

**February 6, 2026**  
**Montgomery County Council Infrastructure Funding Workgroup**

10:00 AM **Call Meeting to Order**

10:00 AM **Review and Approve minutes for January 23, 2026 workgroup meeting**

The draft minutes are attached.

10:05 AM **Discussion – Preparation for February 26 Government Operations and Fiscal Policy Committee Update**

The Workgroup will review and discuss the draft agenda and materials for the update to the Council's Government Operations and Fiscal Policy Committee.

Workgroup members should be prepared to comment and refine the attached materials, so the Council report and presentation slides can be prepared based on this information.

11:30 AM **Adjourn**

## **Montgomery County Council Infrastructure Funding Workgroup**

### **DRAFT MINUTES**

**Friday, January 23, 2026**

9:00 AM to 12:00 PM

Council Office Building, Capital Crescent 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
- Andrea Swiatocha, Deputy Chief, Division of Facilities Management (MCPS)
- 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

#### Other County and Agency Staff Participating

- Stephen Kenny, County Council Staff

#### **Call to Order**

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

#### **Action – Approval of December 12 Minutes**

The minutes from the December 12, 2025 meeting were reviewed and approved without objection.

#### **Discussion – Findings and Observations**

The Workgroup reviewed draft findings and observations related to its work.

The Workgroup generally supported that the current approved County Capital Improvement Program (CIP) funding focuses on life cycle replacement or upgrades, not net new projects. The Workgroup requested the following updates for future consideration:

- Use a different word than “shift” or show more details about how the CIP has shifted its funding priorities.
- Provide greater context on why the CIP has more funding for these purposes, including for safety, infill development, and policy decisions.
- Provide a clear understanding of the definitions with this observation.
- Include population and enrollment statistics for the County.

The Workgroup requested that the final draft regarding net new projects and non-County funding more accurately reflect the landscape. The following reflects the Workgroup's discussion for this topic:

- All jurisdictions rely on non-local funding for significant infrastructure projects. The County is no different and that is OK.
- Reliance on outside funding does place the County at the policy decision for the source of funding (e.g., additional requirements for State or Federal funding).

The Workgroup offered additional observations for consideration at a future meeting. Those observations included:

- CIP funding should be diversified (i.e., there is no one source of funding that will address the funding needs of the CIP).
- Policy makers should consider a suite of projects tied to a new funding source to offer as a decision to the residents of the County (i.e., the County will increase taxes/fees, but this is what you will get for it).
- Piecemeal development results in piecemeal improvements.

The Workgroup discussed observations about impact taxes for future consideration. The points discussed included:

- Market rate housing is not returning to the County quickly, which lowers the likelihood of increase in impact taxes collected.
- Many of the projects moving forward in the County are already exempt.
- There is a limited nexus between impact taxes on specific projects and improvements in that area that benefit the residents impacted by the project.
- There is not enough funding from impact taxes to address the adequacy standards required.

The Workgroup generally supported that level of effort projects are underfunded but supported avoiding the term backlog; rather, the Workgroup preferred the term acceptable replacement cost or similar.

The Workgroup generally supported that construction costs have increased but requested that the final draft show the increase in inflation, construction costs index, and similar metrics.

### **Discussion – Estimates for Unconstrained Policy Investments**

The Workgroup reviewed the updated tables for deferred maintenance. Minor updates were requested, including a column detailing the percent funded for the annual replacement costs based on the approved CIP.

The Workgroup reviewed the estimates for unconstrained policy investments. All agencies highlighted that these estimates were only for capital costs, not operating expenditures. The Workgroup requested draft estimates for operating expenditures, too, to include as background in the report.

### **Discussion – Funding Options**

The Workgroup reviewed the funding options and discussed opportunities and challenges for each.

**Adjournment**

The meeting was adjourned at 12:00 PM.

# February 26 Government Operations and Fiscal Policy Committee Update

## *Draft Agenda and Discussion Materials*

The Workgroup will discuss and refine this information to prepare the Council report and presentation slides for the meeting.

### Agenda Overview

- 1) Introduce Workgroup members
- 2) Overview of work to date
- 3) Summary of stakeholder meetings
- 4) Review of infrastructure expenditure data
- 5) Review of draft observations
- 6) Summary of draft funding options
- 7) RESJ Considerations
- 8) Next steps

### Agenda Details

#### **1) Introduce Workgroup members**

- Share Workgroup members and their organization, per the Council resolution. This information will be provided in the Council report and noted in the presentation.

#### **2) Overview of work to date**

- Emphasize that all meetings are open and minutes are archived online.
- Highlight a summary that includes:
  - Monthly meetings
  - Gather stakeholder feedback
  - Collection of CIP and infrastructure need data
  - Discussion of categorization of infrastructure needs and refinement of data
  - Discussion of observations from stakeholder feedback and data related to County revenues generally and to infrastructure needs
  - Review of funding options

#### **3) Summary of stakeholder engagement and meetings**

- Include summaries from attached minutes for September 19 and September 26 in the Council report.
- Note that the Workgroup will continue to reach out and solicit feedback from groups listed in the resolution that haven't provided feedback.

#### 4) Review of infrastructure expenditure data

- Share the categorization terms and meanings.

**Planned Lifecycle Asset Replacement (PLAR)/Maintenance:** expenditures required to support previous investments.

**Renovations/Upgrades:** expenditures required to meet current standards or replacement of outdated infrastructure that does not significantly add to capacity.

**Net New Capacity:** expenditures that significantly add to capacity due to population growth.

- Share data related to current approved CIP expenditures by category.

**Amended FY25-30 CIP Expenditures by Category (\$ Thousands)**

Agency	PLAR	Renovation	Net New
MCPS	900,423	1,554,915	332,511
Parks	88,895	99,755	126,857
Transportation	538,340	269,796	817,953
<b>Total</b>	<b>1,527,658</b>	<b>1,924,466</b>	<b>1,277,321</b>

- Share data related to the updated maintenance taskforce review.

**Select Columns from Updated Maintenance Taskforce Tables (\$ Thousands)**

Agency	Acceptable Annual Replacement	Approved FY26	Unfunded PLAR Gap	Unfunded PLAR Gap %
MCPS	562,194	87,352	474,842	84%
Parks	68,274	16,300	51,974	76%
Transportation	153,033	47,276	105,757	69%
<b>Total</b>	<b>783,501</b>	<b>150,928</b>	<b>632,573</b>	<b>80%</b>

- Note the Workgroup's efforts to estimate the funding from State agencies or development, and that this work is still being refined.

#### 5) Review draft observations

- The County's approved CIP is focused on PLAR and Renovation/Upgrades.
  - More than 73% of the approved expenditures support these categories.
  - Reasons for this include:
    - Slowing growth in population
    - Declining enrollment MCPS
    - Competing policy decisions

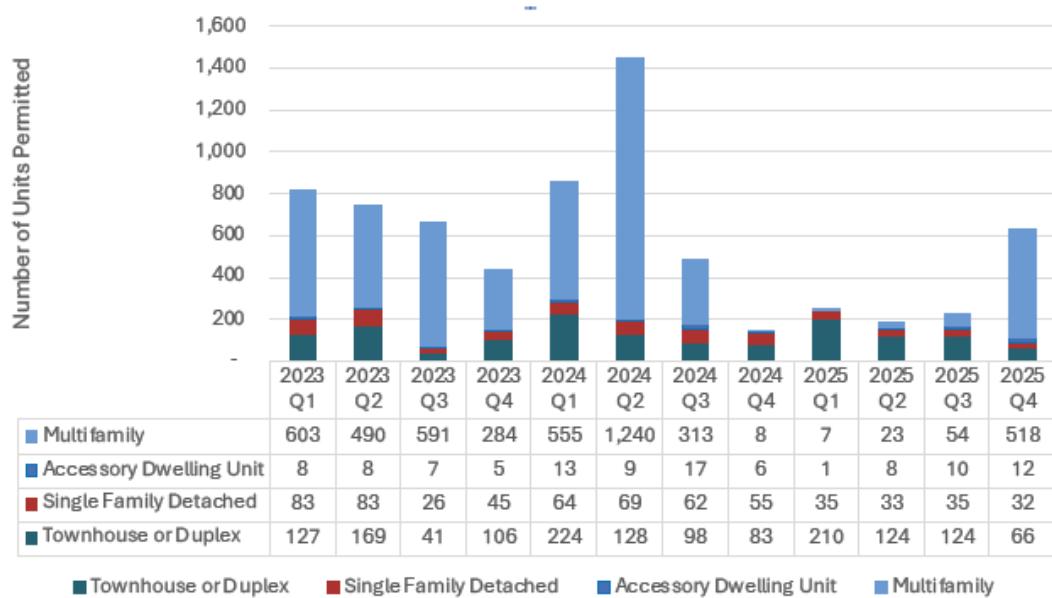
### Population and MCPS Enrollment Demographic Changes

	1980-2010	2011-2025	2026-32 Proj.
Annual % growth in population	2.8%	0.6%	0.6%
Annual % growth in MCPS enrollment	1.9%	0.6%	-1.0%

➤ Impact tax growth is volatile and has decreased since FY19.

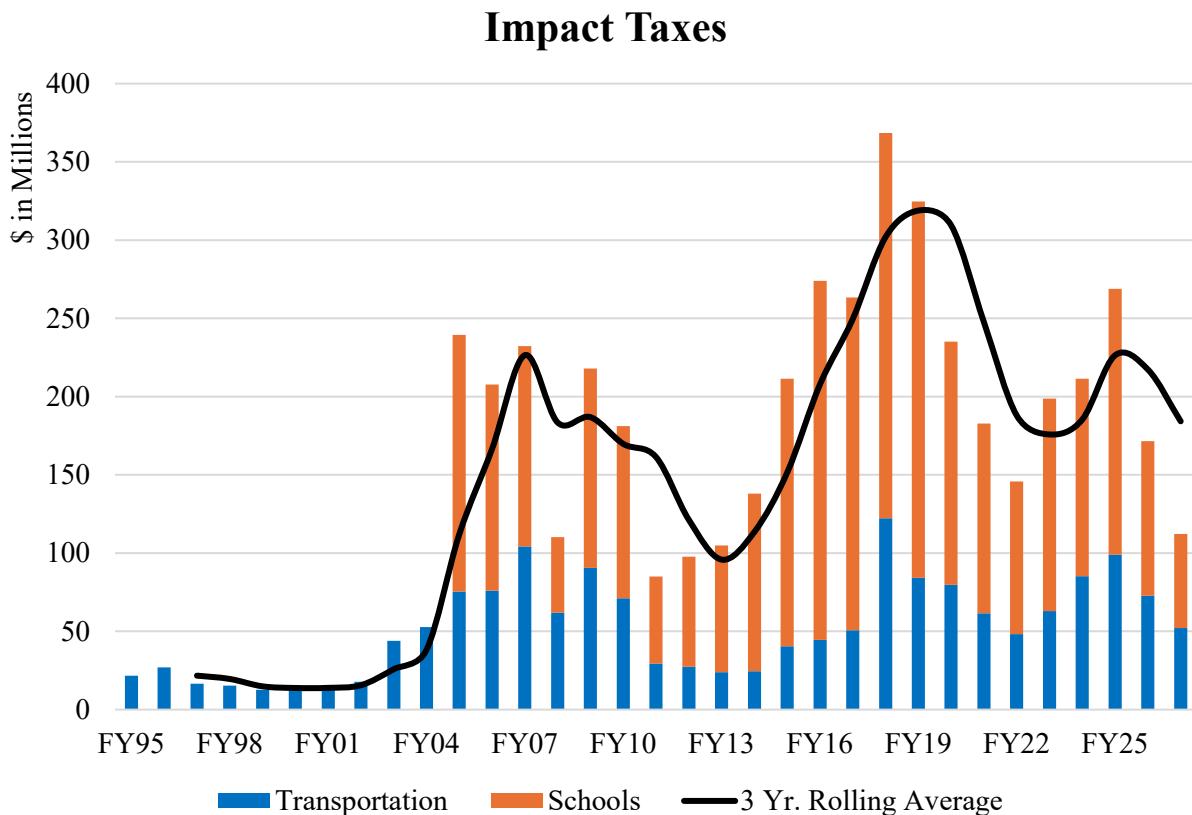
- Recent development data
- Input from Workgroup members
- Since FY19, impact taxes averaged 3.7% of total resources in the CIP.

Residential Building Permits by Type, January 1, 2022 to December 31, 2025



Source: Montgomery County Department of Permitting Services, tabulated by Montgomery Planning 1/12/26; data subject to revision

[1] Due to an ongoing quality control process, some of the permit totals for some building types prior to 2024 do not match the totals shown in previous issues of the Quarterly Indicators. However, multifamily permit totals have not been revised from issue to issue. As noted in the previous two issues (first and second quarters of 2025), all multifamily permits from Q4 2024 to the end of August 2025 had been some combination of for-sale and two-over-two (vertically stacked townhomes) housing, which are permitted as multifamily even though they are not traditional for-rent apartment buildings



- The County doesn't use a sole source funding mechanism to address its needs, particularly for net new projects.
  - Current CIP uses multiple funding sources (bonds, recordation and impact taxes, intergovernmental, current revenue, and several others).
  - Diversification protects the County from fluctuations in specific taxes (e.g., impact tax chart).
  - CIP relies on funding sources sensitive to economic activity (e.g., recordation and impact taxes), which means the CIP revenue sources are more likely to fluctuate year-to-year.
- Construction costs continue to increase year-over-year.
  - Inflation increases
  - Planning, design, and supervision increases
  - Infill development costs increase compared to greenfield development

## **6) Review of draft funding options**

- Current funding
- Changes to impact taxes – added since January 23
- Excise tax on square footage
- Ad valorem property tax
- Special taxing districts
- Development districts, including tax increment financing
- Sales tax

## **7) RESJ Considerations**

- The workgroup will discuss the ways this will be incorporated into the remaining analysis and presented to the committee.

## **8) Next Steps**

- Finalize draft observations and recommendations
- Review impacts to equity, predictability, and sustainability
- Solicit feedback from stakeholders
- Solicit feedback from public generally
- Incorporate feedback into final report