

**AGENDA**  
**CHARTER REVIEW COMMISSION**

Wednesday, November 12, 2025, 8:00 a.m.

Council Office Building, 6th Floor Conference Room, 100 Maryland Ave., Rockville, MD

[Zoom Link](#) – Password: 050006

(All times are approximate)

**8:00 a.m. – I. Administrative Matters**

- Acknowledgment of a Quorum
- Approval of Agenda
- Approval of minutes of October 8, 2025 meeting

**8:10 a.m. – II. Introduction of Newly Appointed Commissioners**

**8:20 a.m. – III. Chair's Report**

- Announcement of Public Listening Sessions was published on Oct. 30, 2025.
- Outreach to Citizens Advisory Boards

**8:30 a.m. – IV. Budget Reserves Workgroup** (Commissioners Naftal, Persh, and Presman)

- Report and discussion led by workgroup on Charter Section 310 – Surplus.
- A copy of Section 310 is included in Attachment 1.
- A copy of the discussion points is included in Attachment 3.

Background: Currently, the County has two main reserve funds: (1) the Unrestricted General Fund Balance (UGFB) which governed by the 5% cap in Charter Section 310; and (2) the Revenue Stabilization Fund (RSF) created by legislation which is in the County Code. In a series of resolutions, the County Council has established written policy on Reserves, which sets a 10% target for the combined reserves in the UGFB and RSF. The Code states that annual contributions to the RSF are mandatory, and the 10% target has been met and exceeded.

**9:00 a.m. – V. Planning for Public Listening Sessions on November 19**

- Commissioners' plans for attending in-person or virtually
- Verifying capacity for virtual participation
- Information on attendee registration to be provided in advance
- Agenda for the Listening Sessions

**9:20 a.m. – VI. Staff Updates or Comments**

**ADJOURN**

**MEETING REMINDERS**

- In-Person Public Listing Session, Wed., Nov. 19, 2025, at 2:00 p.m. (3<sup>rd</sup> Floor, Council Hearing Room in the Council Office Building)
- Virtual Public Listing Session, Wed., Nov. 19, 2025, at 7:00 p.m.
- Next regularly scheduled Commission meeting is Wed., Dec. 10, 2025, at 8:00 a.m.
- Proposed Schedule going forward is in Attachment 2

## 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 the underlined sentence (above) in 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 (Revised 11/6/2025)**

- Continuous: We'll process any 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.
- November 12 meeting: Planning for the November 19 listening sessions. Commissioners or working groups continue to report on their research or findings related to possible charter amendments.
- November 19: in-person and virtual public listening sessions.
- December 10 meeting: Recap and discussion of the public listening sessions and any public comments received
- January 14 meeting: Formal presentations (preferably in writing) made by Commissioners or a working group in advocacy or support of any proposed Charter amendments. Circulation of any draft proposed Charter amendment. Presentation of any proposed alternative can be entertained at this meeting or the next meeting.
- February 11 meeting: Presentation of any proposed alternative charter amendment. Straw vote(s) to determine the Commission's majority position on proposed charter amendments, which will allow us to establish drafting responsibilities for the Commission's recommendation and report to the County Council. Establish time table for drafting the Commission's Report
- February 11 – March 11: Report drafting period (first draft)
- March 11 meeting: Review and Discussion of the draft 2026 report.
- March 11 – March 23: period for making edits to 2026 Report
- March 23 – 26: Circulation of second draft of the 2026 Report (preferably with any minority statements or dissenting statements, if there are any).
- April 8 meeting: Commission vote to formally adopt the 2026 Report (with possible draft press release).

(Continued)

### **Proposed Schedule Going Forward (Revised 11/6/2025)**

- April 9-22: Staff formatting, printing and submission of Final 2026 Report to the Council with Press Release (statutory deadline is May 1)
- May 13 meeting: To be determined
- June 10 meeting: To be determined
- June: Council hearing on Commission's 2026 Report (Chair testifies).

## Attachment 3

### Workgroup Discussion Points for Meeting on November 12, 2025

1. General fiscal prudence, best governance practices, constituent expectations and bond rating agencies require a pool of unencumbered funds to draw upon in the event of emergency or unexpected shortfall of tax or other revenue sources.
2. The term “reserves” is not found in the current Charter. Instead, Section 310 provides a “surplus” of up to 5% of extra funds available each year, which can be then used for special purposes. Prudently, over the years, the County Council, through policy resolutions and code instituted a process of funding and using reserves, in part based on Charter Section 310 (which is unchanged since its adoption in 1968). The fiscal principle underlying “reserves” is different from a “surplus”, since reserves are intentional set-asides rather than left-over after paying expenses.
3. In addition to the “reserve” fund created under Charter 310 (Surplus) the Council created a Revenue Stabilization Fund (RSF) to be used to address funding shortfalls (Article XII Code).
4. Recent studies and ratings agencies recommend retaining 10-15% unencumbered monies held in separate, purposely designed reserve fund accounts.
5. Annually, through the budgeting process, County Executive proposes reserve amounts, based on County Council direction and, upon approval, funds are transferred to/from the accounts.
6. To use the reserve funds for special purposes, emergencies or contingencies, the County Council, with input from the Executive and public comment, approves the use.
7. Reserve balances fluctuate each year, in actual dollars and as a percentage of “adjusted governmental revenues” (denominator). Generally, in times of economic growth, total reserves will increase, at times exceeding 10%-15%; in times of economic stress, the balance will decline. The “run-off” of excess reserves is applied to annual operating expenses on a routine basis. One-time or special transfers from reserve funds require specific County Council approval with 7 affirmative votes.
8. The public has visibility over the reserve balances only in exhibits accompanying the annual operating budget.