

January 23, 2026
Montgomery County Council Infrastructure Funding Workgroup

9:00 AM **Call Meeting to Order**

9:00 AM **Review and Approve minutes for December 12, 2025 workgroup meeting**

The draft minutes are attached.

9:05 AM **Discussion – Findings and Observations**

The Workgroup will review and discuss the draft findings and observations updated from the December 12, 2025 meeting. Workgroup members may include additional findings or observations at this meeting.

Workgroup members should be prepared to refine these findings in preparation for the February Government Operations and Fiscal Policy Committee review and publications for stakeholder and public review.

10:00 AM **Discussion – Estimates for Unconstrained Policy Investments**

The Workgroup will review the deferred maintenance tables based on requested changes from the December 12, 2025 meeting and continue its work on the agency's unconstrained policy investments estimates, including discussion about possible investments that grow the economy in the County.

Workgroup members should be prepared to discuss these estimates and provide insight to further refine them.

10:45 AM **Break**

10:55 AM **Discussion – Funding Options**

The Workgroup will review and discuss the advantages and challenges of various funding options available to the County. The list of funding options was created based on previous discussions, and Workgroup members may include additional options during the discussion.

Workgroup members should be prepared to identify which funding options should be considered and presented in preparation for the February Government Operations and Fiscal Policy Committee review and publications for stakeholder and public review.

12:00 PM **Adjourn**

Montgomery County Council Infrastructure Funding Workgroup

DRAFT MINUTES

Friday, December 12, 2025

9:00 AM to 12:00 PM

Council Office Building, Capital Crecent Trail Conference Room, 4th Floor

Present Members

- Gene Smith, County Council Staff
- Livhu Ndou, County Council Staff
- Bilal Ali, County Council Staff
- Lisa Govoni, Montgomery County Planning Department
- Darcy Buckley, Montgomery County Parks Department
- Gary Nalven, Montgomery County Office of Management and Budget
- Todd Fawley-King, Montgomery County Department of Finance
- Haley Peckett, Montgomery County Department of Transportation (MCDOT)
- Katie Mencarini, Montgomery County Planning Department
- Robert Goldman, Montgomery Housing Partnerships
- Mike Henehan, Bozzuto Development Company

Absent Members

- Adnan Mamoon, Montgomery County Public Schools (MCPS)

Other County and Agency Staff Participating

- Stephen Kenny, County Council Staff
- Andrea Swiatocha, Deputy Chief, Division of Facilities Management (MCPS)

Call to Order

The meeting was called to order at 9:00 AM.

Action – Approval of November 14 Minutes

The minutes from the November 14, 2025 meeting were reviewed and approved after correcting a typo for a member's name.

Review and Discussion of Expenditure Data – Select Items

The Workgroup briefly reviewed its previous work and updated it for the final report.

The Workgroup reviewed and discussed each agency's deferred maintenance list.

All three agencies provided a short update about their approach when compared to estimates for prior Infrastructure Maintenance Taskforce reports. MCPS included additional background due to staff turnover, utilization of an outside consultant to support its review of deferred maintenance, and the need to average the expenditures amongst the differences for elementary, middle, and high schools. The Workgroup generally concurred with the approach and updates, with the following questions or requests for future updates:

- All agencies will double-check the calculations to ensure all tables have identical formulas between columns and rows.
- The Workgroup agreed to retain the titles for the Capital Projects because this was a common way for the public and the Executive and Council to track these items.
- The agencies agreed to review and estimate the Operating Budget expenditures for ongoing maintenance to include as part of the narrative in the report.
- The final tables will remove the “Backlog” column because these values have been calculated differently by agencies. The Workgroup will include a narrative about the estimated backlog in the final report.
- The final tables will remove “Major Element” and “Notes” column since these can be included as footnotes or in the appendices.
- The Workgroup identified and agreed that the critical element of the tables was the “Average Annual Replacement Costs” and how that value compared to the current programmed expenditures in the County’s Capital Improvements Program.
- The Workgroup, including MCPS, supported the universal average for all school types, as opposed to creating three tables. The final report will include all calculations for each school type as an appendix.
- MCDOT will review the Traffic Signal estimates before the next meeting.
- MCPS will review the Fire Safety estimates.

The Workgroup reviewed and discussed the updated FY25-31 Amended Capital Improvements Program based on the Workgroup’s categorization method. MCPS’s final chart will include the Amended FY25-26 values, not the Board requested FY32-33 values. The Workgroup concurred with the updated tables with a few typographical updates requested.

The Workgroup received a briefing from each of the agencies on potential unconstrained policy investments. Parks summarized its approach based on the review of a host of potential capital projects that are divided into major improvements, new parks, or enhancements. MCPS noted that most of their unconstrained needs relate to the deferred maintenance expenditures, but after some additional discussion, MCPS noted that Pre-K was akin to the items discussed by other agencies. MCDOT shared that its unconstrained needs focused on three categories: system preservation and maintenance; safety and climate; and strategic investments.

Mike H. shared that the Workgroup should consider identifying investments that spurred growth in jobs and the tax base. The Workgroup discussed this topic and noted that some items may be outside of its purpose, including overall tax policy in the State and County. The agencies noted that they would explore including these types of investments if not already included.

Review and Discussion of Follow Up Items from Prior Meetings

The Workgroup reviewed ongoing work from previous meetings. The items included:

- Estimates for infill development Vs. greenfield development. Mike H. noted that his company’s development projects tend to increase by 2X for infill development.
- Estimates for developer contributions in recent years for completed projects. This work is still ongoing.
- Estimates for State and WMATA investments in the County. This work is still ongoing.

- Darcy B., Lisa G., and Katie M. shared about potential funding sources and example jurisdictions to include in the report. The funding sources reviewed included: Tax Increment Financing; Special Taxing Districts; and Sales Tax.

Review and Discussion of Possible Findings

The Workgroup reviewed a list of potential findings based on previous discussions. Given the time remaining for the meeting, the Workgroup decided to review in more detail at a future meeting.

Adjournment

The meeting was adjourned at 12:00 PM.

Potential Findings

This information was drafted based on discussions to date.

- 1) **What have we observed or discussed?** The County's infrastructure expenditures have shifted from net new projects to maintenance/upgrade projects.

How did we observe this?

- Detailed by the workgroup's categorization with CIP funding
- Anecdotal comments by agencies
- Population trends and MCPS enrollment

What does this mean? The funding options considered and recommended should align with the type of infrastructure expenditures.

- 2) **What have we observed or discussed?** The County's net new infrastructure relies heavily on non-County funding.

How did we observe this?

- Developer contributions
- State/Federal funding supporting CIP (e.g., Purple Line)

What does this mean? The County, generally, has not identified or fully implemented a sole source revenue stream to fund net new infrastructure.

- 3) **What have we observed or discussed?** The County's maintenance backlog continues to increase annually.

How did we observe this?

- Detailed updated figures from maintenance taskforce work
- Anecdotal comments by agencies

What does this mean? While the County's CIP needs have shifted to maintenance or upgrades, the County's funding has not kept pace to reduce this backlog. Funding options should align and grow with these types of expenditures.

- 4) **What have we observed or discussed?** Deferred infrastructure projects, whether for net new projects or maintenance/upgrade projects, will become more expensive year-over-year.

How did we observe this?

- Inflation and/or construction index data
- County planning, design, and supervision data

- Detail updated figures from deferred maintenance estimates

What does this mean? Funding options should yield consistent revenue and include a growth factor that increases at a similar rate to expenditures increases.

2026 update to the Infrastructure Maintenance Task Force report

Montgomery County Public Schools

Infrastructure Maintenance: Capital Improvements Program

Capital Project	Major Element	Notes	Acceptable Life Span (Years)	Inventory	How much/many should be replaced annually	Average Cost	Acceptable Annual Replacement Cost	CIP		FY26 PLAR Gap
								FY26 Approved	FY27 Request	
Fire Safety	Life Safety Equip	Fire Alarm Systems/ Pumps	15	238	15.9	\$2,658,416	\$42,180,198	\$2,317,000	\$3,750,000	\$39,863,198
Food Service Equipment	All kitchen equipment (serving lines / hoods / walk-in units / etc)	Kitchen hoods	30	216	7.2	\$416,832	\$3,001,188	\$1,000,000	\$1,000,000	\$2,001,188
PLAR: Door/Window	Exterior Doors/Windows		30	238	7.9	\$12,066,832	\$95,730,198	\$1,000,000	\$1,000,000	\$94,730,198
	Interior Doors/Solid wood doors		20	238	11.9	\$3,069,307	\$36,524,752			\$36,524,752
PLAR: Electrical	Elec. Service/ Distribution / Lighting		25	238	9.5	\$5,304,455	\$50,498,416	\$3,500,000	\$3,500,000	\$46,998,416
	Emergency Power		25	238	9.5	\$446,163	\$4,247,475			\$4,247,475
PLAR: Electronics	Electronics	Stage Lighting, Security System, PA, Library Gates, Sound Systems	20	620	31.0	\$533,663	\$16,543,564	\$5,000,000	\$5,000,000	\$11,543,564
ADA	Building Elevators		20	211	10.6	\$436,139	\$4,601,262	\$7,200,000	\$1,900,000	-\$1,443,738
	Handicap Lifts		15	99	6.6	\$175,000	\$1,155,000			
PLAR: Finishes	Ceiling		20	238	11.9	\$1,084,950	\$12,910,911			\$12,910,911
	Floor		20	238	11.9	\$510,297	\$6,072,535	\$500,000	\$500,000	\$5,572,535
	Wall	Painting	10	238	23.8	\$338,614	\$8,059,010	\$3,000,000	\$3,000,000	\$5,059,010
PLAR: Equipment	Lockers		20	70	3.5	\$267,327	\$935,644			\$935,644
	Playground		20	159	8.0	\$212,748	\$1,691,343	\$450,000	\$1,100,000	\$1,241,343
PLAR: Casework			15	238	15.9	\$1,329,950	\$21,101,881			\$21,101,881
PLAR: Auditorium	Seating, Stage Curtain		20	25	1.3	\$59,213	\$74,016			\$74,016
PLAR: Exterior Site	Pavement / Curb / Gutte	Parking lot/driveway	20	238	11.9	\$222,649	\$2,649,517	\$2,000,000	\$2,000,000	\$649,517
PLAR: Site	Paved play area	Tennis/Basketball	20	238	11.9	\$178,342	\$2,122,265		\$13,900,000	\$8,742,027
	Indoor Bleachers/Partitions		30	66	2.2	\$39,604	\$87,129			
	Outdoor Bleacher/Grandstand		30	26	0.9	\$247,525	\$214,521			
	Fencing		30	238	7.9	\$104,059	\$825,538			
	Athletic fields	Baseball/Soccer/Football	20	280	14.0	\$392,327	\$5,492,574			
	Stormwater Mgmt.		45	167	3.7	\$51,386	\$190,700			
HVAC	HVAC	Complete System	20	238	11.9	\$12,066,832	\$143,595,297	\$1,200,000	\$1,100,000	-\$1,009,300
Restroom Renovation	Plumbing fixtures (restrooms)		25	238	9.5	\$1,577,970	\$15,022,277	\$6,000,000	\$5,500,000	\$9,022,277
Energy Mgmt. System	EMS	Energy Mgmt. System (BAS)	20	207	10.4	\$1,718,812	\$17,789,703	\$0	\$0	\$17,789,703
Roof Replacement	Roof	Roof Replacement	20	238	11.9	\$5,787,995	\$68,877,141	\$14,685,000	\$15,000,000	\$54,192,141
Montgomery County Public Schools Totals							\$562,194,056	\$87,352,000	\$113,850,000	\$474,842,056

Notes: FY26 PLAR = \$12M see spend plan on "FY26MP" tab for breakdownFY26 Roof includes funds from Roofing and Healthy Schools

Notes: FY27 PLAR: Site = \$15M, this includes Paved play area, Fencing, Athletic Fields, and Playground Equipment (PLAR: Equipment category)

2026 update to the Infrastructure Maintenance Task Force report												
Montgomery County Department of Transportation												
Infrastructure Maintenance: Capital Improvements Program												
Capital Project	Major Element	Notes	Acceptable Life Span (Years)	Inventory	Units	How much/many should be replaced annually	Average Cost	Acceptable Annual Replacement Cost	CIP			FY26 PLAR Gap
									FY26 Approved	FY27 Request	Future Funding Level	
Bridge Preservation Program	Paint Systems		15	145	bridges	5	\$200,000	\$1,000,000	\$556,000	\$504,000	Same	\$444,000
Bridge Renovation	All bridge components	Work scope based on biennial inspections	20	481	bridges	25	\$200,000	\$5,000,000	\$4,020,000	\$6,780,000	\$5,000,000	\$980,000
County Maintained Roadways	Primary/Arterials	FY23 @ PCI 69.6	15	1,042	Lane-miles	69	\$242,000	\$16,698,000	\$6,750,000	\$7,300,000	Higher	\$9,948,000
County Maintained Roadways	Residential/Rural	FY22 @ PCI 66.6	15-20	4,363	Lane-miles	249	\$276,000	\$68,724,000	\$22,850,000	\$23,967,000	Higher	\$45,874,000
Infrastructure Revit. Sidewalk	Sidewalks Repairs	Sidewalk survery	30	1,668	miles	56	\$110,000	\$6,160,000	\$3,100,000	\$3,573,000	Higher	\$3,060,000
Infrastructure Revit. Curb & Gutter	Curb & Gutter Repairs		30	1,933	miles	64	\$157,000	\$10,048,000	\$3,100,000	\$3,573,000	Higher	\$6,948,000
Street Tree Preservation	Neighborhood Block Pruning		10	500,000	each	50,000	\$375	\$18,750,000	\$3,100,000	\$3,346,000	Same	\$15,650,000
County Maintained Storm Drain	Storm Drain	Survery is 80% completed, as of 2023. Size under 5'	50-100	Pipes 50,360 Culverts 1,602	each	Pipes 1016 Culverts 22	Pipes project \$17,322 Culvert project \$43,250	\$18,550,652	\$1,700,000	\$1,836,000	Higher	\$16,850,652
Guardrail Projects	Guardrails & End Treatments		30	100	miles	3.5	\$285,000	\$997,500	\$25,000	\$25,000	Same	\$972,500
Streetlighting	Pole & luminare fixtures		25	29,800	street lights	1192	\$1,850	\$2,205,200	\$350,000	\$350,000	Same	\$1,855,200
Traffic Signals	County owned signalized intersections		25	342	signals	14	\$350,000	\$4,900,000	\$1,725,000	\$1,725,000	Same	\$3,175,000
	Montgomery County Department of Transportation Total							\$153,033,352	\$47,276,000	\$52,979,000		\$105,757,352

* Primary/Arterials changed due to an adjustment in dual centerline lane miles when Highway Services corrected the road width, reducing lane miles from 1099 to 1042. Additionally, the lane-mile cost is lower in fiscal year 2025. decreasing from \$275.000 in fiscal vear 2023 to \$242.000. These two changes lowered the backlog from \$220 million to \$206 million.

**Before 2025, the county lacked an actual count of curbs. Highway Services conducted a survey of curbs along county-maintained roads. Previously, they estimated curb lengths by doubling sidewalk measurements. Now, we have an accurate count of the countv curbs we can relv on. The curb inventory dropped from 3.336 miles to 1.933 miles. marking a significant reduction in curb length. This adiustment reduced the backlog from \$261

2026 update to the Infrastructure Maintenance Task Force report												
M-NCPPC, Montgomery County Department of Park and Planning												
Infrastructure Maintenance: Capital Improvements Program												
Capital Project	Major Element	Notes	Acceptable Life Span (Years)	Inventory	Units	How much/many should be replaced annually	Average Cost	Acceptable Annual Replacement Cost	CIP			FY26 PLAR Gap
									FY26 Approved	FY27 Request	Future Funding Level	
PLAR	Playgrounds	Equipment, Surfacing, Edging, SWM, ADA	20	268	playground pads	13	\$450,000	\$5,850,000	\$3,000,000	\$ 3,100,000	\$ 3,100,000	\$2,850,000
	Sports Courts	Pavement, Fencing, Standards, Color Coating	20	558	courts	28	\$120,000	\$3,360,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,860,000
PLAR/ADA	Parking Lots, Roads, Walkways, Accessible Routes	Pavement, Signage, Grading, Drainage, SWM, ADA	25	12,000,000	sf	480,000	\$7	\$3,360,000	\$1,500,000	\$1,600,000	\$1,600,000	\$1,860,000
PLAR	Buildings	Walls, Floors, Roofs, Structural, HVAC, Plumbing, Electric, Lighting, Finishes, etc.	30	458	each	15	\$600,000	\$9,000,000	\$1,500,000	\$1,500,000	\$1,500,000	\$7,500,000
	Pedestrian Bridges, Large Culverts, Boardwalks	Structures, Railings, Abutments, Approaches, Channel Stabilization	25	804	each	32	\$400,000	\$12,800,000	\$1,500,000	\$1,600,000	\$1,600,000	\$11,300,000
	Outfalls	Daylighting, Endwalls, Plunge Pools, Channel Stabilization	30	1,600	each	53	\$150,000	\$7,950,000	\$ 500,000	\$ 500,000	\$ 500,000	\$7,450,000
	Various	Park amenities and infrastructure not separately identified	20	422	parks	21	\$800,000	\$16,800,000	\$ 2,500,000	\$ 2,700,000	\$ 2,700,000	\$14,300,000
	PLAR Subtotal							\$59,120,000	\$12,000,000	\$12,500,000	\$12,500,000	\$47,120,000
Trails - Hard Surface Renovation	Hard Surface Trails	Pavement, Signage, Grading, Drainage, SWM, ADA	25	815,000	Linear Feet	32600	\$90	\$2,934,000	\$2,000,000	\$2,000,000	\$2,000,000	\$934,000
Ballfield Initiatives	Fencing and backstops	Replacement	20	190	Fields	10	\$60,000	\$600,000	\$ 100,000	\$ 100,000	\$ 100,000	\$500,000
	Field Renovations	Renovations of Park Fields	15	275	Fields	18	\$120,000	\$2,160,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$960,000
	Field Amenities	Renovating replacing Dugouts, bull pens, score boards, bleachers, batting cages	20	96	Fields	5	\$100,000	\$500,000	\$ 200,000	\$ 200,000	\$ 200,000	\$300,000
	Lighting	Installation and Replacements	30	26	Light Systems	1	\$600,000	\$600,000	\$ 250,000	\$ 250,000	\$ 250,000	\$350,000
	Artificial Turf Replacement	Replacement	8	4	Fields	1	\$1,100,000	\$1,100,000	\$ 250,000	\$ 250,000	\$ 250,000	\$850,000
	MCPS Field Renovations	Field Renovations back and goal improvements	15	211	Fields	14	\$90,000	\$1,260,000	\$ 300,000	\$ 300,000	\$ 300,000	\$960,000
	Ballfields Subtotal							\$6,220,000	\$2,300,000	\$2,300,000	\$2,300,000	\$3,920,000
	Parks Total							\$68,274,000	\$16,300,000	\$16,800,000	\$16,800,000	\$51,974,000

Funding from other sources

- 1) SHA, WMATA, MTA Funding
- 2) Performance Bonds from DPS

Developers bond for infrastructure they are required to install within the ROW. Those bonds are released once the work is done and ROW permits are issued. Staff at DPS indicated that the bonds have been quite undervalued and recommend adding 50% to all bond costs. Planning staff made this calculation for you in Column X (BONDAMT_t+50).

- 3) LATR/APF

Data from Planning that shows all transportation infrastructure provided as part of frontage improvements or off-site Local Area Transportation Review (LATR/APF) between January of 2019 and October 2025. This includes sidepaths, bike lanes, bus stops, etc. and fees collected. What's missing from this is the length of sidewalk completed. We're working to get this information as soon as possible. When we were reviewing the data, we noticed some inconsistencies that didn't give us full confidence to share at this time.

Row Labels	Sum of BONDAMT	Sum of BONDAMT +50%
GRADING	34,294,800	51,442,200
GRADING, PAVING & STORM DRAIN	30,863,797	46,295,695
PAVING	50,058,741	75,088,112
Storm Drain	38,655,346	57,983,019
Grand Total	153,872,684	230,809,025

	2019	2020	2021	2022	2023
SHA	\$ 109,755	\$ 145,719	\$ 66,025	\$ 86,072	\$ 59,440
MTA	\$ 116,452	\$ 185,472	\$ 210,879	\$ 252,077	\$ 94,762
WMATA	\$ 127,896	\$ 202,535	\$ 219,842	\$ 248,823	\$ 231,156
Total	\$ 354,102	\$ 533,726	\$ 496,745	\$ 586,971	\$ 385,357

				Bicycle Amenities				Additional Amenities			Financial Contributions			
Status	Sidepaths (ft)	SBLs(ft)	Trails (ft)	Short-term Bike Parking	Bike Station	Bike Repair Station	Bikeshare Station	Bus Stop	Curb Ramps	Streetlamps	Fee In Lieu	LATR Proportionality Cap	LATR Costs	LATR Payment
Existing	21463	4915	2191	157	0	2	1	0	135	147	\$134,672	\$125,393	\$124,938	\$0
Approved - LATR	1845	1815	0					4	41	1	\$497,662	\$11,940,017	\$5,799,998	\$2,617,790
Approved - Frontage	45500	11307	4629	526	0	16	2	3	1131	1126				
Under Construction	6104	4927	1842	363	1	6	0	4	178	512	\$368,640	\$32,900	\$32,900	\$424,800

MCPS Unconstrained Policy Investments

Using the assumptions outlined below, it would roughly cost **\$170M** to expand our half-day PEP and general education PreK classes into full-day classes. Here are some basic assumptions used in obtaining these rough estimates:

General Education Pre-Kindergarten

- We currently have 32 half-day Gen Ed PreK classes
- We would need an additional 16 classrooms to expand to full day services
- Assuming the school has nowhere to put the expanded full-day services inside of the building, we would need to build out a small addition for the additional classrooms
- Using these assumptions, with current construction costs that we are seeing, we would expect it to cost \$20,160,000 or roughly **\$20M**

Preschool Education Programs, or PEP (special education services for 3 and 4 year olds)

- We currently serve 218 half-day PEP classes
- We would need an additional 109 classrooms to expand to full day services
- When we build out spaces for PEP programs, we provide additional supports if the school has 3 or more PEP classes
- If we expanded at schools with current PEP programs, that would mean 41 schools have 3+ PEP classes at them
- Assuming half of them already have the additional support spaces (20 schools), we would need to add supports at 20 sites
- Assuming the school has nowhere to put the expanded full-day services, we would need to build out a small addition for the additional classrooms/supports
- Using all of these assumptions, with current construction costs that we are seeing, we would expect it to cost us \$149,940,000, or roughly **\$150M** to expand our half-day PEP classes into full-day day PEP classes

	Item	Capital / One-Time	O&M / Recurring	Preparers	Notes
System Preservation & Maintenance	Updated IMTF	\$ 157,833,000	\$ 2,000,000	Haley Peckett	Capital is acceptable annual replacement cost for all categories (one year total); O&M is one year estimate based on streetlights and signals
	Existing Depots	\$ -		Denise Wade, Ken Sloate	*
	Future Transit Facilities	\$ 80,000,000		Denise Wade, Ken Sloate	\$20M per transit center (Montg. College, White Oak, Clarksburg, and Germantown); Lakeforest included in CIP projects; new depot included in ZEB transition budget.
	O&M of Other MCDOT Facilities	\$ -		Denise Wade	
Safety & Climate Upgrades	Sidewalks w/in 1/2 mi of Public Schools	\$ 3,341,632,800	\$ 4,725,600	Joe Pospisil, Matt Johnson	Joe - This uses official walksheds around presumed public schools, except walksheds established since 2020 (<i>old dataset</i>) (<i>but newer schools tend to have better sidewalk coverage, except for Silver Creek MS which is not surrounded by an extensive sidewalk network</i>) . Within these areas: includes all sidewalk gaps, even if one side already has sidewalk. Result is 1100mi of sidewalk needs.
	Tier 1 and Tier 2 Bikeways	\$ 1,083,887,834	\$ 619,210	Andrew Bossi, Matt Johnson	Bossi - Assumes \$575.35/LF capital, which includes contingencies for +40% planning-level estimate, +15% overhead, +25% PDNS, +5% utilities. Assumes \$4296/mi/yr O&M.
	BRT Build-out	\$ 2,200,000,000	\$ 90,300,000	BRT Team	Bossi -Sums the inflation adjusted value of Priority Tier 1, Tier 1, and 2 projects from the 2018 Bike Master Plan FIS, less projects built since the Bike Plan was approved.
	Transition to Zero Emission Fleet	\$ 2,360,000,000		Maricela Cordova, Calvin Jones	Per Jamie+Joana : Approx \$2.4b capital + buses, with buses typically ~10-15% of that so suggest \$2.2b. (<i>buses presumed accounted for in Zero Emission Fleet line item</i>)
	Vision Zero Action Plan Implementation	\$ 3,500,000,000	\$ -	Wade Holland, Nima Upadhyay	Includes vehicles as well as upgraded infrastructure & facilities. More detailed breakdowns available at: https://www.montgomerycountymd.gov/DOT/Projects/ZEBTransitionPlan.html Wade - \$700m (<i>low</i>) , \$2100m (<i>med</i>) , \$12200m (<i>high</i>) Assuming 80% of 435.5mi of OPA and Minor Arterial roads (<i>State, County, Municipal</i>) will need reconstructions, meaning 348.4mi of need. Low estimate assumes \$2m/mi for 1-3 la avg, no curb work, quick builds, 0-1 TCDs added. Med estimate assumes \$6m/mi for minor concrete work, 4-6 la, 1-4 TCDs, minimal curbwork. High assumes \$35m/mi as like the 97/Montg Hills project.
	Build Out Existing BiPPAs	\$ 43,801,083	\$ -	Matt Johnson	Bossi - I'd expect the number to be between Med & High, but much closer to the Med number. Maybe \$3000-4000m.
	Upgrade All Bus Stops	\$ 34,300,000		Wayne Miller	Wayne - Accounts for 5400 bus stops, per a December 2025 audit.
	All CIP Projects Not Currently Funded			Brady Goldsmith	This should include the "Beyond 6 year" cost for all CIP projects in the FY27 Executive proposed budget
Strategic Investments	Ride-On Reimagined Visionary Network Plan Implementation	\$ 11,550,000	\$ 248,436,078	Andrew Wexler, Deanna Archey	(Wexler) Presumes most capital costs are addressed by Zero Emission Fleet Replacement estimate as the future fleet is comparable to the existing fleet, except +42 Flex buses are accounted for here in the Vision years. O&M costs are estimated at \$186.77m/yr for Year 5 timeframe (<i>FY27-30</i>) and \$287.96 for Vision timeframe (<i>FY31+</i>) . (Bossi) This estimate originally included Flash buses, but I've scaled them down to remove 56 of 408 Vision-year buses.
	Build Out All Envisioned BiPPAs	\$ 80,000,000		Matt Johnson	The Planning vision for BIPPAs is fairly extensive, this estimate doubles "build out existing BIPPAs." A more accurate estimate may be to estimate the number of envisioned BIPPAs and assign a cost based on historic expenditure to each one, but we have not done that (yet).
	Bikeshare Expansion & Electrification			Cameron McAllister, Chris Van Alstyne	
NET		\$ 12,893,004,717	\$ 346,080,888		

M-NCPPC Montgomery Parks				
State of Good Repair Ideal Capital Budget Scenario				
PDF #	PDF Name	FY26 Adopted Appropriation	Ideal Appropriation	
018710	Legacy Open Space	1,215,000	2,000,000	Notes: Acquire land for resource conservation, trail connectivity, and urban open space Acquire land for active parks in urban areas Acquire land for active parks throughout County
872104	Legacy Urban Space	2,585,000	4,000,000	
872301	Park Acquisitions	400,000	1,000,000	
	Total Acquisition	4,200,000	7,000,000	
8720	Ballfield Improvements	2,300,000	4,000,000	Improve athletic field service delivery
	Water Resources	5,300,000	6,500,000	
78701	Pollution Prevention and Repairs to Ponds & Lakes	1,200,000	1,500,000	Retrofit SWM for MS4 Permit
818571	Stream Protection: SVP	4,100,000	5,000,000	Stabilize degraded streams and outfalls
	Hard Surface Trails	3,500,000	5,500,000	
768673	Trails: Hard Surface Design & Construction	750,000	1,500,000	Hard surface trail extensions and community connections
871905	Vision Zero	750,000	1,000,000	Trail users safety and traffic calming
888754	Trails: Hard Surface Renovation	2,000,000	3,000,000	Renovate existing hardsurface trail system
	ADA	1,750,000	2,500,000	
128701	ADA Compliance: Local Parks	750,000	1,000,000	Remove ADA barriers to improve accessibility
128702	ADA Compliance: Non-Local Parks	1,000,000	1,500,000	Remove ADA barriers to improve accessibility
	Planned Life Cycle Asset Replacement (PLAR)	11,213,000	15,000,000	
872503	PLAR LP	4,383,000	6,000,000	Renovate aging infrastructure and amenities
872504	PLAR NL	6,830,000	9,000,000	Renovate aging infrastructure and amenities
871902	Park Refreshers	4,575,000	7,000,000	Renovate aging Local Parks
	Minor New Construction	1,900,000	3,000,000	
998763	Minor New Construction - Non-Local Parks	900,000	1,500,000	Create new ameinities and supporting infrastructure
998799	Minor New Construction - Local Parks	1,000,000	1,500,000	Create new ameinities and supporting infrastructure
871540	Urban Park Elements	750,000	1,000,000	Create new ameinities in urban areas
	Facility Planning	700,000	1,000,000	
957775	Facility Planning: Local Parks	400,000	500,000	Planning for future projects and programs
958776	Facility Planning: Non-Local Parks	300,000	500,000	Planning for future projects and programs
Level-of-Effort Subtotal - PDD		31,988,000	45,500,000	
998710	Energy Conservation - Local Parks (FM)	125,000	250,000	Install renewable energy and improve efficiency
998711	Energy Conservation - Non-Local Parks (FM)	300,000	750,000	Install renewable energy and improve efficiency
858710	Trails: Natural Surface Design, Constr. & Renov. (PPSD)	700,000	1,000,000	Expand and restore natural surface trail system
808494	Restoration Of Historic Structures (PPSD)	635,000	1,000,000	Stabilize and restore historic structures
Level-of-Effort Subtotal - Other Divisions		1,760,000	3,000,000	
871904	Wheaton Regional Park Improvements	3,500,000	5,000,000	Implement WRP Master Plan and restore aging infrastructure
78702	Brookside Gardens Master Plan Implementation	-	1,500,000	Modernize formal gardens and restore aging infrastructure
	Non-Local Stand Alone Project (i.e. CCT, NWB, etc.)	-	6,000,000	Create and renovate regional/destination parks
Total		41,448,000	68,000,000	

MCPS

Project Name	Category	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30	Total 6-Year
Bethesda-Chevy Chase/Walter Johnson Clusters ES	Net New Capacity					650	545	1,195
Burtonsville ES Replacement	Net New Capacity	15,455	20,338	17,536				53,329
Crown HS (New)*	Net New Capacity	30,613	40,719	78,358	48,577	5,000		203,267
Greencastle ES Addition	Net New Capacity	6,445	5,390					11,835
Highland View ES Addition	Net New Capacity	1,825	6,394	7,505				15,724
JoAnn Leleck ES @ Broad Acres Replacement	Net New Capacity	16,444	17,355	16,000				49,799
Northwood HS Addition/Facility Upgrade*	Net New Capacity	43,909	40,891	46,254	40,000			171,054
William Tyler Page ES Addition*	Net New Capacity	2,000						2,000
Parkland MS Addition*	Net New Capacity							0
Silver Spring International MS Addition	Net New Capacity	10,154	5,000					15,154
Takoma Park MS Addition*	Net New Capacity							0
Westbrook ES Addition*	Net New Capacity							0
Charles W. Woodward HS Reopening*	Net New Capacity	2,761	11,958	37,000	30,000	15,000		96,719
ADA Compliance: MCPS	PLAR/Maintenance	7,200	7,200	5,500	5,500	5,500	5,500	36,400
Asbestos Abatement	PLAR/Maintenance	1,145	1,145	1,145	1,145	1,145	1,145	6,870
Building Modifications and Program Improvements*	PLAR/Maintenance	8,000	4,000	8,000	7,000	8,000	9,000	44,000
CESC Modifications	Renovations/Upgrades	2,500	2,500					5,000
Design and Construction Management	Renovations/Upgrades	5,500	5,500	5,500	5,500	5,500	5,500	33,000
Early Childhood Centers*	Renovations/Upgrades			5,000	6,000			11,000
Emergency Replacement of Major Building Components	PLAR/Maintenance	1,500	1,500	1,500	1,500	1,500	1,500	9,000
Facility Planning: MCPS	Renovations/Upgrades	1,350	1,050	350	350	350	350	3,800
Fire Safety Upgrades	PLAR/Maintenance	2,317	2,317	2,000	2,000	2,000	2,000	12,634
Healthy Schools	Renovations/Upgrades	2,685	2,685					5,370
HVAC Replacement*	PLAR/Maintenance	35,000	39,500	35,000	33,000	35,000	37,000	214,500
Improved (Safe) Access to Schools/County Bicycle Initiative	Renovations/Upgrades	3,500	3,500	3,500	3,500	3,500	3,500	21,000
Major Capital Projects Elementary*	Renovations/Upgrades	8,252	2,287			35,000	60,000	105,539
Major Capital Projects Secondary	Renovations/Upgrades	46,278	32,728			42,267	102,636	223,909
Outdoor Play Space Maintenance	PLAR/Maintenance	450	450	450	450	450	450	2,700
Planned Life-Cycle Asset Replacement (PLAR)	PLAR/Maintenance	12,000	12,000	10,000	10,000	10,000	10,000	64,000
Relocatable Classrooms	Net New Capacity	5,000	5,000	5,000	5,000	5,000	5,000	30,000
Restroom Renovations	PLAR/Maintenance	6,000	6,000	3,000	3,000	3,000	3,000	24,000
Roof Replacement: MCPS	PLAR/Maintenance	12,000	12,000	8,000	8,000	8,000	8,000	56,000
School Security Systems	PLAR/Maintenance	4,000	4,000	2,000	2,000	2,000	2,000	16,000
Stormwater Discharge and Water Quality Management: MCPS	PLAR/Maintenance	1,200	1,200	1,200	1,200	1,200	1,200	7,200
Sustainability Initiatives*	PLAR/Maintenance	10,000	5,000	5,000	5,000	5,000	5,000	35,000
Technology Modernization	Renovations/Upgrades	27,248	27,248	28,500	28,500	28,500	28,500	168,496

MCDOT

[illegible]

Garrett Park Road Bridge M-0352	PLAR/Maintenance	\$ 3,773	\$ 4,629	\$ -	\$ -	\$ -	\$ -	\$ 8,402
Parking Bethesda Facility Renovations	PLAR/Maintenance	\$ 9,720	\$ 4,100	\$ 4,100	\$ 4,100	\$ 4,100	\$ 4,100	\$ 30,220
Dennis Ave Bridge M-0194 Replacement	PLAR/Maintenance	\$ 5,788	\$ 4,093	\$ -	\$ -	\$ -	\$ -	\$ 9,881
Bridge Renovation	PLAR/Maintenance	\$ 4,020	\$ 4,020	\$ 4,020	\$ 4,020	\$ 4,020	\$ 4,020	\$ 24,120
Permanent Patching: Residential/Rural Roads	PLAR/Maintenance	\$ 3,407	\$ 3,407	\$ 3,407	\$ 3,407	\$ 3,407	\$ 3,407	\$ 20,442
Street Tree Preservation	PLAR/Maintenance	\$ 3,348	\$ 3,348	\$ 3,348	\$ 3,348	\$ 3,348	\$ 3,348	\$ 20,088
Glen Road Bridge	PLAR/Maintenance	\$ 1,292	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ 4,292
Redland Road Bridge Mo. M-0056	PLAR/Maintenance	\$ 1,213	\$ 2,787	\$ -	\$ -	\$ -	\$ -	\$ 4,000
Parking Silver Spring Facility Renovations	PLAR/Maintenance	\$ 106	\$ 2,573	\$ 3,519	\$ 4,019	\$ 4,419	\$ 4,119	\$ 18,755
Bridge Design	PLAR/Maintenance	\$ 2,488	\$ 2,250	\$ 2,175	\$ 1,969	\$ 1,957	\$ 1,805	\$ 12,644
Storm Drain General	PLAR/Maintenance	\$ 2,160	\$ 2,228	\$ 2,225	\$ 2,225	\$ 2,225	\$ 2,225	\$ 13,288
Brink Road Bridge M-0064	PLAR/Maintenance	\$ 814	\$ 1,900	\$ 3,841	\$ 1,075	\$ -	\$ -	\$ 7,630
Storm Drain Culvert Replacement	PLAR/Maintenance	\$ 1,836	\$ 1,891	\$ 1,891	\$ 1,891	\$ 1,891	\$ 1,891	\$ 11,291
Schaeffer Road Bridge M-0137	PLAR/Maintenance	\$ 20	\$ 1,368	\$ 1,052	\$ -	\$ -	\$ -	\$ 2,440
Brookville Road Bridge M-0083	PLAR/Maintenance	\$ 190	\$ 1,155	\$ 2,405	\$ 1,440	\$ -	\$ -	\$ 5,190
Outfall Repairs	PLAR/Maintenance	\$ 999	\$ 1,029	\$ 1,029	\$ 1,029	\$ 1,029	\$ 1,029	\$ 6,144
Resurfacing Park Roads and Bridge Improvements	PLAR/Maintenance	\$ 618	\$ 618	\$ 618	\$ 618	\$ 618	\$ 618	\$ 3,708
Bridge Preservation Program	PLAR/Maintenance	\$ 556	\$ 556	\$ 556	\$ 556	\$ 556	\$ 556	\$ 3,336
Facility Planning: Storm Drains	PLAR/Maintenance	\$ 140	\$ 534	\$ 534	\$ 534	\$ 534	\$ 534	\$ 2,810
Guardrail Projects	PLAR/Maintenance	\$ 341	\$ 341	\$ 341	\$ 341	\$ 341	\$ 341	\$ 2,046
Parking Wheaton Facility Renovations	PLAR/Maintenance	\$ 112	\$ 112	\$ 237	\$ 244	\$ 244	\$ 244	\$ 1,193
Dedicated but Unmaintained County Roads	PLAR/Maintenance	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 30
Bicycle-Pedestrian Priority Area Improvements - Purple Line	Net New Capacity	\$ 3,169	\$ 5,310	\$ 1,598	\$ 1,411			\$ 11,488
Pedestrian Safety Program	Renovations / Upgrades	\$ 4,996	\$ 5,200	\$ 5,120	\$ 4,244	\$ 4,371	\$ 4,502	\$ 28,433
Sidewalk Program Minor Projects	Renovations / Upgrades	\$ 3,240	\$ 4,635	\$ 3,708	\$ 3,819	\$ 3,934	\$ 4,052	\$ 23,388
Bicycle-Pedestrian Priority Area Improvements - Wheaton CBD	Net New Capacity	\$ 3,079	\$ 3,281	\$ 535	\$ 535	\$ 557	\$ 568	\$ 8,555
Intersection and Spot Improvements	Renovations / Upgrades	\$ 2,532	\$ 2,532	\$ 2,532	\$ 2,532	\$ 2,532	\$ 2,532	\$ 15,192
Streetlighting	Renovations / Upgrades	\$ 2,039	\$ 2,039	\$ 2,039	\$ 2,039	\$ 2,039	\$ 2,039	\$ 12,234
Boys Transit Center	Renovations / Upgrades	\$ 3,482	\$ 1,873	\$ -	\$ -	\$ -	\$ -	\$ 5,355
US 29 Streetlighting	Renovations / Upgrades	\$ 1,430	\$ 1,553	\$ -	\$ -	\$ -	\$ -	\$ 2,983
Advanced Transportation Management System	Renovations / Upgrades	\$ 1,508	\$ 1,508	\$ 1,508	\$ 1,508	\$ 1,508	\$ 1,508	\$ 9,048
Bicycle-Pedestrian Priority Area Improvements - Veirs Mill/Randolph	Net New Capacity	\$ 1,112	\$ 1,377	\$ 770	\$ 1,036	\$ 1,067	\$ 1,099	\$ 6,461
Traffic Signal System Modernization	Renovations / Upgrades	\$ 1,339	\$ 1,339	\$ 1,339	\$ 1,339	\$ 1,339	\$ 1,339	\$ 8,034
Silver Spring Parking Security Camera Surveillance System	Renovations / Upgrades	\$ 1,908	\$ 1,218	\$ 1,218	\$ 1,218	\$ 1,218	\$ 1,740	\$ 8,520
ADA Compliance: Transportation	Renovations / Upgrades	\$ 1,082	\$ 1,082	\$ 1,082	\$ 1,082	\$ 1,082	\$ 1,082	\$ 6,492
Capital Crescent Trail	Net New Capacity	\$ 825	\$ 1,040	\$ 940				\$ 2,805
Facility Planning-Roads	Renovations / Upgrades	\$ 1,035	\$ 1,015	\$ 315	\$ 630	\$ 800	\$ 845	\$ 4,640

Bethesda Parking Security Camera Surveillance System	Renovations / Upgrades	\$ 1,578	\$ 978	\$ 978	\$ 978	\$ 978	\$ 1,430	\$ 6,920
Bus Stop Improvements	Renovations / Upgrades	\$ 942	\$ 947	\$ 1,212	\$ 877	\$ 917	\$ 977	\$ 5,872
Neighborhood Traffic Calming	Renovations / Upgrades	\$ 735	\$ 735	\$ 735	\$ 735	\$ 735	\$ 735	\$ 4,410
Twinbrook Connector Trail	Renovations / Upgrades	\$ 650	\$ 650	\$ -	\$ -	\$ -	\$ -	\$ 1,300
River Falls Storm Drain Improvements	Renovations / Upgrades	\$ 618	\$ 636	\$ -	\$ -	\$ -	\$ -	\$ 1,254
Intelligent Transit System	Renovations / Upgrades	\$ 1,136	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 3,636
Streetlight Enhancements- CBD/Town Center	Renovations / Upgrades	\$ 270	\$ 270	\$ 270	\$ 270	\$ 270	\$ 270	\$ 1,620
Highway Noise Abatement	Renovations / Upgrades	\$ 5	\$ 255	\$ 5	\$ 5	\$ 5	\$ 5	\$ 280
Transportation Feasibility Studies	Renovations / Upgrades	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 1,500
Transportation Improvements for Schools	Renovations / Upgrades	\$ 142	\$ 226	\$ 226	\$ 226	\$ 226	\$ 226	\$ 1,272
Wheaton Parking Security Camera Surveillance System	Renovations / Upgrades	\$ 279	\$ 189	\$ 189	\$ 189	\$ 189	\$ 180	\$ 1,215
Facility Planning Parking: Silver Spring Parking Lot District	Renovations / Upgrades	\$ 204	\$ 155	\$ 90	\$ 90	\$ 90	\$ 90	\$ 719
Facility Planning Parking: Bethesda Parking Lot District	Renovations / Upgrades	\$ 130	\$ 100	\$ 90	\$ 90	\$ 90	\$ 90	\$ 590
Hydrogen Fuel Cell Buses and Fueling Site	Renovations / Upgrades	\$ 9,501	\$ 65	\$ 1,385	\$ -	\$ -	\$ -	\$ 10,951
Facility Planning Parking: Wheaton Parking Lot District	Renovations / Upgrades	\$ 20	\$ 58	\$ 45	\$ 165	\$ 45	\$ 45	\$ 378

Parks

Project Name	Category	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30	Total 6-Year
Bethesda Lots 10 - 24 Parks	Net New Capacity	350	2,300	3,600	1,400	-	-	7,650
Bethesda Park Impact Payment	Net New Capacity	4,000	2,500	-	-	-	-	6,500
Lyttonsville Civic Green	Net New Capacity	-	-	300	1,000	600	-	1,900
Mid-County Park Benefit Payments	Net New Capacity	-	-	-	-	-	-	-
Ovid Hazen Wells Recreational Park	Net New Capacity	794	680	-	-	-	-	1,474
Power Line Trail	Net New Capacity	2,150	-	-	-	-	-	2,150
Silver Spring Park Benefit Payment	Net New Capacity	1,000	1,000	-	-	-	-	2,000
S. Germantown Recreational Park: Cricket Field	Renovations / Upgrades	350	-	357	1,530	-	-	2,237
Northwest Branch Recreational Park-Athletic Area	Renovations / Upgrades	-	-	-	250	-	-	250
Warner Circle Special Park	Renovations / Upgrades	-	200	-	-	-	-	200
Wheaton Regional Park Improvements	Renovations / Upgrades	2,500	6,500	3,000	3,000	3,000	3,000	21,000
Cost Sharing: Local Parks	Renovations / Upgrades	75	75	75	75	75	75	450
Cost Sharing: Non-Local Parks	Renovations / Upgrades	50	50	50	50	50	50	300
Legacy Open Space	Net New Capacity	674	1,215	1,215	1,215	1,215	1,215	6,749
Legacy Urban Space	Net New Capacity	2,600	2,585	3,611	3,500	3,500	3,500	19,296
Minor New Construction - Local Parks	Net New Capacity	650	1,000	500	500	500	500	3,650
Minor New Construction - Non-Local Parks	Net New Capacity	1,400	900	900	900	900	900	5,900
Park Acquisitions	Net New Capacity	900	400	1,400	1,400	1,360	1,366	6,826
Trails: Hard Surface Design & Construction	Net New Capacity	4,250	750	750	750	750	750	8,000
Trails: Natural Surface & Resource-based Recreation	Net New Capacity	700	700	700	700	700	700	4,200
ALARF: M-NCPPC	Net New Capacity	2,100	2,100	2,100	2,100	2,100	2,100	12,600
Planned Lifecycle Asset Replacement (PLAR): Local Parks	PLAR / Maintenance	4,085	4,383	4,001	4,026	3,906	3,734	24,135
Planned Lifecycle Asset Replacement (PLAR): Non-Local Parks	PLAR / Maintenance	6,930	6,830	6,630	6,629	6,780	7,030	40,829
Stream Protection: SVP	PLAR / Maintenance	7,002	3,866	3,434	3,350	3,350	3,350	24,352
Trails: Hard Surface Renovation	Renovations / Upgrades	2,000	2,000	2,000	2,000	2,000	2,000	12,000
ADA Compliance: Local Parks	Renovations / Upgrades	2,300	2,250	2,250	2,250	1,500	750	6,100
ADA Compliance: Non-Local Parks	Renovations / Upgrades	1,000	1,000	1,000	1,000	1,000	1,000	6,000
Pollution Prevention and Repairs to Ponds & Lakes	PLAR / Maintenance	4,152	1,425	1,262	1,200	1,200	1,200	10,439
Ballfield Initiatives	Renovations / Upgrades	2,300	2,300	2,300	2,300	2,300	2,300	13,800
Energy Conservation - Local Parks	Renovations / Upgrades	125	125	125	125	125	125	750
Energy Conservation - Non-Local Parks	Renovations / Upgrades	300	300	300	300	300	300	1,800
Facility Planning: Local Parks	Renovations / Upgrades	400	400	400	400	400	400	2,400

Funding Options

➤ Current Funding

Options to implement:

- 1) Annual budget decisions
 - 2) Adopting a policy resolution defining the approach and expectation. See Council Resolution No. 19-753 as an example.
 - 3) Enacting an amendment to County Code defining the approach and expectation. See County Code for the Revenue Stabilization Fund as an example.
- Regardless of option selected, the Council must approve the use of these resources annually.

➤ Excise Tax based on square footage

- Council previously approved multiple iterations of a new development excise tax to fund school construction in 1990s, but it never was implemented. Impact taxes replaced this concept eventually.
- Requires the creation of districts to target geographically. Except for transportation improvements, additional State authority may be required for other purposes.
- Revenues would increase with additional development or redevelopment. There would be no growth from changes in property values.
- Must have a connection with service provided.

➤ Ad Valorem Property tax

- Requires affirmative vote by all Councilmembers, unless for transportation purposes noted in the special taxing district below.
- Funds would need to be recommitted each year through annual budget process.
- Requires the creation of districts to target geographically. Except for transportation improvements, additional State authority may be required for other purposes.
- A one-time property tax increase would result in revenues increasing or decreasing as assessable base changes in the County.

➤ Special Taxing Districts

- Council may approve these for transportation purposes.
- Any tax increase levied does not require an affirmative vote by all Councilmembers.
- See notes from previous work by workgroup members on examples of special taxing districts in the County and elsewhere.

➤ Development Districts and Tax Increment Financing

- Council may approve these for significant development needs in a defined area, usually related to master plan needs.
- The Council has approved three of these districts – West Germantown, Kingsview Village Center, and Clarksburg Town Center.
- Council may authorize the issuance of bonds and financing, including tax increment financing, within the district. The Council did this for West Germantown and Kingsview Village Center, but not for Clarksburg Town Center (bonds and financing, not TIF).
- Council is considering this for the White Oak Redevelopment.

➤ Sales Tax

- May be dedicated for specific purposes and has been implemented in some local jurisdictions to pay for transportation improvements.
- Grows with the value of the goods or services that are taxed.
- Requires State authority for Maryland jurisdictions.

Resolution No:	<u>19-753</u>
Introduced:	<u>March 2, 2021</u>
Adopted:	<u>March 2, 2021</u>

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

Lead Sponsor: Government Operations and Fiscal Policy Committee

SUBJECT: Reserve and Select Fiscal Policies

Background

1. Fiscal policy corresponds to the combined practices of government with respect to revenues, expenditures, debt management, and reserves.
2. Fiscal policies provide guidance for good public practice in the planning of expenditures, revenues, and funding arrangements for public services. They provide a framework within which budget, tax, and fee decisions should be made. Fiscal policies provide guidance toward a balance between program expenditure requirements and available sources of revenue to fund them.
3. As a best practice, governments must maintain adequate levels of fund balance to mitigate current and future risks (e.g., revenue shortfalls and unanticipated expenditures) and to ensure stable tax rates. Fund balance levels are a crucial consideration, too, in long-term financial planning. Credit rating agencies monitor levels of fund balance and unrestricted fund balance in a government's general fund to evaluate a government's continued creditworthiness.
4. In FY 2010, the County experienced an unprecedented \$265 million decline in income tax revenues and weathered extraordinary expenditure requirements associated with the H1N1 flu virus and successive and historic winter blizzards. The costs of these events totaled in excess of \$60 million, only a portion of which was budgeted and planned for.
5. In a memorandum dated April 22, 2010, the County Executive recommended that the County Council restore reserves first to the current 6% policy level for FY11 and also revise and strengthen policy levels in order to more appropriately position the County to weather economic cycles in the future, and to achieve structural balance in future budgets.
6. The County's financial advisor recommended that the County strengthen its policy on reserves and other fiscal policies to ensure budget flexibility and structural stability, and provided specific recommendations, which are reflected below.

7. On June 29, 2010, the Council approved Resolution No. 16-1415, *Reserve and Selected Fiscal Policies*. This resolution established a goal of achieving the Charter §310 maximum for the reserve in the General Fund of 5% of General Fund revenues in the preceding fiscal year and building up and maintaining the sum of Unrestricted General Fund Balance and Revenue Stabilization Fund Balance to 10% of Adjusted Governmental Revenues, as defined in the Revenue Stabilization Fund law.
8. On November 29, 2011, the Council adopted Resolution No. 17-312, *Reserve and Selected Fiscal Policies*. This resolution amended and replaced Resolution No. 16-1415 to further clarify and strengthen the County's reserve policy.
9. On February 22, 2021, the Government Operations and Fiscal Policy Committee reviewed Resolution No. 17-312, *Reserve and Selected Fiscal Policies* in response to the COVID-19 pandemic and its impact on the County's financial stability.
10. The County's reserve and selected fiscal policies should be further clarified and strengthened. This resolution replaces the reserve policy established in Resolution No. 17-312.

Action

The County Council for Montgomery County, Maryland approves the following policies regarding reserves and selected fiscal matters:

1. **Structurally Balanced Budget**

Montgomery County must have a goal of a structurally balanced budget. Budgeted expenditures should not exceed projected recurring revenues plus recurring net transfers in minus the mandatory contribution to the required reserve for that fiscal year. Recurring revenues should fund recurring expenses. No deficit may be planned or incurred.

2. **Use of One-Time Revenues**

One-time revenues and revenues greater than projections must be prioritized to meet the County's fiscal policy goals or budgeted as required by law. One-time revenues and revenues greater than projected that remain after any contributions required by law will be applied in the following order until the policy goal is met, or the resources are fully utilized:

- a) Reserves to policy goal.
- b) OPEB more than the annual actuarial prefunding contribution and/or Pension prefunding more than the annual actuarial goal, if unfunded liabilities exist.

- c) Other unfunded liabilities and/or
Other non-recurring expenditures and/or
PAYGO for the CIP more than the County's target goal.

3. PAYGO for the CIP

The County should allocate to the CIP each fiscal year as PAYGO at least 10% of the amount of general obligation bonds planned for issue that year.

4. Fiscal Plan

The County should adopt a fiscal plan that is structurally balanced, and that limits expenditures and other uses of resources to annually available revenues. The fiscal plan should also separately display reserves at policy levels, including additions to reserves to reach policy level goals.

5. County Government Reserve

- (a) **County Government Reserve.** The County Government Reserve has three components. The components of the budgeted reserve at the end of the next fiscal year are:

- (i) **Reserve in the General Fund.** The County's goal is that this reserve will be the maximum permitted by §310 of the Charter, which is 5% of revenues in the General Fund in the previous year;
 - (ii) **Reserve in the Revenues Stabilization Fund (RSF).** This budgeted reserve at the end of the next fiscal year is the reserve beginning of the year, plus interest on the fund balance, plus a mandatory transfer from the General Fund, as defined in the RSF law, plus a discretionary transfer if the Council approves one. The actual amount of the mandatory transfer is calculated in accordance with §20-68 of the County Code; and
 - (iii) **Reserve in other tax supported funds in the County Government.** The budgeted reserve at the end of the next fiscal year for the following funds – Fire, Mass Transit, Recreation, Urban District, Noise Abatement, Economic Development, and Debt Service – and any other tax supported County Government fund established after adoption of this resolution, should be the minimum reserve possible (as close as possible to zero, but not negative), since the Council sets the property tax rate to the nearest one tenth of 1¢.
- (b) **Calculation of budgeted reserve as a percent of Adjusted Governmental Revenues (AGR).** The target reserve as a percent of AGR is the sum of the reserves in the General Fund and RSF divided by AGR, as defined in the RSF law. The reserves in the other tax supported funds in County Government are not included in this calculation.

- (c) **Budgeted reserve as a percent of AGR.** The County's goal for County Government Reserves is to budget the amount necessary to achieve 10% of AGR annually, except for the emergencies described in paragraph (d) below. The Council may make a discretionary transfer each year from the General Fund to the Revenue Stabilization Fund, if necessary, to reach the County Government Reserve policy goal of 10% of AGR.
- (d) **Use of budgeted reserves during economic recessions or national emergencies.**
 - (i) Definitions: An **economic recession** is defined when the United States Gross Domestic Product, as published by the U.S. Department of Commerce Bureau of Economic Analysis, has experienced negative growth for at least two quarters; and/or the National Bureau of Economic Research has determined that the United States economy is in a recession. A **national emergency** is defined as an event that is a federally declared natural or national disaster or emergency in all or part of the County.
 - (ii) The County's goal is to identify targeted budget reductions to reduce the use of the County Government Reserves during economic recessions or national emergencies. The Council and Executive will work collaboratively to identify targeted reductions that will minimize impact on the County's service delivery in response to the economic recession or national emergency.
 - (iii) The County must replenish the County Government Reserves to its policy goal within three fiscal years following a decrease in County Government Reserves during an economic recession or national emergency. The replenishment schedule must be included in the County's six-year fiscal plan. The County should avoid deferring the replenishment of reserves until the last year of the replenishment period.

6. Reserves in Other Agencies

The reserves for the Montgomery County Public Schools (MCPS), the Maryland-National Capital Park and Planning Commission (M-NCPPC), and Montgomery College are not included in the target reserves for the County Government. The County's reserve policies for these agencies are:

- (a) **MCPS.** The Council should not budget any reserve for the MCPS Current Fund.
- (b) **M-NCPPC.** The reserve in the Park Fund should be approximately 4% of the budgeted resources. The reserve in the Administration Fund should be approximately 3% of the budgeted resources. The reserve in the Advance Land Acquisition Debt Service Fund should be the minimum reserve possible, since the Council sets that property tax rate to the nearest one tenth of 1¢.
- (c) **Montgomery College.** The reserve in the Current Fund should be 3% to 5% of the budgeted resources minus the annual contribution from the County. The target reserve

in the Emergency Plan Maintenance and Repair Fund – as stated in Resolution No. 11-2292, approved by the Council on October 16, 1990 – “may accumulate up to \$1,000,000 in unappropriated fund balance, such goal to be attained over a period of years, as fiscal conditions permit.”

7. Debt Policy

The County’s goal is to remain at or below the debt capacity indicators included in the annual capital budget publication. These indicators are reviewed annually during the spending affordability guideline process for the capital budget.

8. OPEB Policy

The County’s goal for OPEB is detailed in Resolution No. 16-555 or any successor resolution.

9. Other Fund Balances Generally

The County’s goal for fund balances not specifically detailed in this resolution are approved each year with the annual operating budget. These fund balances are reviewed annually during the operating budget review and approval process.

10. Compensation Sustainability Policy

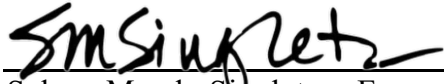
As a means to preserve long-term budget sustainability, the annual growth rate of total compensation costs (including all wage and benefit costs) should be similar to the annual growth rate of tax-supported revenues. In submitting a recommended annual operating budget, the Executive should indicate how recommended compensation cost increases compare with projected rates of revenue growth. Should recommended compensation cost increases exceed the projected one-year or six-year rate of revenue growth, then the Executive should provide a written explanation of: (a) how operating budget resources are re-allocated to pay for total compensation costs; and (b) how the recommended rate of compensation cost growth can be sustained over time.

11. Reports to Council

The Executive must report to the Council:

- (a) The prior year reserve and the current year reserve projection as part of the annual fiscal plan update, usually in December;
- (b) Current and projected reserve balance in the Executive’s annual recommended operating budget;
- (c) Any material changes expected to have a permanent impact on ending reserve fund balance; and
- (d) Current and projected reserve balances in any proposed mid-year savings plan.

This is a correct copy of Council action.

A handwritten signature in black ink, appearing to read "SmSinglet", written over a horizontal line.

Selena Mendy Singleton, Esq.
Clerk of the Council

Article XII. Revenue Stabilization Fund. ¹

Notes

- ¹ ***Editor's note**—This article is derived from 1993 L.M.C., ch. 41, § 1. Section 2 declared the provisions effective fiscal year 1995, i.e., July 1, 1994.

Sec. 20-64. Findings and declaration of purpose.

Montgomery County, along with the State of Maryland and its other political subdivisions, has recently experienced substantial funding shortfalls. The State, in order to allow its political subdivisions greater budgetary and fiscal flexibility in addressing those shortfalls, has authorized political subdivisions to establish "rainy day" or reserve accounts to accommodate future funding shortfalls.

It is in the best interest of the citizens of the County that a Revenue Stabilization Fund provide the County with greater budgetary and fiscal flexibility to address funding shortfalls.

The Revenue Stabilization Fund created in this Article is designed to accrue a balance during periods of economic growth and prosperity, when revenue collections exceed estimates. The Fund may be drawn upon during periods of economic slowdown, when collections fall short of revenue estimates. (1993 L.M.C., ch. 41, § 1.)

Sec. 20-65. Definitions.

In this Article the following terms have the following meanings, unless the context clearly indicates a different meaning:

Actual total revenues means the combined total of income tax, real property transfer tax, recordation tax, and investment income, as reported in the County's annual financial report.

Adjusted Governmental Revenues means tax-supported County Governmental Funds revenues, plus revenues of the:

- (1) County Grants Fund;
- (2) County Capital Projects Fund;
- (3) tax supported funds of the Montgomery County Public Schools, not including the County's local contribution;
- (4) tax supported funds of Montgomery College, not including the County's local contribution; and
- (5) tax supported funds of the Montgomery County portion of the Maryland-National Capital Park and Planning Commission.

Director means the Director of the Department of Finance.

Excess revenue means the amount, if positive, by which actual total revenues from the income tax, real property transfer tax, recordation tax, and investment income of the General Fund for the fiscal year exceed the original projections for these amounts.

Fund means the Revenue Stabilization Fund created under this Article.

General Fund means the general operating fund of the County which is used to account for all revenues and expenditures, except revenues and expenditures required to be accounted for in another fund.

Income tax means the County income tax imposed under state law.

Investment income of the General Fund means income derived from the investment of revenues from the General Fund.

Original projection means the projection of total General Fund revenues for the next fiscal year approved by the County Council in the “Schedule of Revenue Estimates and Appropriations” resolution or any similar resolution.

Real property transfer tax means the tax imposed under Sections 52-19 et. seq.

Recordation tax means the tax imposed under Sections 12-101 et. seq., Tax-Property Article, Maryland Code.

Revised forecast means any revised projection of total General Fund revenues for the next fiscal year prepared by the Department of Finance.

Total reserve means the sum of the reserve in the Fund plus the Unrestricted General Fund Balance.

Unrestricted General Fund Balance means the residual portion of the General Fund fund balance that has not been reserved, restricted, or encumbered for later year’s expenditures. (1993 L.M.C., ch. 41, § 1; [2010 L.M.C., ch. 33](#), § 1.)

Sec. 20-66. Revenue Stabilization Fund.

(a) The Director may establish a Revenue Stabilization Fund to support appropriations which have become unfunded.

(b) The Fund is continuing and non-lapsing.

(c) The Fund is in addition to any surplus that is accumulated under Section 310 of the County Charter. (1993 L.M.C., ch. 41, § 1; [2010 L.M.C., ch. 33](#), § 1.)

Sec. 20-67. Reserved.

Editor’s note—Former Sec. 20-67, derived from 1993 L.M.C., ch. 41, § 1, was repealed by [2010 L.M.C., ch. 33](#), § 1.

Sec. 20-68. Mandatory contributions to Fund.

The mandatory annual contribution to the Fund must equal the greater of:

(a) 50 percent of any excess revenue; or

(b) an annual amount equal to the lesser of 0.5 percent of the Adjusted Governmental Revenues or the amount needed to obtain a total reserve of 10 percent of the Adjusted Governmental Revenues. (1993 L.M.C., ch. 41, § 1; [2010 L.M.C., ch. 33](#), § 1.)

Sec. 20-69. Discretionary contributions to Fund.

The County Executive may recommend and the County Council may by resolution approve additional contributions to the Fund. (1993 L.M.C., ch. 41, § 1; [2010 L.M.C., ch. 33](#), § 1.)

Sec. 20-70. Transfer of contributions.

The Director must transfer the mandatory contributions required by Section 20-68 and any discretionary contributions under Section 20-69 from the General Fund to the Fund at the end of each fiscal year. (1993 L.M.C., ch. 41, § 1; [2010 L.M.C., ch. 33](#), § 1.)

Sec. 20-71. Interest.

All interest earned on the Fund must be added to the Fund. (1993 L.M.C , ch. 41, § 1; [2010 L.M.C., ch. 33](#), § 1.)

Sec. 20-72. Use of Fund.

By an affirmative vote of 7 Councilmembers, the Council, after holding a public hearing, reviewing relevant economic indicators, and seeking the recommendation of the Executive, may transfer any amount from the Fund to the General Fund to support appropriations which have become unfunded. (1993 L.M.C., ch. 41, § 1; [2010 L.M.C., ch. 33](#), § 1; [2022 L.M.C., ch. 40](#), § 1.)