-25 as it is consistent with the Approved FY25-30 Capital Improvements Program recently amended by the Council on May 22, 2025.

This report contains:

	<u>Page #</u>
• Expedited Bill 15-25	©1-2
• Executive Transmittal	
• Memorandum	©3-4
• Draft Legislation	©5-6
• Project Description Form	©7-8
• Legislative Request Report	©9
• Fiscal Impact Statement	©10
• Executive Transmittal – Special Capital Improvements Project Cost Criterion	©11-12
• Climate Assessment - Office of Legislative Oversight	©13-17
• Economic Impact Statement – Office of Legislative Oversight	©18-23

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Expedited Bill No. 15-25
Concerning: Special Capital
Improvement Project - New
Organics Processing Facility
(P802508)
Revised: 5/16/2025 Draft No. 1
Introduced: _____
Expires: December 7, 2026
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: None
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the Request of the County Executive

AN EXPEDITED ACT to:

- (1) authorize the planning, design, and construction of the New Organics Processing Facility (P802508) project in the Little Monocacy Basin Dickerson-Barnesville area.

By adding to:

Laws of Montgomery County 2025

Boldface	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

The County Council for Montgomery County, Maryland approves the following Act:

Sec. 1. The Laws of Montgomery County 2025 are amended to add the following:

Montgomery County, Maryland, is authorized to construct the New Organics Processing Facility (P802508) in the Little Monocacy Basin Dickerson-Barnesville area.

Sec. 2. Expedited Effective Date. The Council declares that this Act is necessary for the immediate protection of the public interest. This Act takes effect on the date on which it becomes law.



OFFICE OF THE COUNTY EXECUTIVE


Marc Elrich
County Executive

Richard S. Madaleno
Chief Administrative Officer

MEMORANDUM

May 15, 2025

TO: Kate Stewart, President
Montgomery County Council

FROM: Marc Elrich, County Executive 

SUBJECT: Special Capital Improvements Project Legislation: New Organics Processing Facility (P802508)

In accordance with Section 302 of the County Charter and Section 20-1 of the Montgomery County Code, I am forwarding the attached Special Capital Improvements Project Legislation Authorization and Legislative Request Report for the New Organics Processing Facility (P802508).

Authorization is needed for this project because the County Code requires certain capital improvement projects to be individually authorized by law if the locally funded cost is projected to exceed \$25,190,000 in FY26 dollars. The estimated locally funded cost of this project in the FY26 Capital Budget and Amended FY25-30 Capital Improvements Program is \$28,000,000 for planning, design, construction, and other costs.

The New Organics Processing Facility will process food scraps into a marketable soil amendment and allow the implementation of a countywide food scraps collection program, which is currently limited in scale because there is no facility with capacity for the waste that would be generated by a Countywide program.

I recommend prompt passage of this legislation to advance this project.

Enclosures: Special Capital Improvements Project Legislation – New Organics Processing Facility (P802508)

cc: Cecily Thorne, Chief of Staff to the Council President
Craig Howard, Executive Director, Montgomery County Council
Richard S. Madaleno, Chief Administrative Officer, Office of the County Executive

Fariba Kassiri, Deputy Chief Administrative Officer, Office of the County Executive
Ken Hartman Espada, Assistant Chief Administrative Officer, Office of the County Executive
Tricia Swanson, Director of Strategic Partnerships, Office of the County Executive
Jennifer R. Bryant, Director, Office of Management and Budget
Jon Monger, Director, Department of Environmental Protection

Bill No. _____
Concerning: New Organics
Processing Facility
Revised: _____
Draft No. _____
Introduced: _____
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: None
Ch. ___, Laws of Mont. Co. 2025

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the Request of the County Executive

AN ACT to authorize the planning, design, and construction of the New Organics Processing Facility (P802508) project in the Little Monocacy Basin Dickerson-Barnesville area.

By adding to the laws of Montgomery County 2025

Boldface	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

The County Council for Montgomery County, Maryland approves the following Act:

Section 1. The laws of Montgomery County, Maryland, are amended to read as follows:

Montgomery County, Maryland, is authorized to construct the New Organics Processing Facility (P802508) in the Little Monocacy Basin Dickerson-Barnesville area.

Approved:

Kate Stewart, President, County Council

Date

Approved:

Marc Elrich, County Executive

Date

This is a correct copy of Council action.

Sara R. Tenenbaum., Clerk of the Council

Date

New Organics Processing Facility (P802508)

Category	Recycling and Resource Management	Date Last Modified	09/19/24
SubCategory	Recycling and Resource Management	Administering Agency	Environmental Protection
Planning Area	Little Monacacy Basin Dickerson-Barnesville	Status	Preliminary Design Stage

Total	Thru FY24	Rem FY24	Total 6 Years	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30	Beyond 6 Years
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EXPENDITURE SCHEDULE (\$000s)

Planning, Design and Supervision	3,000	-	-	3,000	1,800	600	600	-	-	-	-
Site Improvements and Utilities	7,500	-	-	7,500	-	3,750	3,750	-	-	-	-
Construction	17,000	-	-	17,000	-	8,500	8,500	-	-	-	-
Other	500	-	-	500	200	150	150	-	-	-	-
TOTAL EXPENDITURES	28,000	-	-	28,000	2,000	13,000	13,000	-	-	-	-

FUNDING SCHEDULE (\$000s)

Current Revenue: Solid Waste Disposal	3,500	-	-	3,500	2,000	750	750	-	-	-	-
Revenue Bonds	24,500	-	-	24,500	-	12,250	12,250	-	-	-	-
TOTAL FUNDING SOURCES	28,000	-	-	28,000	2,000	13,000	13,000	-	-	-	-

OPERATING BUDGET IMPACT (\$000s)

Maintenance				473	-	-	-	200	132	141
Energy				38	-	-	-	17	10	11
Program-Other				1,135	-	-	-	325	395	415
NET IMPACT				1,646	-	-	-	542	537	567

APPROPRIATION AND EXPENDITURE DATA (\$000s)

Appropriation FY 26 Request	13,000	Year First Appropriation	FY25
Cumulative Appropriation	2,000	Last FY's Cost Estimate	28,000
Expenditure / Encumbrances	-		
Unencumbered Balance	2,000		

PROJECT DESCRIPTION

Currently the County does not have a facility capable of accepting food scraps and other compostable organics. The existing County Yard Trim Compost Facility in Dickerson, MD could be modified to comply with MDE permit requirements. Modifications would include the installation of a Covered Aerated Static Pile ("CASP") system, improvements to storm water management structures and systems and the upgrade to the electrical service.

Any significant change in the operation of the Yard Trim Compost Facility would require an amendment of the Agreement of Settlement and Compromise between the County and Sugarloaf Citizens Association.

The construction dollars shown in this project are placeholder dollars based on initial information for modifying the County's Yard Trim Compost Facility to accept food scraps and other compostable organics.

FY25 Planning and Design expenditures may be used to develop potential scopes of work and cost estimates for building an organics processing facility at other locations in Montgomery County as well as to consider modifications needed at the Transfer Station to receive organics for transport to a future organics processing facility.

LOCATION

21210 Martinsburg Road, Dickerson, MD 20842

ESTIMATED SCHEDULE

Planning and design will begin in FY25. This project is projected to be completed in FY27.

PROJECT JUSTIFICATION

According to the 2023 Waste Composition Study, Compostable Organics make up 23% of the municipal solid waste (MSW) received at the transfer station. Of the 600,000 tons of MSW received at the transfer station each year, approximately 138,000 tons is compostable organics. Capturing the compostable organics and converting them into a high-quality soil amendment would reduce the total tons of waste processed at the Resource Recovery Facility and emit far less greenhouse gasses than landfilling.

FISCAL NOTE

Solid Waste (Disposal Fund) Revenue Bonds will be issued to support this project.

DISCLOSURES

A pedestrian impact analysis will be performed during design or is in progress.

COORDINATION

Maryland Department of the Environment, Department of Permitting Services, Department of Finance, Department of Transportation, Office of the County Attorney, Office of Management and Budget, Sugarloaf Citizens Association

Bill XX - XX
New Organics Processing Facility (P802508)
Legislative Request Report

1. **Description** - The County Executive requests that capital project No. 802508, the New Organics Processing Facility (P802508), be authorized as a “Special Capital Improvements Project” pursuant to Section §302 of the County Charter and Section §20-1 of the Montgomery County Code.
2. **Problem** - Section §302 of the County Charter and Section §20-1 of the County Code require certain capital improvement projects to be individually authorized by law if the locally-funded cost is projected to exceed \$25,190,000 in FY26 dollars. The estimated locally-funded cost of this project in the FY26 Capital Budget and Amended FY25-30 Capital Improvements Program is \$28,000,000 for planning, design, construction, and other costs.
3. **Goals and Objectives** - This project provides for planning, design and construction of a New Organics Processing Facility that will process food scraps into a marketable soil amendment and allow the implementation of a countywide food scraps collection program, which is currently limited in scale because there is no facility with capacity for the waste that would be generated by a countywide program. The project will be funded through the Solid Waste Disposal Fund with Current Revenue and Revenue Bonds.
4. **Coordination** - This project has been coordinated with the Maryland Department of the Environment, Department of Permitting Services, Department of Finance, Department of Transportation, Office of the County Attorney, Office of Management and Budget, and the Sugarloaf Citizens Association.
5. **Fiscal Impact** – Not Applicable.
6. **Impact** – Not applicable
7. **Evaluation** - Capital projects are evaluated biennially by the County Executive and County Council as part of the Capital Improvements Program review.
8. **Experience Elsewhere** - Not Applicable.
9. **Sources of Information** – Department of Environmental Protection.
10. **Applications Within Municipalities** - Not Applicable.
11. **Penalties** - None Required.



Fiscal Impact Statement

Office of Management and Budget

Bill XX-25	Special Capital Improvements Project -- New Organics Processing Facility (P802508)
Bill Summary	Section §302 of the County Charter and Section §20-1 of the County Code require certain capital improvement projects to be individually authorized by law if the locally-funded cost is projected to exceed \$25,190,000 in FY26 dollars. The estimated locally-funded cost of the New Organics Processing Facility in the FY26 Capital Budget and Amended FY25-30 Capital Improvements Program is \$28,000,000 for planning, design, and construction costs.
Fiscal Impact Summary	There are no expenditures or revenues associated with this bill. The bill serves only to authorize the designation of the New Organics Processing Facility (P802508) project as a Special Capital Improvement Projects.
Fiscal Impact Analysis	This bill is not estimated to impact revenues or expenditures. The New Organics Processing Facility was approved in prior years, and this legislation serves only to authorize the designation of the New Organics Processing Facility (P802508) project as a Special Capital Improvement Projects.
Staff Impact	The bill is not expected to impact staff time or duties.
Actuarial Analysis	The bill is not expected to impact retiree pension or group insurance costs.
Information Technology Impact	The bill is not expected to impact the County Information Technology (IT) or Enterprise Resource Planning (ERP) systems.
Other Information	
<i>Later actions that may impact revenue or expenditures if future spending is projected</i>	The bill does not authorize future spending.
<i>Sources of information</i>	Department of Environmental Protection, Office of Management and Budget
<i>Contributors</i>	Richard H. Harris





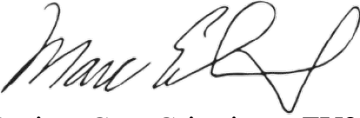
OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

MEMORANDUM

January 15, 2025

TO: Kate Stewart, President
Montgomery County Council

FROM: Marc Elrich, County Executive 

SUBJECT: Special Capital Improvements Project Cost Criterion – FY26 Capital Budget & Amendments to the FY25-30 Capital Improvements Program

Attached is an Executive Order establishing a cost criterion of \$25,190,000 for capital projects applicable to the Special Projects Legislation in the FY26 Capital Budget and Amendments to the FY25-30 Capital Improvements Program (CIP).

I will forward, under separate cover, legislation necessary to enact into law those CIP projects that require special capital projects authorization.

ME:cbs:njw

cc: Cecily Thorne, Chief of Staff to the Council President, Montgomery County Council
Craig Howard, Executive Director, Montgomery County Council
Richard S. Madaleno, Chief Administrative Officer, Office of the County Executive
Fariba Kassiri, Deputy Chief Administrative Officer, Office of the County Executive
Jennifer R. Bryant, Director, Office of Management and Budget
Rachel Silberman, Capital Budget Manager, Office of Management and Budget



MONTGOMERY COUNTY EXECUTIVE ORDER

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland
20850

Subject CIP COST CRITERION FOR SPECIAL CAPITAL IMPROVEMENTS PROJECTS FY26	Executive Order 001-25	Subject Suffix
Department OFFICE OF MANAGEMENT AND BUDGET	Department No. 31	Effective Date 01/15/2025

WHEREAS, Section 20-1 of the Montgomery County Code titled "Authorization of Special Capital Improvements Projects by Law," effective February 23, 1979, provides that non-emergency County Government capital improvement projects estimated to cost at least four million dollars must be approved by a law enacted by the County Council, prior to receiving further appropriation, and that the County Executive shall, by annual Executive Order revise the four million dollar cost criterion for all major facilities to reflect the annual change in the latest published composite construction cost index established by the United States Department of Commerce; and

WHEREAS, the original cost criterion utilized by the County was \$4,000,000 for Special Capital Improvements projects; and,

WHEREAS, the Office of Management and Budget has established the procedure utilized below to ensure consistency in the annual calculation of the cost criterion; and,

WHEREAS, the applicable composite construction cost index (2005=100) established by the U.S. Department of Commerce (U.S. Census Bureau) published in the "Price Deflator (Fisher) Index of New Single-Family Houses Under Construction" (1964 to 2020), was 30.6 for June 1978 and 192.7 for June 2024; and,

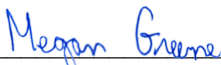
WHEREAS, the increase in the applicable composite construction cost index of 108 since 1978 indicates that the cost criterion established for Special Capital Improvements projects for fiscal year 2026 (July 1, 2025 - June 30, 2026) should be \$21,190,000 greater than the original cost criterion;

NOW THEREFORE, the County Executive for Montgomery County, Maryland, hereby establishes the cost criterion at \$25,190,000 in accordance with Section 20-1 of the County Code, for the FY26 Capital Budget and Amendments to the Fiscal Years 25-30 Capital Improvements Program.

Approved:


Marc Elrich, County Executive

Approved as to Form and Legality
Office of the County Attorney

By:  1/9/2025
Megan Greene
Assistant County Attorney

Climate Assessment

Office of Legislative Oversight

EXPEDITED

SPECIAL CAPITAL IMPROVEMENTS

BILL 15-25:

**PROJECT – NEW ORGANICS PROCESSING
FACILITY (P802508)**

SUMMARY

The Office of Legislative Oversight (OLO) anticipates Expedited Bill 15-25 will have a positive impact on the County's contribution to addressing climate change as if authorized, the proposed facility would divert food waste from County landfills, reducing the amount of greenhouse gas emissions released.

BACKGROUND AND PURPOSE OF EXPEDITED BILL 15-25

The Montgomery County Charter requires the County Executive to prepare, and the Council to adopt, a biennial Capital Improvements Program (CIP).¹ The CIP is a six-year plan for long-term investments in County facilities and infrastructure, commonly referred to as "capital projects" such as schools, transportation systems, and libraries. The CIP can be amended between biennial updates to address changing needs and priorities. The annual Capital Budget, also developed by the County Executive and approved by the Council, provides yearly appropriations for capital projects and must be consistent with the CIP.² County law further requires the Council to individually authorize any project in the Capital Budget and CIP, called a "special capital improvement project," if the locally funded cost exceeds a certain threshold—currently \$25,190,000 in FY26 dollars.³

The purpose of Expedited Bill 15-25 is to authorize the planning and construction of a capital improvement project, a new organics processing facility. Under County law, the Council must authorize "Special Capital Improvements Projects" if their local costs exceed a given threshold, which is set at \$25,190,000 in FY26 dollars.⁴

The New Organics Processing Facility would process food scraps into soil amendments which could then be sold. It would also allow the expansion of the current limited food scraps collection program to a Countywide program, as no facility in the County has the capacity to process the waste that would be generated by a Countywide program. An existing facility that processes yard trimmings located in the Little Monocacy Basin Dickerson-Barnesville area is planned to be modified to process food scraps.⁵

It is estimated the locally funded cost of this project will total \$28,000,000 for planning, design, construction, and other costs. Since the anticipated cost of the project exceeds the FY26 local funding threshold, the Executive needs the Council's authorization through legislation to continue the project. Expedited Bill 15-25, Special Capital Improvements Projects – New Organics Processing Facility was introduced on May 22, 2025.⁶

METHODOLOGIES, ASSUMPTIONS, AND UNCERTAINTIES

Methodology. OLO spoke with County staff, reviewed County reports on municipal solid waste and reviewed literature on environmental impacts of composting and food scrap processing facilities.

Assumptions. This assessment assumes that if the project is authorized, it will be built. Currently, a revision to the County’s agreement with the Sugarloaf Citizens Association, a HOA near the proposed site, would be needed to proceed with the modification of the existing compost facility in Dickerson.⁷ OLO notes there are two more potential sites for the facility, the transfer station in Derwood and “Site 2” in Dickerson.

Uncertainties. It is uncertain how many multi-family homes would participate in food scraps collection services as it is not currently required by the County to divert food scraps from trash. All single family homes would have food scrap collection services as trash and recycling services are implemented by the County, but multi-family properties’ services are managed by the property owner. Therefore, it is unknown how much food waste generated by multi-family homes would be diverted from the landfill and sent to the processing facility.

ENVIRONMENTAL IMPACTS OF FOOD SCRAP DIVERSION

According to the most recent County waste composition study conducted in 2023, out of all solid waste in the County generated by residential, commercial, industrial and other activities, food scraps and other compostable organics make up 23% of all solid waste received at the transfer station. This means that of the 600,000 tons of solid waste received at the transfer station each year, approximately 138,000 tons is compostable organics.⁸ Within the residential sector, it was estimated that single-family and multi-family residences disposed of 61,000 tons of food scraps annually.⁹ According to DEP staff, food waste represents the “single biggest opportunity for the County to substantially increase its waste diversion.”¹⁰

Currently, there is not a Countywide food scraps recycling program but there are food scrap recycling drop off locations around the County as well as a pilot curbside composting program available in certain neighborhoods.¹¹ Food scraps collected from these limited programs are transported to facilities in Prince George’s and Howard County for processing.

Food waste can be diverted from the landfill and instead be converted into high quality soil amendments via processing facilities. Composting and conversion of food scraps have multiple benefits on the environment such as:

- Diverting compostable organic waste from landfills reduces methane emissions, a type of greenhouse gas¹²;

- Soil amendments improve the physical properties of gardens and lawns, such as water retention, permeability, and drainage.¹³ Better absorption and retention of water helps to reduce erosion and flooding during periods of heavy rain and retain water during droughts¹⁴;
- Soil amendments can also reduce the use of fertilizers and pesticides, which can have negative environmental effects such as nutrient runoff into waterways. Further, compost slowly releases and retains nutrients in the soil which reduces nutrient runoff into waterways;¹⁵ and
- Compost can help store carbon in the soil and prevent it from being released as greenhouse gases.¹⁶

ANTICIPATED IMPACTS

Capital improvement planning is an important tool for local jurisdictions to systematically identify, budget, and prioritize investment in local projects. If authorized, the proposed project would upgrade the existing yard trim composting facility in Dickerson to accept food scraps Countywide. The upgraded facility is expected to be able to process commercial and residential¹ food waste.

Greenhouse Gas Emissions. While there will be greenhouse gas emissions associated with the construction of the facility and transportation of food scraps to the facility, food scraps in the County’s municipal solid waste stream will be diverted from the landfill and instead processed into soil amendments. Diversion of waste from the landfill would decrease methane emissions associated with the County’s landfill and soil amendments can be used in lawns and gardens around the County – aiding in the storage of carbon in soil. According to DEP, the facility would have the capacity to compost 100,000 to 125,000 tons per year of food scraps in addition to yard trim the existing facility already processes.¹⁷ This would be able to accommodate the potential amount of food scraps to be collected under a residential curbside program and any drop-off of commercial food waste.¹⁸ While there are emissions associated with construction, there are ways to decrease emissions and ultimately, this facility would decrease County emissions associated with landfills.¹⁹

Community Resilience. OLO is unable to predict the amount of soil amendments that would be produced from the facility and how much of the soil amendments would be used in soil around the County. However, there is opportunity for improved climate resilience if soil amendments are used in County-managed land, such as parks. Soil amendments can improve soils’ ability to both retain water and improve drainage, which can reduce flooding during periods of heavy rain and retain water during heavy periods of drought. This also reduces the amount of nutrient runoff in nearby waterways, which can improve river and stream health.²⁰

¹ Residential food scraps would include all single-family homes and some multi-family homes. Collection of waste is managed by the property owner, not by the County, so it is unknown how many multi-family homes would opt into food scrap collection services. Further, the County does not currently require that food scraps be diverted from trash. However, the County does provide technical assistance to multi-family properties to implement food scrap collection programs.

RECOMMENDED AMENDMENTS

The Climate Assessment Act requires OLO to offer recommendations, such as amendments or other measures to mitigate any anticipated negative climate impacts.²¹ OLO does not offer recommendations or amendments as Expedited Bill 15-25 is likely to have a positive impact on the County's contribution to addressing climate change, including the reduction and/or sequestration of greenhouse gas emissions, community resilience, and adaptative capacity.

CAVEATS

OLO notes two caveats to this climate assessment. First, predicting the impacts of legislation upon climate change is a challenging analytical endeavor due to data limitations, uncertainty, and the broad, global nature of climate change. Second, the analysis performed here is intended to inform the legislative process, not determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

PURPOSE OF CLIMATE ASSESSMENTS

The purpose of the Climate Assessments is to evaluate the anticipated impact of legislation on the County's contribution to addressing climate change. These climate assessments will provide the Council with a more thorough understanding of the potential climate impacts and implications of proposed legislation, at the County level. The scope of the Climate Assessments is limited to the County's contribution to addressing climate change, specifically upon the County's contribution to greenhouse gas emissions and how actions suggested by legislation could help improve the County's adaptative capacity to climate change, and therefore, increase community resilience.

While co-benefits such as health and cost savings may be discussed, the focus is on how proposed County bills may impact GHG emissions and community resilience.

CONTRIBUTIONS

OLO staffer Kaitlyn Simmons drafted this assessment.

¹ [Montgomery County Charter](#), "Sec. 302. Six-Year Programs for Public Services, Capital Improvements, and Fiscal Policy," Accessed June 3, 2025.; [Montgomery County Maryland Operating Budget](#), "Capital Improvements Program (CIP)", Accessed June 3, 2025.

² [Montgomery County Charter](#), "Sec. 303 Capital and Operating Budgets", Accessed June 3, 2025.

³ [Montgomery County Code](#), "Sec. 20-1. Authorization of Special Capital Improvement Projects by Law", Accessed June 3, 2025.

⁴ [Montgomery County Council](#), Introduction Staff Report for Expedited Bill 15-25, Introduced May 22, 2025.

⁵ [Ibid.](#)

⁶ [Ibid.](#)

⁷ [Montgomery County Council](#), FY25-30 Capital Improvements Program: Recycling and Resource Management: New Organics Processing Facility, May 8, 2024.

⁸ [Montgomery County Council](#), Introduction Staff Report for Expedited Bill 15-25, Introduced May 22, 2025.

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- ⁹ [Department of Environmental Protection: Recycling and Resource Management Division](#), "2022-2023 Montgomery County Waste Composition Study, April 18, 2023.
- ¹⁰ [Montgomery County Council](#), FY25-30 Capital Improvements Program: Recycling and Resource Management: New Organics Processing Facility, May 8, 2024.
- ¹¹ [Department of Environmental Protection](#), "Single Family Residential Food Scraps Recycling Pilot, Accessed 6/4/2025.; [My Green Montgomery](#), "Food Scraps Recycling Drop-Off Program", Accessed 6/4/2025.
- ¹² [Somers, J. C.](#), "Household Landfill Diversion and the Impact on Methane Emissions", June 2025.
- ¹³ [University of Maryland Extension](#), "Soil Amendments and Fertilizers: Fertilizing Guidelines Included by Plant Group", 2013.
- ¹⁴ [U.S. Environmental Protection Agency](#), "Composting", Accessed 6/3/2025.
- ¹⁵ [U.S. Environmental Protection Agency](#), "Composting at Home", Accessed 6/3/2025.
- ¹⁶ [Natural Resources Defense Council](#), "Compost is a Climate Solution", December 5, 2023.; [UC Davis College of Agricultural and Environmental Sciences](#), "Compost Key to Sequestering Carbon in the Soil", August 21, 2019.
- ¹⁷ [Montgomery County Council](#), FY25-30 Capital Improvements Program: Recycling and Resource Management: New Organics Processing Facility, May 8, 2024.
- ¹⁸ Ibid.
- ¹⁹ [United Nations Environmental Programme](#), "Building materials and the Climate: Constructing a New Future", September 12, 2023.
- ²⁰ [Natural Resources Defense Council](#), "Compost is a Climate Solution", December 5, 2023.; [UC Davis College of Agricultural and Environmental Sciences](#), "Compost Key to Sequestering Carbon in the Soil", August 21, 2019.
- ²¹ Bill 3-22, Legislative Branch – Climate Assessments – Required, Montgomery County Council, Effective date October 24, 2022

Economic Impact Statement

Montgomery County, Maryland

Expedited Bill 15-25

Special Capital Improvements Project – New Organics Processing Facility (P802508)

SUMMARY

The Office of Legislative Oversight (OLO) anticipates that enacting Expedited Bill 15-25 would positively impact economic conditions in the County in terms of the Council's priority economic indicators. By authorizing the special appropriation for the New Organics Processing Facility project within the FY25-30 Capital Improvements Program (CIP), the Bill would permit the County to finance the project primarily through the Solid Waste Disposal Fund with revenue bonds and current revenues (Solid Waste Disposal).

The Bill would directly affect certain County businesses engaged in the planning, design, and construction of the facility—primarily those in the nonresidential construction industry. These impacts would likely occur through the County's Local Small Business Reserve Program (LSBRP). If LSBRP applies to the project, local businesses could receive at least \$7 million in contracts over its duration. Participating businesses would likely experience increased revenues and business incomes. In addition, the Bill may indirectly benefit other County businesses by generating a multiplier effect, as spending on the facility's construction stimulates additional local economic activity.

Finally, with 58 to 80 percent of County workers also residing locally and local employment requirements in place, a substantial portion of the project's workforce may be County residents. Project-related employment could raise household incomes for County residents through increased wages and job opportunities.

BACKGROUND AND PURPOSE OF EXPEDITED BILL 15-25

The Montgomery County Charter requires the County Executive to prepare, and the Council to adopt, a biennial Capital Improvements Program (CIP).¹ The CIP is a six-year plan for long-term investments in County facilities and infrastructure, commonly referred to as "capital projects" such as schools, transportation systems, and libraries. The CIP can be amended between biennial updates to address changing needs and priorities. The annual Capital Budget, also developed by the County Executive and approved by the Council, provides yearly appropriations for capital projects and must be consistent with the CIP.² County law further requires the Council to individually authorize any project in the Capital Budget and CIP, called a "special capital improvement project," if the locally funded cost exceeds a certain threshold—currently \$25,190,000 in FY26 dollars.³

¹ Montgomery County Charter, "[Sec. 302. Six-Year Programs for Public Services, Capital Improvements, and Fiscal Policy](#)"; Montgomery County Maryland Operating Budget, "[Capital Improvements Program \(CIP\)](#)."

² Montgomery County Charter, "[Sec. 303. Capital and Operating Budgets](#)."

³ Montgomery County Code, "[Sec. 20-1. Authorization of Special Capital Improvement Projects by Law](#)."

The purpose of Expedited Bill 15-25 is to authorize the planning, design and construction of a New Organics Processing Facility that would “process food scraps into a marketable soil amendment and allow the implementation of a countywide food scraps collection program.”⁴ The Executive’s justification for the project is stated in the project description form:

“According to the 2023 Waste Composition Study, Compostable Organics make up 23% of the municipal solid waste (MSW) received at the transfer station. Of the 600,000 tons of MSW received at the transfer station each year, approximately 138,000 tons is compostable organics. Capturing the compostable organics and converting them into a high-quality soil amendment would reduce the total tons of waste processed at the Resource Recovery Facility and emit far less greenhouse gasses than landfilling.”⁵

The New Organics Processing Facility project is estimated to cost \$28,000,000, as included in the FY26 Capital Budget and Amendments to the FY25-30 CIP.⁶ The Executive must attain Council authorization to proceed with the project because its cost exceeds the local funding threshold.⁷

The Council introduced Expedited Bill 15-25, Special Capital Improvements Project – New Organics Processing Facility, on behalf of the County Executive on May 22, 2025.

INFORMATION SOURCES, METHODOLOGIES, AND ASSUMPTIONS

As required by Sec. 2-81B of the Montgomery County Code, this Economic Impact Statement evaluates the impacts of Expedited Bill 15-25 on residents and private organizations in relation to Council’s priority economic indicators. In doing so, it examines whether the Bill would have a net positive or negative impact on overall economic conditions in the County.⁹

Scope: By authorizing the special appropriation for the New Organics Processing Facility project within the FY25-30 CIP, the Bill would permit the County to finance the project through the Solid Waste Disposal Fund with revenue bonds, as well as current revenues (Solid Waste Disposal).¹⁰ This analysis focuses on analyzing the economic impacts to County businesses and residents that would be involved in the planning, design, and construction phases of the project.

This analysis does not evaluate the potential economic impacts associated with alternative uses

What Are Revenue Bonds?

Revenue bonds are a form of municipal bond. Municipal bonds are “debt securities” issued by governmental entities, typically to finance capital projects. Purchasers of municipal bonds, whether individual or institutional, effectively lend money to the issuing government in exchange for a promise of regular interest payments and the return of the principal (i.e., the original investment). Unlike G.O. bonds, Revenue bonds are not backed by the “full faith and credit” of the issuing government. Instead, they are backed by revenues from a specific source.⁸

⁴ [Introduction Staff Report for Expedited Bill 15-25](#).

⁵ Ibid. See Legislative Request Report.

⁶ Ibid. See Expenditure Schedule.

⁷ Ibid.

⁸ U.S. Securities and Exchange Commission, “[What Are Municipal Bonds](#),” April 6, 2023; U.S. Securities and Exchange Commission, “[Bonds](#).”

⁹ Montgomery County Code, “[Sec. 2-81B, Economic Impact Statements](#).”

¹⁰ According to the project description form, Revenue bonds would fund approximately 88 percent of the total project cost, or \$24.5 million of the \$28 million total. See Introduction Staff Report.

of the funds allocated to the project, nor does it consider the opportunity cost of County revenues required to service the principal and interest on the revenue bonds over time.

Methodology/Information Sources: This analysis provides a qualitative assessment of the potential economic impacts of the Bill based on data presented in the introduction staff report and established concepts from input-output economic analysis. It also considers the County’s local business participation requirements for capital projects. In addition, to inform projections of local employment on the project, the analysis uses data from the U.S. Census Bureau’s American Community Survey (ACS) for 2019–2023 to estimate the share of workers employed in the County who also reside locally.

VARIABLES

The primary variables that would affect the economic impacts of Expedited Bill 15-25 are the following:

- Percentage of County-based businesses involved in the project; and
- Percentage of resident workers involved in the project.

IMPACTS

WORKFORCE ▪ TAXATION POLICY ▪ PROPERTY VALUES ▪ INCOMES ▪ OPERATING COSTS ▪ PRIVATE SECTOR CAPITAL INVESTMENT ▪ ECONOMIC DEVELOPMENT ▪ COMPETITIVENESS

Businesses, Non-Profits, Other Private Organizations

OLO anticipates that Expedited Bill 15-25 would positively impact certain private organizations in the County in terms of the Council’s priority economic indicators.

The Bill would directly affect certain County businesses engaged in the planning, design and construction of a New Organics Processing Facility, particularly through the County’s Local Small Business Reserve Program (LSBRP). LSBRP requires the County to award 25 percent of procurements for goods, services, and construction to registered and certified local small businesses.¹¹ If LSBRP applies to the project, local businesses could receive at least \$7 million in contracts over the course of the project.

As shown in **Table 1**, most expenditures—88% or \$24.5 million—would go toward construction, site improvements, and utilities, consequently, many of the County businesses participating as prime or subcontractors would likely be within the nonresidential construction industry, including general contractors, utility system builders, and specialty trade contractors.

Local businesses participating in the project would likely experience increased revenues, leading to higher business incomes, assuming other factors remain constant. Certain businesses may also expand their workforces to meet the project’s labor demands, supporting local employment growth, as discussed below.

Furthermore, the Bill may indirectly benefit other County businesses. Spending on planning, design, and construction phases of the New Organics Processing Facility would likely generate a multiplier effect, where initial local government expenditures induce subsequent rounds of spending that would positively impact

¹¹ Montgomery County Office of Procurement, “[Local Small Business Reserve Program \(LSBRP\)](#).”

various economic indicators.¹² To illustrate, constructing the facility would increase income for certain workers directly involved in the project, potentially increasing their demand for local goods and services. Higher demand, in turn, could raise revenues and incomes for other businesses in the County.

Although data limitations prevent OLO from quantifying the multiplier effect of the New Organics Processing Facility, it is important to note the magnitude of this effect would depend largely on the degree of participation by County-based businesses and workers.¹³

Beyond these potential impacts, OLO does not anticipate that the Bill would affect other private organizations in the County in terms of the Council's priority economic indicators.

Table 1. Expenditure Schedule for the New Organics Processing Facility

Category	Amount (\$ million)	% of Total Expenditures	Potential Industries Involved (NAICS code)
Planning, Design, and Supervision	\$3	11%	<ul style="list-style-type: none"> - Architectural Services (541310) - Engineering Services (541330) - Environmental Consulting Services (541620) - Project Management Services (541611)
Site Improvements and Utilities	\$7.5	27%	<ul style="list-style-type: none"> - Site Preparation Contractors (238910) - Water and Sewer Line Construction (237110) - Power and Communication Line Construction (237130)
Construction	\$17	61%	<ul style="list-style-type: none"> - Industrial Building Construction (236210) - Electrical Contractors and Other Wiring Installation Contractors (238210) - Plumbing, Heating, and AC Contractors (238220) - Concrete Contractors (238110) - Other Specialty Trade Contractors (238990)
Other	\$0.5	2%	- unknown
Total Expenditures	\$28	100%	

Residents

OLO anticipates that Expedited Bill 15-25 would positively impact certain residents in the County in terms of the Council's priority economic indicators.

OLO does not know the firms likely to be engaged in the New Organics Processing Facility, nor the residence of their workers. However, Census data suggests that many may reside locally, especially for businesses based in the County.

¹² U.S. Bureau of Economic Analysis, [RIMS II](#).

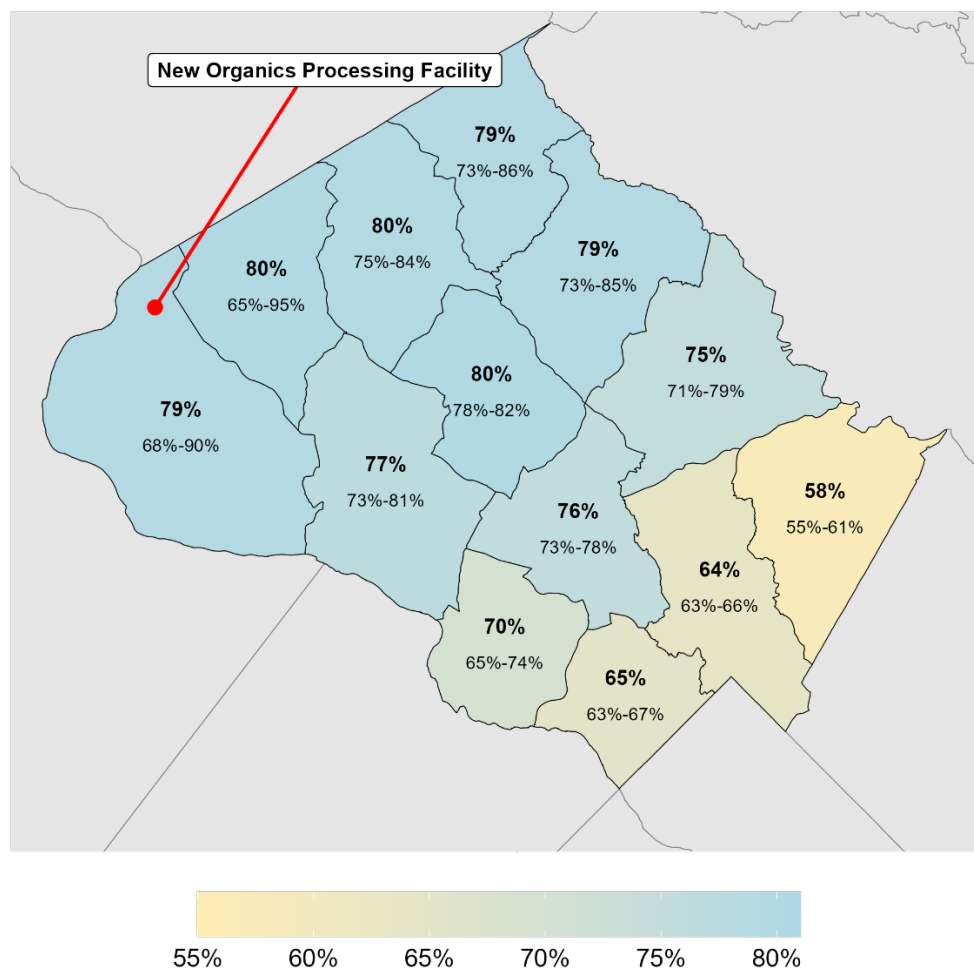
¹³ Using a "Bill of Goods" approach would require a great deal of information unavailable to OLO—for example, knowing the specific inputs that would be used in the planning, design, and construction of the project and local industries involved in the supply of goods and services required to complete the project.

Figure 1 (below) uses data from the Census Bureau’s American Community Survey (ACS) for 2019 to 2023 to estimate the percentage of individuals (aged 16 and older) who work within a Census tract in the County and also live in the County. Across the County, the share of workers who also reside locally ranges from 58 to 80 percent. These data and the County’s local employment requirements (see above) suggest that a substantial portion of the workforce involved in the project may be County residents.

Project-related employment could raise household incomes for County residents through increased wages and job opportunities.

Beyond this, OLO does not expect the Bill to substantially affect residents in terms of other priority indicators.

Figure 1. Percentage of Workers Aged 16 and Older Employed Within the County of Residence by Census County Subdivision¹⁴



¹⁴ U.S. Census Bureau, *American Community Survey, 5-Year Estimates (2023)*, Table B08007, "[Sex of Workers by Place of Work--State and County Level](#)," accessed January 3, 2025. For details on how the Census measures an individual's place-of-work, see "Journey to Work" section in "[American Community Survey and Puerto Rico Community Survey 2022 Subject Definitions](#)" (U.S. Census Bureau, 2022); and questions 30 and 31 in the "[2024 American Community Survey Questionnaire](#)" (U.S. Census Bureau).

Net Impact

OLO anticipates that enacting Expedited Bill 15-25 would positively impact overall economic conditions in the County in terms of the Council's priority economic indicators.

As previously discussed, If LSBRP applies to the project, local businesses could receive at least \$7 million in contracts over the course of the New Organics Processing Facility project. Participating businesses, primarily in the nonresidential construction industry, would likely experience increased revenues and business incomes. In addition, spending on the facility's construction would indirectly benefit other County businesses by stimulating additional local economic activity.

Furthermore, OLO anticipates that a substantial portion of the project's workforce may be County residents. Project-related employment could raise household incomes for County residents through increased wages and job opportunities.

DISCUSSION ITEMS

Not applicable

CAVEATS

Two caveats to the economic analysis performed here should be noted. First, predicting the economic impacts of legislation is a challenging analytical endeavor due to data limitations, the multitude of causes of economic outcomes, economic shocks, uncertainty, and other factors. Second, the analysis performed here is intended to *inform* the legislative process, not determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the Bill under consideration.

CONTRIBUTIONS

Stephen Roblin (OLO) prepared this report.