

AGENDA
CHARTER REVIEW COMMISSION

Wednesday, October 8, 2025, 8:00 a.m.

Council Office Building, 4th Floor, 100 Maryland Ave., Rockville, MD

[ZOOM Link](#) – Password: 655364

(All times are approximate)

8:00 a.m. - I. Administrative Matters

- Acknowledgment of a Quorum
- Approval of Agenda
- Approval of minutes of September 10, 2025 meeting

8:10 a.m. - II. Chair's Report

- Update on filling the vacancies on the Commission

8:15 a.m. - III. Budget Reserves Workgroup (Commissioners Naftal, Persh, and Presman)

Discussion led by workgroup on Charter Section 310 – Surplus. (A copy of section 310 is in Attachment 1.)

Background: Currently, the County has two main reserve funds: (1) the Unrestricted General Fund Balance (UGFB) governed by Charter Section 310 (5% cap applies); and (2) the Revenue Stabilization Fund (RSF) created by the County Code. The County Council has established a Reserve Policy that sets a 10% target for the combined reserves in the UGFB and RSF. That target has been met and exceeded.

As drafted in 1968, Charter Section 310 has a limit of 5% for the surplus in the UGFB (half of the 10% target established in Council's policy). In practice, however, the UGFB represents only a small fraction of the current reserves because the vast majority of the current reserves are actually being held in the RSF rather than the UGFB. As a result, even with total reserves being well over the 10% policy target, the amount of reserves in the General Fund does not approach the 5% cap specified in the Charter.

The County's financial advisors recently issued a report recommending that the County revise its reserve policy and create, through legislation, two additional reserve funds (a Risk Mitigation Reserve with a 2.0% target and Capital Reserve with a 1% target). This suggests that as County policy continues evolving, the total amount of reserves may expand but not necessarily because Council has added to the Unrestricted General Fund. Council can choose to meet higher reserve targets by deciding instead to build a larger surplus in either the RSF or some newly created reserve funds that are designated for specific purposes and have defined criteria for when those reserves will be used.

Possible Discussion Questions:

1. If you were creating a mandate for the County to have a minimum amount of reserve funds, would you opt for mandating a minimum amount for reserves in the Unrestricted General Fund, or would you opt to set a minimum standard for the combined total reserves in all funds (named or unnamed)?

2. Do you believe that a standard for minimum reserves should be established in the County Charter (through voter approval) or left to the Council to define in policy documents or legislation?

3. What are examples of minimum reserve requirements in the Charters of other Counties in Maryland?

9:00 a.m. - IV. Discussion on Holding Public Listing Sessions in November

- Nov. 19 previously identified as an available date
- What would be the content of the public notice and invitation?
- Drafting and date of issuance?

9:20 a.m. - V. Staff Updates or Comments

ADJOURN

REMINDER FOR NEXT MEETING

Next Commission scheduled meeting is Wednesday, November 12, 2025, at 8:00 a.m.

Attachment 1

Excerpts from Montgomery County Charter

Sec. 302. Six-Year Programs for Public Services, Capital Improvements, and Fiscal Policy.

The County Executive shall submit to the Council, not later than January 15 of each even-numbered year, a comprehensive six-year program for capital improvements. The County Executive shall submit to the Council, not later than March 15 of each year, comprehensive six-year programs for public services and fiscal policy. The six-year programs shall require a vote of at least six Councilmembers for approval or modification. Final Council approval of the six-year programs shall occur at or about the date of budget approval.

The public services program shall include a statement of program objectives and recommend levels of public service by the County government, and shall provide an estimate of costs, a statement of revenue sources, and an estimate of the impact of the program on County revenues and the capital budget.

The capital improvements program shall include a statement of the objectives of capital programs and the relationship of capital programs to the County's long-range development plans; shall recommend capital projects and a construction schedule; and shall provide an estimate of costs, a statement of anticipated revenue sources, and an estimate of the impact of the program on County revenues and the operating budget. The capital improvements program shall, to the extent authorized by law, include all capital projects and programs of all agencies for which the County sets tax rates or approves budgets or programs. The Council may amend an approved capital improvements program at any time by an affirmative vote of six Councilmembers.

The fiscal program shall show projections of revenues and expenditures for all functions, recommend revenue and expenditure policies for the program period and analyze the impact of tax and expenditure patterns on public programs and the economy of the County.

The County Executive shall provide such other information relating to these programs as may be prescribed by law.

All capital improvement projects which are estimated to cost in excess of an amount to be established by law or which the County Council determines to possess unusual characteristics or to be of sufficient public importance shall be individually authorized by law; provided however, that any project declared by the County Council to be of an emergency nature necessary for the protection of the public health or safety shall not be subject to this requirement if the project is approved by the affirmative vote of seven Councilmembers. Any project mandated by law, statutory or otherwise, interstate compact, or any project required by law to serve two or more jurisdictions shall, likewise, not be subject to this requirement. The County Council shall prescribe by law the methods and procedures for implementation of this provision.

Note: The underlined sentence is the subject of a ballot initiative petition.

Sec. 305. Approval of the Budget; Tax Levies.

The Council may add to, delete from, increase or decrease any appropriation item in the operating or capital budget. The Council shall approve each budget, as amended, and appropriate the funds therefor not later than June 1 of the year in which it is submitted.

An aggregate operating budget which exceeds the aggregate operating budget for the preceding fiscal year by a percentage increase greater than the annual average increase of the Consumer Price Index for all urban consumers for the Washington-Baltimore metropolitan area, or any successor index, for the twelve months preceding December first of each year requires the affirmative vote of seven Councilmembers. For the purposes of this section, the aggregate operating budget does not include: (1) the operating budget for any enterprise fund; (2) the operating budget for the Washington Suburban Sanitary Commission; (3) expenditures equal to tuition and tuition-related charges estimated to be received by Montgomery College; and (4) any grant which can only be spent for a specific purpose and which cannot be spent until receipt of the entire amount of revenue is assured from a source other than County government.

The Council shall annually adopt spending affordability guidelines for the capital and operating budgets, including guidelines for the aggregate capital and aggregate operating budgets. The Council shall by law establish the process and criteria for adopting spending affordability guidelines. Any aggregate capital budget or aggregate operating budget that exceeds the guidelines then in effect requires the affirmative vote of eight Councilmembers for approval.

By June 30 each year, the Council shall make tax levies deemed necessary to finance the budgets. Unless approved by an affirmative vote of all current Councilmembers, the Council shall not levy an ad valorem weighted tax rate on real property to finance the budgets that exceeds the ad valorem weighted tax rate on real property approved for the previous year. The weighted tax rate is calculated by determining the sum of each property tax rate adjusted by the proportion of assessable base that is charged that tax rate.

NOTE: A ballot issues committee is circulating petitions seeking support for an amendment to paragraph 2 of Section 305. The following paragraph shows the petitioners' proposed charter amendment. Proposed additions are shown in underlining and proposed deletions are shown in "strike through."

An aggregate operating budget which exceeds the aggregate operating budget for the preceding fiscal year by a percentage increase greater than the annual average increase of the Consumer Price Index for all urban consumers for ~~the Washington-Baltimore metropolitan area~~ the Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area, or any successor index, for the twelve months preceding December first of each year requires the affirmative vote of ~~seven~~ all current Councilmembers. For the purposes of this section, the aggregate operating budget does not include: (1) the operating budget for any enterprise fund; (2) the operating budget for the Washington Suburban Sanitary Commission; (3) expenditures equal to tuition and tuition-related charges estimated to be received by Montgomery College; and (4) any grant which can only be spent for a specific purpose and which cannot be spent until receipt of the entire amount of revenue is assured from a source other than County government.

Sec. 310. Surplus.

The County may accumulate earned surplus in any enterprise fund or unappropriated surplus in any other fund. With respect to the General Fund, any unappropriated surplus shall not exceed five percent of the General Fund revenue for the preceding fiscal year. An unappropriated surplus may be used to fund any supplemental or special appropriations.

Attachment 2

Proposed Schedule Going Forward

- Continuous: process responses to the Commission's invitation to Council members and the County Executive to present their views, in-person or in writing, on the ballot initiative that seeks a charter amendment on budget approvals.
- October 8 meeting: Discuss and decide whether we have proposed Charter amendments that should be presented for public input at a public listening session. Approve date and location for any public listening session in 2025.
- October 20 - 27: Publish a notice and invitation for a listening session if it's going to be held on November 19 (listing issues we intend to include in our April 2026 Report).
- November 12 meeting: Planning for any upcoming listening sessions. Commissioners or working groups continue to report on their research or findings related to possible charter amendments.
- November 19 - December 8: Window for holding public listening sessions in-person and virtually.
- December 10 meeting: Recap and discussion of public listening sessions
- January 14 meeting: Formal presentations made by Commissioners or working groups in advocacy or support of any proposed Charter amendments
- February 11 meeting: Straw votes that determine Commissions' majority position on any proposed charter amendments and to establish drafting responsibilities for our report.
- February 11 – March 11: Report drafting period
- March 11 meeting: Review and Discussion of the draft 2026 report
- March 11 – March 31: period for making final edits to 2026 Report
- April 8 meeting: Formal vote to formally adopt the Commission's 2026 Report
- April 9-22: Staff preparation, printing and submission of Final 2026 Report to the Council (statutory deadline is May 1)
- June: Council hearing on Commission's 2026 Report