

AGENDA
CHARTER REVIEW COMMISSION

Wednesday, January 14, 2026, 8:00 a.m.

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

[Zoom Link](#) – Password: 930196

(All times are approximate)

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

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

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

- Discussion led by Workgroup of a proposed Charter amendment, which previously was circulated to Commissioners. The proposed Charter amendment is included in Attachment 1.
- Discussion by Commissioners in support or opposition to the Workgroup's proposal, and discussion of any suggested alternatives. (A straw vote will be taken in February to determine preliminarily whether a majority supports including a recommendation in the Commission's report to the County Council.)

Background: Currently, the County has two main reserve funds: (1) the Unrestricted General Fund Balance (UGFB) which is 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 a 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. The 10% target has been met and exceeded. A copy of Charter Section 310 is included in Attachment 2.

9:00 a.m. – III. Opportunity for Commissioners to Propose Other Charter Amendments

9:25 a.m. - IV. Staff Updates or Comments

ADJOURN

NEXT MEETING REMINDERS

- Next regularly scheduled Commission meeting is Wed., February 11, 2026, at 8:00 a.m.

February meeting agenda:

- Formal presentations by individual Commissioners or a working group. This can be either to advocate for a Charter Amendment, or to oppose a Charter amendment previously proposed, or propose an alternative.
- A straw vote(s) will be taken in February to determine preliminary the position of a majority of Commissioners on any proposed Charter amendments. That will allow us to

establish drafting responsibilities for writing up recommendations to be included in the Commission's report to the County Council. We will also discuss and establish a time table for drafting the Commission's Report.

- Please try to provide a written summary of your position that can be circulated in advance of the meeting along with the text of any proposed Charter amendment.
- Please notify the Chair by February 4th in order to have your item listed on the formal meeting agenda. Proposed Schedule going forward (revised) is in Attachment 3

Attachment 1

On December 15, 2025, the Commission's working group on budget issues circulated the following document concerning reserve funds. The document summarizes the issues involved as well as a proposed Charter amendment for consideration by the Commission. A discussion of this topic is planned for our meeting on January 14, 2026.

Montgomery County Charter Commission Budget Committee: Reserve Policy

The question of whether Montgomery County, Maryland, should formalize its reserve policies in the County Charter has been a topic of discussion and review, particularly in the context of maintaining its excellent bond ratings. According to the current discussions, here is a summary of the issue:

Bonding Agencies and Reserves

- **Triple-A Rating:** Montgomery County consistently holds the highest possible bond ratings (Aaa/AAA) from all three major agencies (Moody's, S&P, and Fitch).
- **Agency Commendation:** The bond rating agencies have commended the County for its strong financial policies and commitment to maintaining healthy reserves. For instance, Fitch noted the County's "ample" budget flexibility, supported by reserves "well above required thresholds." Moody's specifically mentioned the County's 2024 reserve position of 28% of revenue as a record high, which was generated through conservative budgeting.
- **Formal Policies Exist (Outside the Charter):** While the Charter doesn't mention a reserve policy or contain a specific minimum reserve target, the County Council has established formal reserve policies through legislation and adopted a fiscal policy resolution. This policy sets a goal for total budget reserves (including the Revenue Stabilization Fund) of 10% of the preceding year's governmental revenues.

The Charter Formalization Discussion

- **Montgomery County Charter Review Commission:** The debate about putting the reserve requirement into the Charter has been raised by the Montgomery County Charter Review Commission.
- **The Argument for Formalizing:** Adding a budgeted reserve requirement to the Charter would ensure fiscal stability and preparedness because:
 - It would not be subject to repeal or weakening by the County Council in future legislation as a reaction to temporary fiscal pressure.
 - Changing a Charter requirement would require voter approval, making the requirement to have reserves more durable and protected.
 - Ensures that reserve planning is part of the annual budget planning process and that funds are available for unforeseen events.

- **The Current Policy:** Currently, the County Code requires annual contributions to the Revenue Stabilization Fund to attain a total budget reserve of 10% of the preceding year's governmental revenues. This is an existing, but legislative, requirement and is not reflected in the County Charter.

In short, the bond rating agencies view the County's strong reserve practices and policies favorably, which is a key factor in the Triple-A rating. The question is not whether a reserve policy should exist (one already does), but whether it should be elevated from a legislative act (County Code/Resolution) to a permanent part of the County Charter. Additionally, it is likely that the bond rating agencies would consider the County's position even stronger if the policy was codified in the Charter, making the position stronger and less susceptible to future manipulation.

Proposed Charter Amendment Language

The annual budget shall include reserve funds for response to catastrophic events, repair of buildings and other capital assets, revenue shortfalls, and other events defined by the County Council. The amount of reserve funds shall be set by the County Council to enable continuity of County services and rapid response and recovery from unforeseen events. The County Council shall establish a process and criteria for determining when to use reserve funds. Balances in the reserve accounts shall be made public, at least annually, by the County Executive. The County Council shall conduct regular reserve assessments, no less than every five (5) years, to inform County operations as well as policy and practice regarding the County's reserve funds.

Attachment 2

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 3

Proposed Schedule Going Forward (Revised 1/9/2026)

- Continuous: We'll process any responses to the Commission's invitation to Council members and the County Executive to present views, either in-person or in writing, on the citizen ballot petition that seeks a charter amendment that would require a unanimous vote to approve the budget if any government spending increase is not limited to that year's increase in the consumer price index.
- January 14 meeting: Formal presentations by individual Commissioners or a working group in advocacy or support of any proposed Charter amendment (preferably with a written summary and/or draft text of the proposed Charter amendment).
- February 11 meeting: Presentation and discussion of proposed alternatives to charter amendments that were presented in January. Discussion of members' responses to any proposed amendments previously presented. A straw vote(s) will be taken to determine the Commission's current majority position on all proposed charter amendments. That will allow us to establish drafting responsibilities for writing up the Commission's majority recommendation in our report to the County Council. We will also discuss and establish a time table for drafting the Commission's Report.
- February 11 – March 4: Report drafting period (first draft to be circulated for members' review prior to our March 11 meeting)
- March 11 meeting: Review and Discussion of the draft 2026 report.
- March 12 – March 23: period for making edits to 2026 Report and preparing the second (and hopefully final) draft.
- March 24 – 27: Circulation of second draft of the 2026 Report (preferably with any minority statements or dissenting statements included, 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 1/9/2026)

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