

## **CHARTER REVIEW COMMISSION**

July 9, 2025 – 8:00 a.m.  
Council Office Building, 4<sup>th</sup> Floor  
100 Maryland Avenue  
Rockville, MD 20850  
**Minutes**

<b>Commission Members Present:</b> Jim Michaels, Chair Marvin Lynch Michael Persh Jeffrey Naftal (Virtual) Dylan Presman (Virtual) Sherry Brett-Major (Virtual) David Nachtsheim (Virtual) Howard Denis (Virtual)	<b>Staff Present:</b> Stephen Mathany, Office of the County Council Christine Wellons, Office of the County Council
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**Commission Chair Jim Michaels called the meeting to order with a quorum at 8:03 a.m.**

### **I. Guest Speaker: Gene Smith, Deputy Director for Budget and Policy, Montgomery County Council**

#### **Topic 1: Charter Section 310 – Surplus and Budget Reserves**

- Mr. Smith provided historical and policy context for the 5% cap on unappropriated surplus in the General Fund.
- He explained that the cap was originally intended to prevent the County from over-taxing residents and accumulating excessive reserves.
- Mr. Smith emphasized that the 5% cap is rarely met and is not sufficient for emergencies, citing the 2009 recession and COVID-19 as examples.
- The County created the Revenue Stabilization Fund (RSF) via County Code to serve as a more robust and reliable reserve mechanism, especially for bond rating agencies.
- The RSF is harder to access and requires specific conditions to use.
- Mr. Smith advised caution in amending the Charter to include specific reserve structures or percentages, citing the inflexibility of Charter amendments and the evolving nature of fiscal policy.

#### **Topic 2: Ballot Initiative to Amend Charter Section 305 – Budget Approval**

- The Charter Review Commission (CRC) discussed the proposed ballot initiative that would require unanimous Council approval (11 votes) to exceed the prior year's operating budget growth beyond inflation.
- Mr. Smith noted that the CPI reference was changed from the Washington-Baltimore index to the Washington-Arlington-Alexandria index, reflecting updated Bureau of Labor Statistics designations.

- Chair Michaels questioned the appropriateness of tying government spending to consumer price indices.
- Mr. Smith explained that the current County Code already includes spending affordability guidelines and that the proposed amendment would override existing flexibility.

#### **Additional Topics:**

- The CRC discussed the newly formed Infrastructure Funding Workgroup, which Mr. Smith is staffing. The group will assess long-term infrastructure needs and funding mechanisms, with a final report due by June 30, 2026.

### **III. Administrative Matters**

- The July 9<sup>th</sup> agenda was approved with unanimous consent
- The June 11, 2025 agenda was approved by unanimous consent (excluding Commissioner Persh who was absent from the meeting).
- Chair Michaels reported on the June 16 presentation to the Western Montgomery Citizens Advisory Board, which was well received. The Board may provide feedback via written comments, future meetings, or participation in fall listening sessions.
- Efforts to schedule a presentation with the East County Citizens Advisory Board are ongoing. No response has been received from the Silver Spring Advisory Board.

### **IV. Follow-Up Discussion on Budget Reserves**

- Commissioner Naftal suggested the Charter could acknowledge the existence of a stabilization fund without prescribing its structure.
- Commissioner Presman emphasized the CRC's independence in forming its recommendations, noting that staff and elected officials may have different incentives.
- The Finance Workgroup (Naftal, Presman, Nachtsheim) agreed to meet during the August recess to develop a structured approach for continued discussion in the fall.

### **V. Infrastructure Funding Workgroup**

- Commissioner Persh noted that the Infrastructure Funding Workgroup is operating independently and will hold its first meeting on July 24.
- Commissioners expressed interest in monitoring the group's progress and reviewing its findings for potential Charter implications.

### **VI. Tax Rate Indexing Discussion**

- Commissioner Nachtsheim raised the idea of tying property tax rate changes under Charter Section 305 to an economic index such as the County's Gross Domestic Product (GDP).
- Commissioners discussed the pros and cons of using GDP versus CPI, with some noting that revenue projections and affordability guidelines are more directly tied to revenue than to cost indices.

## **VII. Staff Updates**

- No public comments have been received since the last meeting.
- Staff will continue to monitor and share any new submissions.

**Adjournment:** The meeting was adjourned at 9:14 a.m.