Fiscal Plan

Table of Contents

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Credits

Significant contributions have been made by many individuals to the evolution of this Fiscal Plan over recent years through leadership, conceptual development, technical refinement, and persistent questioning. Their support has been essential and is appreciated.

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ADDITIONAL CREDITS

Much of the work on the Fiscal Plan components, especially regarding Special Funds, has been led by specific OMB staff, working with the leadership and staff of other departments and agencies whose contributions have been crucial to both the technical development of the tools and to the substance of recommendations for consideration by the Executive and Council. The names of the respective OMB staff are listed below as points of contact for further information and can be reached at 240.777.2800.

SPECIAL FUND	OMB STAFF
Cable Television	Seamus McNamara
Montgomery Housing Initiative	Anita Aryeetey
Community Use of Public Facilities	Alicia Singh
Economic Development	Julie Knight
Fire Tax District	Thomas Tippett
Fleet Management Services (Motor Pool)	Gary Nalven
Liquor Control	Abdul Rauf
Mass Transit Facilities	Gary Nalven
M-NCPPC Administration	Katherine Bryant-Higgins
M-NCPPC Enterprise	Katherine Bryant-Higgins
M-NCPPC Park	Katherine Bryant-Higgins
Montgomery College Current Fund	Julie Knight
Parking Districts	Greg Bruno
Permitting Services	Katherine Bryant-Higgins
Central Duplicating/Print and Mail	Rachel Silberman
Recreation	Alicia Singh
Self-Insurance: Liability & Property	Abdul Rauf
Self-Insurance: Employee Health Benefits	Shantee Jackson
Solid Waste Refuse Collection	Richard Harris
Solid Waste Disposal	Richard Harris
Leaf Vacuuming	Greg Bruno
Urban Districts	Seamus McNamara
Water Quality Protection	Richard Harris
Recreation non-tax supported	Alicia Singh
Inmate Advisory Council Fund	Rachel Silberman

OFFICE OF MANAGEMENT AND BUDGET

Marc Elrich
County Executive

Jennifer Bryant
Director

MEMORANDUM

6-Apr-23

TO: Interested Readers

FROM: Jennifer Bryant, Director

SUBJECT: FY24-29 Fiscal Plan

Executive Summary:

The County Executive's Recommended Budget, released on March 15, 2023, is a balanced approach that is put forth as our community has emerged from impact of the COVID-19 pandemic. It makes targeted investments in programs that will strengthen families, individuals, business, and our community partners and it continues to provide vital services to those in our community most affected by the pandemic. Our FY22 and FY23 (to date) revenue streams have outperformed our fiscally prudent projections; however, looking forward our economic indicators are signaling that a mild recession could occur later this year. Due to economic pressures, we will need to be fiscally prudent as expected budget demands can challenge our available resources. This is evident in the current fiscal plan, which projects a small increase of 0.7 percent in resources available to fund agency spending in FY25.

In total, FY24 spending increases 7.7 percent, and tax-supported spending across all agencies increases 8.7 percent, including debt service. This includes funding for all the County's collective bargaining agreements and funds retiree health benefits at the latest actuarial funding schedule. The County Executive recommends an average weighted property tax rate of$1.0785 per $100 of assessed value (which is within the Charter Limit), and a $692 credit for each owner-occupied residence to support a progressive property tax structure in the County. The average weighted property tax includes a $0.10 tax rate increase to fund the requested budget increase of Montgomery County Public Schools as authorized by Maryland Code, Education Article § 5-104 (d)(1).

The recommended budget funds the 99.8 percent of the Board of Education's request and represents a local school funding amount that is $264 million above the State minimum funding requirement. The enrollment in the County's public schools increased this year and is expected to increase between FY25-FY29. Furthermore, demands on other County services such as health care, transportation, emergency response, libraries, and recreation also increase.

This budget funds the budgeted total reserves of the County at 11.4 percent, which exceeds the County's policy to maintain the budgeted total reserves of the General Fund unrestricted balance and the Revenue Stabilization Fund at 10 percent of Adjusted Governmental Revenues (AGR).

As the County Council considers and acts on the operating budget, the County Executive believes it is essential that it adhere to the general parameters of his recommended budget. Additional spending beyond the recommended level or reducing ongoing revenues, without corresponding expenditure reductions, would further increase the budget pressures in FY25. Any new revenues to support additional ongoing spending are likely to be constrained. Continued adherence to prudent fiscal policies that protect residents and taxpayers will allow the County to maintain current service levels and address important priorities.

Background:

The recommended FY24-29 fiscal plans for the tax supported and non-tax supported funds of the agencies of County government are provided for your information. Many of these fiscal plans were initially published in the FY24-29 Recommended Operating Budget and Public Services Program (March 15, 2023) available at http://montgomerycountymd.gov/operatingbudget.

As in past years, this information is intended to assist the County Council and other interested parties as the County Executive's Recommended Budget is considered during the Council's budget work sessions this spring.

Interested readers should note that the fiscal plans included in this publication are not intended to be prescriptive but are instead intended to present one possible outcome of policy choices regarding taxes, user fees, and spending decisions.

Other important assumptions are explained in footnotes at the bottom of each fiscal plan display. One significant benefit of presenting multi-year projections is that the potential future year impacts of current policies can be considered by policy makers when making fiscal decisions in the near term. The County's fiscal policies support:

- prudent and sustainable fiscal management: constraining expenditure growth to expected resources;
- identifying and implementing productivity improvements;
- avoiding the programming of one-time revenues to on-going expenditures;
- growing the local economy and tax base;
- obtaining a fair share of State and Federal Aid;
- maintaining prudent reserve level; minimizing the tax burden on residents; and
- and managing indebtedness and debt service very carefully.

This budget maintains reserves over the required policy goal of 10 percent of AGR, fully funds PAYGO, and funds retiree health pre-funding values in excess of the latest actuarial funding schedule.

Fiscal Plan for the Tax Supported Funds:

The recommended fiscal planning objectives for FY24-29 for the tax supported funds are:

- Adhere to sound fiscal policies;
- Tax supported Reserves (operating margin and the Revenue Stabilization Fund) are at the policy level;
- The average weighted property tax rate is $1.0785 per $100 of assessed value and assumes a $692 credit to each owner-occupied household. The average weighted property tax includes a $0.10 tax rate that is authorized by Maryland Code, Education Article § 5-104 (d)(1);
- Assume property tax revenues at the Charter Limit during FY25-29 in the fiscal plan using the income tax offset credit;

- Does not assume any projections on future FEMA reimbursements for COVID-19 eligible expenditures;
- Manage fund balances in the non-tax supported funds to established policy levels where applicable;
- Assume current State aid formulas but continue vigorous efforts to increase State (and Federal) operating and capital funding;
- Maintain priority to economic development and tax base growth:
  - seize opportunities to recruit and retain significant employers compatible with the County's priorities;
  - give priority to capital investment that supports economic development/tax base growth.
- Maintain essential services;
- Limit exposure in future years to rising costs by controlling baseline costs and allocating one-time revenues to one-time expenditures, whenever possible;
- Manage all debt service commitments carefully, consistent with standards used by the County to maintain high credit ratings and future budget flexibility. Recognize the fixed commitment inherent in all forms of multi-year financing (long-term bonds, shorter-term borrowing, and lease-backed revenue bonds) that must be accommodated within limited debt capacity;
- Program PAYGO to be at least 10 percent of anticipated General Obligation Bond levels to contain future borrowing costs in FY24-29;
- For capital investment, allocate debt, current revenue, and other resources made available by the fiscal objectives above according to priorities established by policy and program agendas; and
- For services, allocate resources consistent with policy and program agendas.

The major challenges for FY24-29 will be to aggressively manage on-going costs; strengthen essential services; and continue making targeted improvements to critical service areas including, continuing to provide vital services to those in the community most affected by the pandemic, education, economic development, re-imagining public safety, the social safety net, affordable housing, and transportation within projected available resources.

Fiscal Plan for the Non-Tax Supported Funds:

By definition, each of the non-tax supported (fee-supported) funds is independent, covering all operating and capital investment expenses from its designated revenue sources. The fiscal health of each fund is satisfactory; though looking ahead, some funds will need to meet expected challenges by increasing fees and/or reducing expenditures. A Government Accounting Standards Board requirement for OPEB liability reporting is shown in the non-tax supported funds in FY23 the final year of a multi-year allocation schedule.

Conclusion:

Montgomery County's long-term fiscal health is strong due to its underlying economy and the financial management policies endorsed by its elected officials. Nonetheless, the County will continue to face significant challenges in the years ahead. The FY24-29 Fiscal Plans reflect these challenges in their assumptions and projections.

Comments on the Fiscal Plans that follow are encouraged.

JB:cm

Attachment: FY24-29 Fiscal Plan for Montgomery County, Maryland

cc: Marc Elrich, County Executive
Councilmembers, Montgomery County Council

Richard S. Madaleno, Chief Administrative Officer
Fariba Kassiri, Deputy Chief Administrative Officer
Dr. Monifa B. McKnight, Superintendent, Montgomery County Public Schools
Dr. Jermaine F. Williams, President, Montgomery College
Jeffrey Zyontz, Chair, Montgomery County Planning Board
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Keith Miller, Executive Director, Revenue Authority
Michael Coveyou, Director, Department of Finance
Marlene Michaelson, Executive Director, Montgomery County Council

Tax Supported Funds

Public Service Program

- Fiscal Plan Summary

Capital Improvements Program

- General Information: CIP
- Debt Capacity Analysis
- General Obligation Bond Adjustment Chart
- Current Revenue Requirements for the CIP

County Executive's Recommended FY24-29 Public Services Program

Tax Supported Fiscal Plan Summary

($ in Millions)

#		App. FY23	Est. FY23	% Chg. FY23-24	Rec. FY24	% Chg. FY24-25	Projected FY25	% Chg. FY25-26	Projected FY26	% Chg. FY26-27	Projected FY27	% Chg. FY27-28	Projected FY28	% Chg. FY28-29	Projected FY29
		5-26-22	3-15-23	App/Rec	3-15-23										
	Total Revenues														
1	Property Tax	1,951.4	1,931.7	14.0%	2,225.4	2.5%	2,282.0	2.7%	2,343.9	1.7%	2,384.7	0.8%	2,403.8	0.6%	2,417.8
2	Income Tax	1,870.5	2,044.4	2.9%	1,925.1	5.1%	2,023.6	5.2%	2,128.0	5.3%	2,241.2	7.1%	2,400.1	5.3%	2,526.2
3	Transfer/Recordation Tax	228.9	175.1	-23.7%	174.6	4.7%	182.7	0.6%	183.8	5.2%	193.4	5.1%	203.2	6.4%	216.3
4	Other Taxes	266.6	268.6	3.4%	275.8	0.3%	276.5	0.2%	277.2	0.2%	277.7	0.1%	278.0	0.4%	279.1
5	Other Revenues	1,214.1	1,267.7	10.6%	1,342.5	-0.4%	1,336.7	0.2%	1,339.3	-0.2%	1,336.0	0.0%	1,336.0	0.3%	1,339.5
6	**Total Revenues**	**5,531.5**	**5,687.5**	**7.4%**	**5,943.3**	**2.7%**	**6,101.5**	**2.8%**	**6,272.3**	**2.6%**	**6,433.1**	**2.9%**	**6,621.0**	**2.4%**	**6,778.9**
7															
8	**Net Transfers In (Out)**	**18.8**	**19.3**	**-76.6%**	**4.4**	**2.2%**	**4.5**	**2.2%**	**4.6**	**2.2%**	**4.7**	**2.3%**	**4.8**	**2.3%**	**4.9**
9	**Total Revenues and Transfers Available**	**5,550.4**	**5,706.7**	**7.2%**	**5,947.8**	**2.7%**	**6,106.0**	**2.8%**	**6,276.9**	**2.6%**	**6,437.8**	**2.9%**	**6,625.9**	**2.4%**	**6,783.8**
10															
11	**Non-Operating Budget Use of Revenues**														
12	Debt Service	441.9	438.2	1.1%	446.7	3.3%	461.5	2.0%	470.9	1.5%	478.0	0.9%	482.2	1.6%	490.1
13	PAYGO	33.9	33.9	-3.2%	32.8	-4.9%	31.2	-6.4%	29.2	-0.7%	29.0	0.0%	29.0	0.0%	29.0
14	CIP Current Revenue	92.4	112.5	9.7%	101.4	-9.9%	91.3	-5.8%	86.0	12.8%	97.0	-5.9%	91.3	0.0%	91.3
15	Change in Other Reserves	-57.4	-44.5	43.2%	-32.6	104.6%	1.5	-83.5%	0.2	-21.1%	0.2	-25.5%	0.1	0.5%	0.1
16	Contribution to General Fund Undesignated Reserves	-15.6	49.5	-878.3%	-152.8	48.2%	-79.2	104.3%	3.4	-15.4%	2.9	141.7%	7.0	-25.1%	5.3
17	Contribution to Revenue Stabilization Reserves	3.0	16.6	784.6%	26.2	-46.7%	14.0	31.4%	18.3	-41.6%	10.7	-42.3%	6.2	49.9%	9.3
18	Set Aside for other uses (supplemental appropriations)	-1.6	-1.6	-6.5%	-1.7	1257.8%	20.0	0.0%	20.0	0.0%	20.0	0.0%	20.0	0.0%	20.0
19	**Total Other Uses of Resources**	**496.5**	**604.6**	**-15.4%**	**419.9**	**28.7%**	**540.3**	**16.3%**	**628.1**	**1.5%**	**637.9**	**-0.3%**	**635.9**	**1.5%**	**645.2**
20	**Available to Allocate to Agencies (Total Revenues+Net Transfers-Total Other Uses)**	**5,053.9**	**5,102.1**	**9.4%**	**5,527.9**	**0.7%**	**5,565.7**	**1.5%**	**5,648.8**	**2.7%**	**5,799.9**	**3.3%**	**5,990.0**	**2.5%**	**6,138.7**
21															
22	**Agency Uses**														
23															
24	Montgomery County Public Schools (MCPS)	2,729.7	2,717.6	10.7%	3,020.9										
25	Montgomery College (MC)	275.3	257.1	2.1%	281.0										
26	MNCPPC (w/o Debt Service)	153.9	153.9	4.9%	161.4										
27	MCG	1,895.1	1,973.6	8.9%	2,064.6										
28	**Agency Uses**	**5,053.9**	**5,102.1**	**9.4%**	**5,527.9**	**0.7%**	**5,565.7**	**1.5%**	**5,648.8**	**2.7%**	**5,799.9**	**3.3%**	**5,990.0**	**2.5%**	**6,138.7**
29	**Total Uses**	**5,550.4**	**5,706.7**	**7.2%**	**5,947.8**	**2.7%**	**6,106.0**	**2.8%**	**6,276.9**	**2.6%**	**6,437.8**	**2.9%**	**6,625.9**	**2.4%**	**6,783.8**
30	**(Gap)/Available**	**0.0**	**0.0**		**0.0**		**0.0**		**0.0**		**0.0**		**0.0**		**0.0**

Assumptions:

1. Property taxes are at the Charter Limit with a $692 credit. Property tax revenues include a 10 cent tax that is authorized by Maryland Code, Education § 5-104 (d)(1). Other taxes are at current rates.
2. Reserve contributions are consistent with legal requirements and the minimum policy target.
3. PAYGO, debt service, and current revenue reflect the County Executive's Recommended Amended FY23-28 Capital Improvements Program.
4. State Aid, including MCPS and Montgomery College, is not projected to increase from FY24-29.

County Executive's Recommended FY24-29 Public Services Program

Tax Supported Fiscal Plan Summary

($ in Millions)

		App. FY23	Est. FY23	% Chg. FY23-24	Rec. FY24	% Chg. FY24-25	Projected FY25	% Chg. FY25-26	Projected FY26	% Chg. FY26-27	Projected FY27	% Chg. FY27-28	Projected FY28	% Chg. FY28-29	Projected FY29
31	Beginning Reserves														
32	Unrestricted General Fund	90.9	188.5	161.9%	238.0	-64.2%	85.2	-92.9%	6.0	57.0%	9.5	30.7%	12.4	56.8%	19.4
33	Revenue Stabilization Fund	518.5	587.4	16.5%	604.0	4.3%	630.2	2.2%	644.1	2.8%	662.5	1.6%	673.2	0.9%	679.4
34	Total Reserves	609.4	775.9	38.2%	842.0	-15.0%	715.4	-9.1%	650.2	3.4%	671.9	2.0%	685.6	1.9%	698.8
35															
36	Additions to Reserves														
37	Unrestricted General Fund	-15.6	49.5	-878.3%	-152.8	48.2%	-79.2	104.3%	3.4	-15.4%	2.9	141.7%	7.0	-25.1%	5.3
38	Revenue Stabilization Fund	3.0	16.6	784.6%	26.2	-46.7%	14.0	31.4%	18.3	-41.6%	10.7	-42.3%	6.2	49.9%	9.3
39	Total Change in Reserves	-12.7	66.1	-900.2%	-126.6	48.5%	-65.2	133.4%	21.8	-37.4%	13.6	-3.0%	13.2	10.0%	14.5
40															
41	Ending Reserves														
42	Unrestricted General Fund	75.2	238.0	13.2%	85.2	-92.9%	6.0	57.0%	9.5	30.7%	12.4	56.8%	19.4	27.1%	24.7
43	Revenue Stabilization Fund	521.5	604.0	20.8%	630.2	2.2%	644.1	2.8%	662.5	1.6%	673.2	0.9%	679.4	1.4%	688.6
44	Total Reserves	596.7	842.0	19.9%	715.4	-9.1%	650.2	3.4%	671.9	2.0%	685.6	1.9%	698.8	2.1%	713.3
45	Reserves as a % of Adjusted Governmental Revenues	10.2%	14.0%		11.4%		10.0%		10.0%		10.0%		10.0%		10.0%
46	Other Reserves														
47	Montgomery College	23.9	48.4	16.2%	27.8	0.0%	27.8	0.0%	27.8	0.0%	27.8	0.0%	27.8	0.0%	27.8
48	M-NCPPC	5.9	4.2	2.7%	6.1	2.5%	6.2	2.7%	6.4	1.7%	6.5	0.9%	6.5	0.6%	6.6
49	MCPS	0.0	25.0	n/a	0.0	n/a	0.0	n/a	0.0	n/a	0.0	n/a	0.0	n/a	0.0
50	MCG Special Funds	1.4	-10.1	-31.6%	1.0	138.8%	2.3	3.4%	2.4	3.6%	2.5	3.5%	2.6	4.1%	2.7
51	MCG + Agency Reserves as a % of Adjusted Govt Revenues	10.8%	15.1%		11.9%		10.6%		10.6%		10.5%		10.6%		10.5%
52	Retiree Health Insurance Pre-Funding														
53	Montgomery County Public Schools (MCPS)	57.4	57.4		62.3		62.3		62.3		62.3		62.3		62.3
54	Montgomery College (MC)	1.7	1.7		0.0		0.0		0.0		0.0		0.0		0.0
55	MNCPPC	3.7	3.7		3.3		3.2		3.0		3.1		3.1		3.2
56	MCG	0.0	0.0		0.0		0.0		0.0		0.0		0.0		0.0
57	Subtotal Retiree Health Insurance Pre-Funding	62.8	62.8		65.6		65.5		65.3		65.3		65.4		65.5
58	Adjusted Governmental Revenues														
59	Total Tax Supported Revenues	5,531.5	5,687.5	7.4%	5,943.3	2.7%	6,101.5	2.8%	6,272.3	2.6%	6,433.1	2.9%	6,621.0	2.4%	6,778.9
60	Capital Projects Fund	154.3	207.5	27.4%	196.6	8.3%	212.8	25.5%	267.0	-6.4%	250.0	-28.6%	178.5	0.0%	178.5
61	Grants	136.3	136.3	12.8%	153.8	2.2%	157.2	2.2%	160.7	2.2%	164.3	2.3%	168.1	2.3%	172.0
62	Total Adjusted Governmental Revenues	5,822.1	6,031.3	8.1%	6,293.8	2.8%	6,471.5	3.5%	6,700.0	2.2%	6,847.3	1.8%	6,967.6	2.3%	7,129.4

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Capital Improvements Program (CIP)

GENERAL INFORMATION

Investment in the construction of public buildings, roads, and other facilities planned by County public agencies is generally budgeted in the Capital Improvements Program (CIP). The six-year CIP is the County's plan for constructing the infrastructure to implement approved master plans and the facilities required to deliver government programs and services and to complement and support private development. The CIP is a multi-year spending plan, including capital expenditure estimates, funding requirements, and related program data for all County departments and agencies with capital projects. The capital budget includes required appropriation, expenditures, and funding for the upcoming fiscal year.

The CIP is by law (for the first year) and by policy (for the second through sixth years) a balanced plan, where planned expenditures do not exceed anticipated resources to fund them. The CIP is supported by a variety of funding sources.

The tax supported portion of the CIP is funded by General Obligation and other long- and short-term debt (for which debt service is paid from revenues from one of the County taxes), Current Revenues from a County tax source, or an inter-governmental source.

The non-tax supported portion of the CIP may be funded by current revenues from a non-tax source, or debt, with the debt service paid from the non-tax source.

IMPACT OF THE CIP ON THE PUBLIC SERVICES PROGRAM/OPERATING BUDGET

The CIP impacts the six-year Public Service Program and Operating Budget in several ways.

Debt Service is the annual payment of principal and interest on general obligation bonds and other long- and short-term debt used to finance roads, schools, and other major projects. Debt service is budgeted as a fixed cost or a required expenditure in the Public Services Program and Operating Budgets of the General Fund and various other funds which issue debt.

An additional amount of County current revenues may be included in the operating budget as a direct bond offset to reduce the amount of borrowing required for project financing. This is called Pay-As-You-Go (PAYGO) Financing.

Selected CIP projects are funded directly with County current revenues in order to avoid costs of borrowing. These cash amounts are included in the operating budget as specific transfers to individual projects within the capital projects fund. Planning for capital projects is generally funded with current revenues, as are furniture, equipment and books (as for libraries).

The construction of government buildings and facilities also results in new annual costs for maintenance, utilities, and additional staffing required for facility management and operation. Whenever a new or expanded facility involves program expansion, as with new school buildings, libraries, or fire stations, the required staffing and equipment (principals, librarians, and fire apparatus) represent additional operating budget expenditures. Operating Budget Impacts are calculated to measure the incremental changes in spending against spending that would occur whether or not the capital investment occurs. Hence, for new school facilities, building maintenance and administrative staff are considered to impact the operating budget. Teachers, who would be hired in any case, based on numbers of students, are not considered impacts of the capital improvements program.

The implied Operating Budget Impacts of the Recommended CIP are included among the projected expenditure changes described in the Public Services Program.

EXPLANATION OF CHARTS:

Debt Capacity Analysis

This chart displays the performance of the G.O. bond funded portion of the Capital Improvements Program and various long- and short-term leases, against a variety of economic and fiscal indicators. Taken together, these comparisons are considered, along with other factors, by credit rating agencies in determining the County's G.O. bond rating. Therefore, the County manages its debt-related decisions against these same criteria to ensure continuation of our AAA rating, the best available.

General Obligation Bond Adjustment Chart

This chart compares the General Obligation bonds available for programming, with recommended programmed bond funded expenditures for the Capital Improvements Program. The line labeled "Bonds Planned for Issue" generally follows Spending Affordability Guidelines set by the County Council for general obligation debt. Amounts in the line labeled "Less Set Aside: Future Projects" indicate the amount available for possible future expenditures not yet programmed in individual projects. The debt service implied by these planned bond issues is budgeted in both tax supported and non-tax supported operating budgets.

Schedule A-3, for the Capital Improvements Program Current Revenue Requirements

This chart displays the CIP current revenue requirements of County agencies, by fund, across the six years of the Capital Improvements Program. Generally, current revenue assumptions made for the January Recommended CIP are conservative, and, if resources allow, additional current revenue may be recommended at the time PSP decisions are made in March. Because of the non-recurring nature of capital projects, the CIP is a good place to invest "one time" funds. The Total Current Revenue Requirement also includes PAYGO contributions made as direct offsets to debt obligations. Inflation and set-asides for future projects are unallocated amounts to cover increased costs due to inflation and for future unprogrammed projects.

DEBT CAPACITY ANALYSIS

FY23-28 AMENDED CAPITAL IMPROVEMENTS PROGRAM

January 17, 2023

COUNTY EXECUTIVE RECOMMENDED

GO BOND 6 YR TOTAL = 1,720.0 MILLION

GO BOND FY23 TOTAL = 280.0.0 MILLION

GO BOND FY24 TOTAL = 300.0 MILLION

	FY22	FY23	FY24	FY25	FY26	FY27	FY28
1 GO Bond Guidelines ($000)	310,000	280,000	300,000	300,000	280,000	280,000	280,000
2 GO Debt/Assessed Value	1.71%	1.66%	1.64%	1.60%	1.56%	1.53%	1.50%
3 Debt Service + LTL + Short-Term Leases/Revenues (GF)	**11.62%**	**11.24%**	**11.39%**	**11.62%**	**11.75%**	**11.73%**	**11.62%**
4 $ Debt/Capita	3,269	3,256	3,243	3,216	3,159	3,098	3,034
5 $ Real Debt/Capita (FY23=100%)	3,269	3,256	3,176	3,094	2,975	2,851	2,728
6 Capita Debt/Capita Income	3.69%	3.49%	3.24%	3.07%	2.91%	2.77%	2.63%
7 Payout Ratio	71.81%	72.67%	73.56%	74.18%	74.58%	74.91%	75.15%
8 Total Debt Outstanding ($000s)	3,535,985	3,529,830	3,536,750	3,529,910	3,494,060	3,451,665	3,406,300
9 Real Debt Outstanding (FY23=100%)	3,535,985	3,529,830	3,463,601	3,396,811	3,290,332	3,176,355	3,062,290
10 Note: OP/PSP Growth Assumption (2)		5.9%	1.1%	2.2%	1.9%	1.7%	2.2%

Notes:

(1) This analysis is used to determine the capacity of Montgomery County to pay debt service on long-term GO Bond debt, long-term leases, and substantial short-term financing.

(2) OP/PSP Growth Assumption equals change in revenues from FY23 approved budget to FY24 budget for FY24 and budget to budget for FY25-28.

GENERAL OBLIGATION BOND ADJUSTMENT CHART

FY23-28 Amended Capital Improvements Program

COUNTY EXECUTIVE RECOMMENDED

March 15, 2023

($ millions)	6 YEARS	FY23	FY24	FY25	FY26	FY27	FY28
BONDS PLANNED FOR ISSUE	1,720.000	280.000	300.000	300.000	280.000	280.000	280.000
Does not assume Council SAG in FY09 and FY10*							
Plus PAYGO Funded	185.100	33.900	32.800	31.200	29.200	29.000	29.000
Adjust for Future Inflation **	**(65.994)**	**-**	**-**	**(7.066)**	**(13.140)**	**(19.585)**	**(26.203)**
SUBTOTAL FUNDS AVAILABLE FOR DEBT ELIGIBLE PROJECTS (after adjustments)	1,839.106	313.900	332.800	324.134	296.060	289.415	282.797
Less Set Aside: Future Projects	**144.482**	**7.607**	**19.192**	**22.916**	**26.460**	**37.798**	**30.509**
	7.86%						
TOTAL FUNDS AVAILABLE FOR PROGRAMMING	1,694.624	306.293	313.608	301.218	269.600	251.617	252.288
MCPS	(557.663)	(125.904)	(140.144)	(97.832)	(90.568)	(55.589)	(47.626)
MONTGOMERY COLLEGE	(145.860)	(23.702)	(25.069)	(21.263)	(16.455)	(26.041)	(33.330)
M-NCPPC PARKS	(78.337)	(12.747)	(15.274)	(11.789)	(13.276)	(12.545)	(12.706)
TRANSPORTATION	(509.679)	(110.699)	(103.131)	(72.337)	(85.881)	(70.156)	(67.475)
MCG - OTHER	(523.713)	(81.337)	(102.522)	(97.997)	(63.420)	(87.286)	(91.151)
Programming Adjustment - Unspent Prior Years*	120.628	48.096	72.532				
SUBTOTAL PROGRAMMED EXPENDITURES	(1,694.624)	(306.293)	(313.608)	(301.218)	(269.600)	(251.617)	(252.288)
AVAILABLE OR (GAP) TO BE SOLVED	-	-	-	-	-	-	-
NOTES:							
** Adjustments Include:							
Inflation =		3.04%	2.11%	2.18%	2.21%	2.23%	2.34%
Implementation Rate =		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

CURRENT REVENUE REQUIREMENTS FOR THE CAPITAL IMPROVEMENTS PROGRAM

March 15, 2023

TAX SUPPORTED APPROPRIATIONS ($000s)	ACTUAL FY22 EXP	APPROVED FY23 APPROP	RECOMMENDED 6 YR	LATEST FY23 APPROP	RECOMMENDED FY24 APPROP	RECOMMENDED FY25	RECOMMENDED FY26	RECOMMENDED FY27	RECOMMENDED FY28
GENERAL REVENUE SUPPORTED									
MCG	14,784	27,310	119,296	37,927	21,870	15,074	15,138	14,466	14,821
M-NCPPC PARKS	5,091	4,751	30,083	4,751	5,029	4,985	5,141	5,129	5,048
PUBLIC SCHOOLS (MCPS)	14,905	21,385	150,076	28,885	29,123	28,331	21,644	22,501	19,592
MONTGOMERY COLLEGE	14,022	16,434	93,804	16,434	17,034	15,084	15,084	15,084	15,084
HOC	-	1,955	10,225	3,975	1,250	1,250	1,250	1,250	1,250
CIP PAYGO - REGULAR	15,500	33,900	185,100	33,900	32,800	31,200	29,200	29,000	29,000
CIP PAYGO - RSF CONTRIBUTION	-	-		-	-	-	-	-	-
TOTAL CIP PAYGO	15,500	33,900	185,100	33,900	32,800	31,200	29,200	29,000	29,000
SUBTOTAL	64,302	105,735	588,584	125,872	107,106	95,924	87,457	87,430	84,795
OTHER TAX SUPPORTED									
MASS TRANSIT	2,504	15,640	117,045	15,640	20,215	17,680	18,070	25,085	20,355
FIRE CONSOLIDATED	3,447	4,464	36,839	4,464	6,380	6,496	5,593	6,927	6,979
M-NCPPC PARKS	450	450	2,700	450	450	450	450	450	450
ECONOMIC DEVELOPMENT FUND	-	-	-	-	-	-	-	-	-
SUBTOTAL	6,401	20,554	156,584	20,554	27,045	24,626	24,113	32,462	27,784
SUBTOTAL TAX SUPPORTED CURRENT REVENUE APPROPRIATION:	70,703	126,289	745,168	146,426	134,151	120,550	111,570	119,892	112,579
INFLATION	-	-	19,484	-	-	1,949	3,653	6,144	7,737
SUBTOTAL ALLOCATION:	-	-	19,484	-	-	1,949	3,653	6,144	7,737
TOTAL TAX SUPPORTED CURRENT REVENUE REQUIREMENT:	70,703	126,289	764,652	146,426	134,151	122,499	115,223	126,036	120,316
NON-TAX SUPPORTED APPROPRIATIONS ($000s)	ACTUAL FY22 EXP	APPROVED FY23 APPROP	APPROVED 6 YR	LATEST FY23 APPROP	RECOMMENDED FY24 APPROP	RECOMMENDED FY25	RECOMMENDED FY26	RECOMMENDED FY27	RECOMMENDED FY28
NON-TAX SUPPORTED									
PARKING DISTRICTS	2,616	5,679	41,262	5,679	789	7,375	9,536	8,562	9,321
SOLID WASTE DISPOSAL	5,199	1,845	1,668	1,845	(177)	-	-	-	-
HOUSING INITIATIVE FUND	2,275	-	-	0	-	-	-	-	-
M-NCPPC ENTERPRISE FUND	253	-	3,215	0	-	750	2,465	-	-
CABLE TV FUND	4,691	4,398	17,458	4,398	1,868	3,310	3,534	2,299	2,049
CURRENT REVENUE: MCPS	-	-	-	0	-	-	-	-	-
WATER QUALITY PROTECTION CHARGE	3,811	3,138	28,075	3,138	6,941	4,905	4,302	4,303	4,486
LIQUOR CONTROL	1,179	522	10,582	522	2,720	1,783	1,213	2,144	2,200
CUPF	23	300	300	300	-	-	-	-	-
SUBTOTAL EXPENDITURES:	20,047	15,882	102,560	15,882	12,141	18,123	21,050	17,308	18,056
TOTAL CURRENT REVENUE REQUIREMENTS	90,750	142,171	867,212	162,308	146,292	140,622	136,273	143,344	138,372

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Tax Supported: Six Year Fiscal Plans

Montgomery County Government

- Bethesda Urban District Fund
- Silver Spring Urban District Fund
- Wheaton Urban District Fund
- Fire Tax District Fund
- Mass Transit Facilities Fund
- Recreation Fund
- Economic Development Fund

Montgomery College

- Montgomery College Current Fund

Maryland-National Capital Park and Planning Commission

- M-NCPPC Administration Fund
- M-NCPPC Park Fund

Debt Service

- Debt Service Fund

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FY24-29 PUBLIC SERVICES PROGRAM: FISCAL PLAN	Bethesda Urban District						
FISCAL PROJECTIONS	FY23 ESTIMATE	FY24 REC	FY25 PROJECTION	FY26 PROJECTION	FY27 PROJECTION	FY28 PROJECTION	FY29 PROJECTION
ASSUMPTIONS							
Property Tax Rate: Real Property	0.0120	**0.0120**	0.0120	0.0120	0.0120	0.0120	0.0120
Assessable Base: Real Property (000)	6,299,300	**6,487,700**	6,694,700	6,871,800	6,990,900	7,047,300	7,088,700
Property Tax Collection Factor: Real Property	99.4%	**99.4%**	99.4%	99.4%	99.4%	99.4%	99.4%
Property Tax Rate: Personal Property	0.0300	**0.0300**	0.0300	0.0300	0.0300	0.0300	0.0300
Assessable Base: Personal Property (000)	216,200	**209,500**	204,700	201,400	199,100	197,500	196,400
Property Tax Collection Factor: Personal Property	99.8%	**99.8%**	99.8%	99.8%	99.8%	99.8%	99.8%
Indirect Cost Rate	18.35%	**17.96%**	17.96%	17.96%	17.96%	17.96%	17.96%
CPI (Fiscal Year)	2.9%	**2.1%**	2.2%	2.2%	2.2%	2.3%	2.3%
Investment Income Yield	3.3%	**5.0%**	4.0%	3.5%	3.0%	2.5%	2.5%
BEGINNING FUND BALANCE	**278,143**	**194,563**	**95,050**	**95,811**	**97,887**	**100,027**	**102,323**
REVENUES							
Taxes	816,079	**836,546**	859,800	879,937	893,456	899,704	904,313
Charges For Services	183,975	**183,975**	187,986	192,140	196,425	201,021	205,705
Subtotal Revenues	**1,000,054**	**1,020,521**	**1,047,786**	**1,072,077**	**1,089,881**	**1,100,725**	**1,110,018**
INTERFUND TRANSFERS (Net Non-CIP)	**2,332,038**	**2,586,916**	**2,689,609**	**2,747,573**	**2,813,313**	**2,892,175**	**2,974,176**
Transfers To The General Fund	(20,512)	(22,033)	(22,310)	(22,310)	(22,310)	(22,310)	(22,310)
Indirect Costs	(20,512)	(22,033)	(22,310)	(22,310)	(22,310)	(22,310)	(22,310)
Transfers From The General Fund	0	605,115	730,797	807,538	894,691	954,277	1,036,278
General Fund	0	605,115	730,797	807,538	894,691	954,277	1,036,278
Transfers From Special Fds: Non-Tax + ISF	2,352,550	2,003,834	1,981,122	1,962,345	1,940,932	1,960,208	1,960,208
Bethesda PLD	2,352,550	2,003,834	1,981,122	1,962,345	1,940,932	1,960,208	1,960,208
TOTAL RESOURCES	**3,610,235**	**3,802,000**	**3,832,445**	**3,915,461**	**4,001,081**	**4,092,927**	**4,186,517**
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(3,415,672)	**(3,706,950)**	(3,785,090)	(3,866,030)	(3,949,510)	(4,039,060)	(4,130,310)
Labor Agreement	n/a	**0**	(1,544)	(1,544)	(1,544)	(1,544)	(1,544)
Annualizations and One-Time	n/a	**n/a**	50,000	50,000	50,000	50,000	50,000
Subtotal PSP Oper Budget Approp / Exp's	**(3,415,672)**	**(3,706,950)**	**(3,736,634)**	**(3,817,574)**	**(3,901,054)**	**(3,990,604)**	**(4,081,854)**
TOTAL USE OF RESOURCES	**(3,415,672)**	**(3,706,950)**	**(3,736,634)**	**(3,817,574)**	**(3,901,054)**	**(3,990,604)**	**(4,081,854)**
YEAR END FUND BALANCE	**194,563**	**95,050**	**95,811**	**97,887**	**100,027**	**102,323**	**104,663**
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	**5.4%**	**2.5%**	**2.5%**	**2.5%**	**2.5%**	**2.5%**	**2.5%**

Assumptions:

1.Transfers from the Bethesda Parking District are adjusted annually to fund the approved service program and to maintain an ending fund balance of approximately 2.5 percent of resources.
2. Property tax revenue is assumed to increase during the six years based on an improved assessable base.
3. Assessable base increases are due to economic growth and new projects coming online.
4. These projections are based on the Executive's Recommended Budget and include the revenue and resource assumptions of that budget. FY25-29 expenditures are based on the "major known commitments" of elected officials and include negotiated labor agreements, estimates of compensation and inflation cost increases, the operating costs of capital facilities, the fiscal impact of approved legislation or regulations, and other programmatic commitments. They do not include unapproved service improvements. The projected future expenditures, revenues, and fund balance may vary based on changes to fee or tax rates, usage inflation, future labor agreements, and other factors not assumed here.
5. Section 68A-4 of the County Code requires: a) that the proceeds from either the Urban District tax or parking fee transfer must not be greater than 90 percent of their combined total; and b) that the transfer from the Parking District not exceed the number of spaces in the Urban District times the number of enforcement hours per year times 20 cents.

FY24-29 PUBLIC SERVICES PROGRAM: FISCAL PLAN			Silver Spring Urban District				
FISCAL PROJECTIONS	FY23 ESTIMATE	FY24 REC	FY25 PROJECTION	FY26 PROJECTION	FY27 PROJECTION	FY28 PROJECTION	FY29 PROJECTION
ASSUMPTIONS							
Property Tax Rate: Real Property	0.0240	0.0240	0.0240	0.0240	0.0240	0.0240	0.0240
Assessable Base: Real Property (000)	3,984,900	4,104,000	4,234,900	4,347,000	4,422,300	4,458,000	4,484,200
Property Tax Collection Factor: Real Property	99.4%	99.4%	99.4%	99.4%	99.4%	99.4%	99.4%
Property Tax Rate: Personal Property	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600
Assessable Base: Personal Property (000)	120,900	117,100	114,400	112,600	111,300	110,400	109,700
Property Tax Collection Factor: Personal Property	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%
Indirect Cost Rate	18.35%	17.96%	17.96%	17.96%	17.96%	17.96%	17.96%
CPI (Fiscal Year)	2.9%	2.1%	2.2%	2.2%	2.2%	2.3%	2.3%
Investment Income Yield	3.3%	5.0%	4.0%	3.5%	3.0%	2.5%	2.5%
BEGINNING FUND BALANCE	(124,473)	161,007	121,009	127,398	128,390	129,412	130,509
REVENUES							
Taxes	1,022,997	1,049,134	1,078,746	1,104,411	1,121,597	1,129,574	1,135,406
Charges For Services	120,000	120,000	122,616	125,326	128,121	131,119	134,174
Subtotal Revenues	1,142,997	1,169,134	1,201,362	1,229,737	1,249,718	1,260,693	1,269,580
INTERFUND TRANSFERS (Net Non-CIP)	3,058,048	3,510,226	3,773,567	3,778,455	3,798,384	3,830,264	3,864,988
Transfers To The General Fund	(507,842)	(540,085)	(557,598)	(557,598)	(557,598)	(557,598)	(557,598)
Indirect Costs	(507,842)	(540,085)	(557,598)	(557,598)	(557,598)	(557,598)	(557,598)
Transfers From The General Fund	761,789	1,407,730	1,586,701	1,491,263	1,511,192	1,543,072	1,577,796
Baseline Services	761,789	1,407,730	1,586,701	1,491,263	1,511,192	1,543,072	1,577,796
Transfers From Special Fds: Non-Tax + ISF	2,804,101	2,642,581	2,744,464	2,844,790	2,844,790	2,844,790	2,844,790
Silver Spring PLD	2,804,101	2,642,581	2,744,464	2,844,790	2,844,790	2,844,790	2,844,790
TOTAL RESOURCES	4,076,572	4,840,367	5,095,938	5,135,590	5,176,492	5,220,369	5,265,077
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(3,915,565)	(4,719,358)	(4,756,688)	(4,795,348)	(4,835,228)	(4,878,008)	(4,921,598)
Labor Agreement	n/a	0	(97,512)	(97,512)	(97,512)	(97,512)	(97,512)
Annualizations and One-Time	n/a	n/a	50,000	50,000	50,000	50,000	50,000
Restore One-Time Lapse Increae	n/a	n/a	(164,340)	(164,340)	(164,340)	(164,340)	(164,340)
Subtotal PSP Oper Budget Approp / Exp's	(3,915,565)	(4,719,358)	(4,968,540)	(5,007,200)	(5,047,080)	(5,089,860)	(5,133,450)
TOTAL USE OF RESOURCES	(3,915,565)	(4,719,358)	(4,968,540)	(5,007,200)	(5,047,080)	(5,089,860)	(5,133,450)
YEAR END FUND BALANCE	161,007	121,009	127,398	128,390	129,412	130,509	131,627
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	3.9%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%

Assumptions:

1.Transfers from the Silver Spring District are adjusted annually to fund the approved service program and to maintain an ending fund balance of approximately 2.5 percent of resources.
2. Property tax revenue is assumed to increase during the six years based on an improved assessable base.
3. Assessable base increases are due to economic growth and new projects coming online.
4. The Baseline Services transfer provides basic right-of-way maintenance comparable to services provided countywide.
5. The Non-Baseline Services transfer is necessary to maintain fund balance policy.
6. These projections are based on the Executive's Recommended Budget and include the revenue and resource assumptions of that budget. FY25-29 expenditures are based on the "major, known commitments" of elected officials and include negotiated labor agreements, estimates of compensation and inflation cost increases, the operating costs of capital facilities, the fiscal impact of approved legislation or regulations, and other programmatic commitments. They do not include unapproved service improvements. The projected future expenditures, revenues, and fund balance may vary based on changes to fee or tax rates, usage inflation, future labor agreements, and other factors not assumed here.
7. Section 68A-4 of the County Code requires: a) that the proceeds from either the Urban District tax or parking fee transfer must not be greater than 90 percent of their combined total; and b) that the transfer from the Parking District not exceed the number of spaces in the Urban District times the number of enforcement hours per year times 20 cents.

FY24-29 PUBLIC SERVICES PROGRAM: FISCAL PLAN			Wheaton Urban District				
FISCAL PROJECTIONS	FY23 ESTIMATE	FY24 REC	FY25 PROJECTION	FY26 PROJECTION	FY27 PROJECTION	FY28 PROJECTION	FY29 PROJECTION
ASSUMPTIONS							
Property Tax Rate: Real Property	0.0300	**0.0300**	0.0300	0.0300	0.0300	0.0300	0.0300
Assessable Base: Real Property (000)	810,100	**834,300**	861,000	883,700	899,100	906,300	911,600
Property Tax Collection Factor: Real Property	99.4%	**99.4%**	99.4%	99.4%	99.4%	99.4%	99.4%
Property Tax Rate: Personal Property	0.0750	**0.0750**	0.0750	0.0750	0.0750	0.0750	0.0750
Assessable Base: Personal Property (000)	30,400	**29,500**	28,800	28,400	28,000	27,800	27,600
Property Tax Collection Factor: Personal Property	99.8%	**99.8%**	99.8%	99.8%	99.8%	99.8%	99.8%
Indirect Cost Rate	18.35%	**17.96%**	17.96%	17.96%	17.96%	17.96%	17.96%
CPI (Fiscal Year)	2.9%	**2.1%**	2.2%	2.2%	2.2%	2.3%	2.3%
Investment Income Yield	3.3%	**5.0%**	4.0%	3.5%	3.0%	2.5%	2.5%
BEGINNING FUND BALANCE	**(3,210)**	**100,211**	**82,958**	**85,639**	**86,377**	**87,139**	**87,955**
REVENUES							
Taxes	264,315	**270,858**	**278,296**	**284,766**	**289,060**	**291,057**	**292,487**
Subtotal Revenues	**264,315**	**270,858**	**278,296**	**284,766**	**289,060**	**291,057**	**292,487**
INTERFUND TRANSFERS (Net Non-CIP)	**2,883,950**	**2,947,237**	**3,064,317**	**3,084,694**	**3,110,114**	**3,140,021**	**3,171,068**
Transfers To The General Fund	(346,560)	(346,691)	(359,704)	(359,704)	(359,704)	(359,704)	(359,704)
Indirect Costs	(346,560)	(346,691)	(359,704)	(359,704)	(359,704)	(359,704)	(359,704)
Transfers From The General Fund	2,930,510	2,993,928	3,124,021	3,144,398	3,169,818	3,199,725	3,230,772
Baseline Services	76,090	76,090	76,090	76,090	76,090	76,090	76,090
Non-Baseline Services	2,854,420	2,917,838	3,047,931	3,068,308	3,093,728	3,123,635	3,154,682
Transfers From Special Fds: Non-Tax + ISF	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Wheaton PLD	300,000	300,000	300,000	300,000	300,000	300,000	300,000
TOTAL RESOURCES	**3,145,055**	**3,318,306**	**3,425,571**	**3,455,099**	**3,485,551**	**3,518,217**	**3,551,510**
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(3,044,844)	**(3,235,348)**	(3,233,138)	(3,261,928)	(3,291,618)	(3,323,468)	(3,355,928)
Labor Agreement	n/a	**0**	(72,454)	(72,454)	(72,454)	(72,454)	(72,454)
Annualizations and One-Time	n/a	**n/a**	130,000	130,000	130,000	130,000	130,000
Restore One-Time Lapse Increase	n/a	**n/a**	(164,340)	(164,340)	(164,340)	(164,340)	(164,340)
Subtotal PSP Oper Budget Approp / Exp's	**(3,044,844)**	**(3,235,348)**	**(3,339,932)**	**(3,368,722)**	**(3,398,412)**	**(3,430,262)**	**(3,462,722)**
TOTAL USE OF RESOURCES	**(3,044,844)**	**(3,235,348)**	**(3,339,932)**	**(3,368,722)**	**(3,398,412)**	**(3,430,262)**	**(3,462,722)**
YEAR END FUND BALANCE	**100,211**	**82,958**	**85,639**	**86,377**	**87,139**	**87,955**	**88,788**
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	**3.2%**	**2.5%**	**2.5%**	**2.5%**	**2.5%**	**2.5%**	**2.5%**

Assumptions:

1.Transfers from the Wheaton Parking District are adjusted annually to fund the approved service program and to maintain an ending fund balance of approximately 2.5 percent of resources.
2. Property tax revenue is assumed to increase during the the six years based on an improved assessable base.
3. Assessable base increases are due to economic growth and new projects coming online.
4. The Baseline Services transfer provides basic right-of-way maintenance comparable to services provided countywide.
5. The Non-Baseline Services transfer is necessary to maintain fund balance policy.
6. These projections are based on the Executive's Recommended Budget and include the revenue and resource assumptions of that budget. FY25-29 expenditures are based on the "major, known commitments" of elected officials and include negotiated labor agreements, estimates of compensation and inflation cost increases, the operating costs of capital facilities, the fiscal impact of approved legislation or regulations, and other programmatic commitments. They do not include unapproved service improvements. The projected future expenditures, revenues, and fund balance may vary based on changes to fee or tax rates, usage inflation, future labor agreements, and other factors not assumed here.
7. Section 68A-4 of the County Code requires: a) that the proceeds from either the Urban District tax or parking fee transfer must not be greater than 90 percent of their combined total; and b) that the transfer from the Parking District not exceed the number of spaces in the Urban District times the number of enforcement hours per year times 20 cents.

FY24-29 PUBLIC SERVICES PROGRAM: FISCAL PLAN			Consolidated Fire District Fund				
FISCAL PROJECTIONS	FY23 ESTIMATE	FY24 REC	FY25 PROJECTION	FY26 PROJECTION	FY27 PROJECTION	FY28 PROJECTION	FY29 PROJECTION
ASSUMPTIONS							
Property Tax Rate: Real Property	0.1074	0.1182	0.1136	0.1104	0.1102	0.1100	0.1100
Assessable Base: Real Property (000)	207,563,800	213,770,100	220,590,800	226,427,100	230,350,600	232,211,600	233,573,800
Property Tax Collection Factor: Real Property	99.4%	99.4%	99.4%	99.4%	99.4%	99.4%	99.4%
Property Tax Rate: Personal Property	0.2685	0.2955	0.2840	0.2760	0.2755	0.2750	0.2750
Assessable Base: Personal Property (000)	4,480,936	4,340,720	4,242,665	4,174,094	4,126,141	4,092,607	4,069,157
Property Tax Collection Factor: Personal Property	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%
CPI (Fiscal Year)	2.9%	2.1%	2.2%	2.2%	2.2%	2.3%	2.3%
Investment Income Yield	3.3%	5.0%	4.0%	3.5%	3.0%	2.5%	2.5%
BEGINNING FUND BALANCE	8,465,449	(8,268,451)	39,037	294,864	314,221	537,363	330,228
REVENUES							
Taxes	233,587,215	263,954,962	261,106,648	259,967,363	263,662,383	265,126,696	266,551,799
Charges For Services	20,000,000	20,000,000	20,436,000	20,887,636	21,353,430	21,853,100	22,362,277
Intergovernmental	14,937,314	13,000,000	13,000,000	13,000,000	13,000,000	13,000,000	13,000,000
Miscellaneous	244,882	244,882	244,882	244,882	244,882	244,882	244,882
Subtotal Revenues	268,769,411	297,199,844	294,787,530	294,099,881	298,260,695	300,224,678	302,158,958
INTERFUND TRANSFERS (Net Non-CIP)	(13,203,602)	(15,693,530)	(16,136,649)	(15,589,619)	(17,182,489)	(18,419,669)	(18,853,019)
Transfers To Debt Service Fund	(13,332,852)	(15,822,780)	(16,265,900)	(15,718,870)	(17,311,740)	(18,548,920)	(18,982,270)
GO Bonds	(8,208,702)	(9,311,730)	(9,153,950)	(10,062,070)	(11,143,840)	(11,890,570)	(12,001,320)
Long Term Leases	(5,124,150)	(6,511,050)	(7,111,950)	(5,656,800)	(6,167,900)	(6,658,350)	(6,980,950)
Transfers To The General Fund	(120,749)	(120,750)	(120,750)	(120,750)	(120,750)	(120,750)	(120,750)
DCM	(120,749)	(120,750)	(120,750)	(120,750)	(120,750)	(120,750)	(120,750)
Transfers From The General Fund	250,001	250,000	250,000	250,000	250,000	250,000	250,000
EMST Fee Payment	250,001	250,000	250,000	250,000	250,000	250,000	250,000
TOTAL RESOURCES	264,031,258	273,237,863	278,689,918	278,805,125	281,392,427	282,342,372	283,636,166
CIP CURRENT REVENUE APPROP.	(4,464,000)	(6,380,000)	(6,496,000)	(5,593,000)	(6,927,000)	(6,979,000)	(6,979,000)
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(267,835,709)	(266,818,826)	(267,783,096)	(268,781,946)	(269,812,106)	(270,917,186)	(272,043,296)
Labor Agreement	n/a	0	(3,326,105)	(3,326,105)	(3,326,105)	(3,326,105)	(3,326,105)
Annualizations and One-Time	n/a	n/a	26,193	26,193	26,193	26,193	26,193
White Flint Fire Station (P451502)	n/a	n/a	0	0	0	0	(98,000)
Restore One-Time Lapse Increase	n/a	n/a	(816,046)	(816,046)	(816,046)	(816,046)	(816,046)
Subtotal PSP Oper Budget Approp / Exp's	(267,835,709)	(266,818,826)	(271,899,054)	(272,897,904)	(273,928,064)	(275,033,144)	(276,257,254)
TOTAL USE OF RESOURCES	(272,299,709)	(273,198,826)	(278,395,054)	(278,490,904)	(280,855,064)	(282,012,144)	(283,236,254)
YEAR END FUND BALANCE	(8,268,451)	39,037	294,864	314,221	537,363	330,228	399,912
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	-3.1%	0.0%	0.1%	0.1%	0.2%	0.1%	0.1%

Assumptions:

1. The tax rates for the Consolidated Fire Tax District are adjusted to fund the planned program of public services and maintain a positive fund balance. The County's policy is to maximize tax supported reserves in the General Fund, which results in minimizing reserves in the County's tax supported special revenue funds.
2. This projections are based on the Executive's Recommended Budget and include the revenue and resource assumptions of that budget. The projected future expenditures, revenues, and fund balances may vary based on changes not assumed here to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.

FY24-29 PUBLIC SERVICES PROGRAM: FISCAL PLAN — Mass Transit

FISCAL PROJECTIONS	FY23 ESTIMATE	FY24 REC	FY25 PROJECTION	FY26 PROJECTION	FY27 PROJECTION	FY28 PROJECTION	FY29 PROJECTION
ASSUMPTIONS							
Property Tax Rate: Real Property	0.0832	0.0860	0.0834	0.0814	0.0832	0.0814	0.0806
Assessable Base: Real Property (000)	207,563,800	213,770,100	220,590,800	226,427,100	230,350,600	232,211,600	233,573,800
Property Tax Collection Factor: Real Property	99.4%	99.4%	99.4%	99.4%	99.4%	99.4%	99.4%
Property Tax Rate: Personal Property	0.2080	0.2150	0.2085	0.2035	0.2080	0.2035	0.2015
Assessable Base: Personal Property (000)	4,480,936	4,340,720	4,242,665	4,174,094	4,126,141	4,092,607	4,069,157
Property Tax Collection Factor: Personal Property	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%
Indirect Cost Rate	18.35%	17.96%	17.96%	17.96%	17.96%	17.96%	17.96%
CPI (Fiscal Year)	2.9%	2.1%	2.2%	2.2%	2.2%	2.3%	2.3%
Investment Income Yield	3.3%	5.0%	4.0%	3.5%	3.0%	2.5%	2.5%
BEGINNING FUND BALANCE	4,329,483	(4,164,871)	347,341	231,814	244,335	158,416	139,393
REVENUES							
Taxes	180,953,969	192,048,449	191,692,733	191,678,835	199,062,706	196,193,755	195,309,773
Licenses & Permits	80,000	80,000	81,744	83,551	85,414	87,413	89,450
Charges For Services	10,829,681	13,958,740	14,263,041	14,578,254	14,903,348	15,252,087	15,607,461
Fines & Forfeitures	850,275	800,000	817,440	835,505	854,137	874,124	894,491
Intergovernmental	41,271,840	41,271,840	42,171,566	43,103,558	44,064,767	45,095,882	46,146,617
Miscellaneous	10,397	0	0	0	0	0	0
Subtotal Revenues	233,996,162	248,159,029	249,026,524	250,279,703	258,970,372	257,503,261	258,047,792
INTERFUND TRANSFERS (Net Non-CIP)	(46,191,918)	(47,552,625)	(49,271,862)	(47,999,517)	(47,313,612)	(48,153,822)	(46,262,802)
Transfers To Debt Service Fund	(28,809,111)	(29,954,120)	(31,142,320)	(29,869,975)	(29,184,070)	(30,024,280)	(28,133,260)
GO Bonds	(22,073,786)	(22,579,220)	(22,896,620)	(22,583,750)	(21,811,670)	(22,364,530)	(21,284,260)
Long Term Leases	(6,735,325)	(7,374,900)	(8,245,700)	(7,286,225)	(7,372,400)	(7,659,750)	(6,849,000)
Transfers To The General Fund	(17,914,117)	(18,129,815)	(18,660,852)	(18,660,852)	(18,660,852)	(18,660,852)	(18,660,852)
Indirect Costs	(17,914,117)	(18,129,815)	(18,660,852)	(18,660,852)	(18,660,852)	(18,660,852)	(18,660,852)
Transfers From The General Fund	531,310	531,310	531,310	531,310	531,310	531,310	531,310
Parking Fines	531,310	531,310	531,310	531,310	531,310	531,310	531,310
TOTAL RESOURCES	192,133,727	196,441,533	200,102,003	202,512,000	211,901,095	209,507,855	211,924,383
CIP CURRENT REVENUE APPROP.	(15,640,000)	(20,215,000)	(17,680,000)	(18,070,000)	(25,085,000)	(20,355,000)	(20,355,000)
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(182,280,308)	(177,606,586)	(179,277,796)	(181,008,936)	(182,794,346)	(184,709,606)	(186,661,306)
Labor Agreement	n/a	0	(2,956,773)	(2,956,773)	(2,956,773)	(2,956,773)	(2,956,773)
Restore One-Time Lapse Increase	n/a	n/a	(1,121,335)	(1,121,335)	(1,121,335)	(1,121,335)	(1,121,335)
Commuter Survey for Employees & Residents	n/a	n/a	(130,000)	0	(160,000)	(10,000)	(160,000)
Transportation Services Improvement Fund Expenditures	n/a	n/a	481,423	310,697	124,316	(81,372)	(81,372)
Subtotal PSP Oper Budget Approp / Exp's	(182,280,308)	(177,606,586)	(183,004,481)	(184,776,347)	(186,908,138)	(188,879,086)	(190,980,786)
OTHER CLAIMS ON FUND BALANCE	1,621,710	1,727,394	814,292	578,682	250,459	(134,376)	(134,376)
TOTAL USE OF RESOURCES	(196,298,598)	(196,094,192)	(199,870,189)	(202,267,665)	(211,742,679)	(209,368,462)	(211,470,162)
YEAR END FUND BALANCE	(4,164,871)	347,341	231,814	244,335	158,416	139,393	454,221
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	-2.2%	0.2%	0.1%	0.1%	0.1%	0.1%	0.2%

1. These projections are based on the Executive's Recommended Budget and include negotiated labor agreements, the operating costs of capital facilities, the fiscal impact of approved legislation or regulations, and other programmatic commitments. They do not include inflation or unapproved service improvements. The projected future expenditures, revenues, and fund balance may vary based on changes to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.
2. The County's policy is to maximize tax supported reserves in the General fund, which is limited by the County Charter to five percent of the prior year's General Fund reserves. Reserves in the property tax special funds have been minimized as much as possible consistent with this reserve policy.
3. Other claims on fund balance include net revenues/expenditures in the Transportation Services Improvement Fund (TSIF).

FY24-29 PUBLIC SERVICES PROGRAM: FISCAL PLAN	Recreation						
FISCAL PROJECTIONS	FY23 ESTIMATE	FY24 REC	FY25 PROJECTION	FY26 PROJECTION	FY27 PROJECTION	FY28 PROJECTION	FY29 PROJECTION
ASSUMPTIONS							
Property Tax Rate: Real Property	0.0259	**0.0335**	0.0344	0.0346	0.0348	0.0352	0.0362
Assessable Base: Real Property (000)	181,046,700	**186,460,100**	192,409,400	197,500,100	200,922,400	202,545,600	203,733,800
Property Tax Collection Factor: Real Property	99.4%	**99.4%**	99.4%	99.4%	99.4%	99.4%	99.4%
Property Tax Rate: Personal Property	0.0648	**0.0838**	0.0860	0.0865	0.0870	0.0880	0.0905
Assessable Base: Personal Property (000)	3,699,800	**3,584,100**	3,503,100	3,446,500	3,406,900	3,379,200	3,359,800
Property Tax Collection Factor: Personal Property	99.8%	**99.8%**	99.8%	99.8%	99.8%	99.8%	99.8%
Indirect Cost Rate	18.35%	**17.96%**	17.96%	17.96%	17.96%	17.96%	17.96%
CPI (Fiscal Year)	2.9%	**2.1%**	2.2%	2.2%	2.2%	2.3%	2.3%
Investment Income Yield	3.3%	**5.0%**	4.0%	3.5%	3.0%	2.5%	2.5%
BEGINNING FUND BALANCE	**10,604,113**	**1,838,402**	**297,200**	**96,145**	**52,361**	**78,063**	**30,977**
REVENUES							
Taxes	48,999,380	**65,083,529**	68,796,835	70,898,793	72,458,062	73,834,537	76,342,143
Charges For Services	3,995,000	**3,820,000**	3,903,276	3,989,539	4,078,506	4,173,943	4,271,196
Miscellaneous	120,232	**120,232**	120,232	120,232	120,232	120,232	120,232
Subtotal Revenues	**53,114,612**	**69,023,761**	**72,820,343**	**75,008,564**	**76,656,800**	**78,128,712**	**80,733,571**
INTERFUND TRANSFERS (Net Non-CIP)	**(12,916,378)**	**(14,214,484)**	**(15,651,848)**	**(17,261,018)**	**(18,343,818)**	**(19,438,688)**	**(21,139,198)**
Transfers To Debt Service Fund	(10,552,918)	(11,350,400)	(12,679,190)	(14,288,360)	(15,371,160)	(16,466,030)	(18,166,540)
GO Bonds	(10,552,918)	(11,350,400)	(12,679,190)	(14,288,360)	(15,371,160)	(16,466,030)	(18,166,540)
Transfers To The General Fund	(7,873,160)	(8,373,784)	(8,482,358)	(8,482,358)	(8,482,358)	(8,482,358)	(8,482,358)
Indirect Costs	(6,026,750)	(6,527,374)	(6,635,948)	(6,635,948)	(6,635,948)	(6,635,948)	(6,635,948)
Custodial Cleaning Costs	(611,360)	(611,360)	(611,360)	(611,360)	(611,360)	(611,360)	(611,360)
Facility Maintenance Costs	(1,151,850)	(1,151,850)	(1,151,850)	(1,151,850)	(1,151,850)	(1,151,850)	(1,151,850)
DCM	(83,200)	(83,200)	(83,200)	(83,200)	(83,200)	(83,200)	(83,200)
Transfers From The General Fund	1,009,700	1,009,700	1,009,700	1,009,700	1,009,700	1,009,700	1,009,700
ASACs	120,990	120,990	120,990	120,990	120,990	120,990	120,990
Countywide Services	888,710	888,710	888,710	888,710	888,710	888,710	888,710
Transfers From Special Fds: Non-Tax + ISF	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000
Recreation Non-tax supported	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000
TOTAL RESOURCES	**50,802,347**	**56,647,679**	**57,465,695**	**57,843,691**	**58,365,343**	**58,768,087**	**59,625,350**
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(48,963,945)	**(56,350,479)**	(56,786,619)	(57,208,399)	(57,704,349)	(58,154,179)	(58,913,519)
Labor Agreement	n/a	**0**	(604,531)	(604,531)	(604,531)	(604,531)	(604,531)
Annualization and One-time	n/a	**n/a**	21,600	21,600	21,600	21,600	21,600
Subtotal PSP Oper Budget Approp / Exp's	**(48,963,945)**	**(56,350,479)**	**(57,369,550)**	**(57,791,330)**	**(58,287,280)**	**(58,737,110)**	**(59,496,450)**
TOTAL USE OF RESOURCES	**(48,963,945)**	**(56,350,479)**	**(57,369,550)**	**(57,791,330)**	**(58,287,280)**	**(58,737,110)**	**(59,496,450)**
YEAR END FUND BALANCE	**1,838,402**	**297,200**	**96,145**	**52,361**	**78,063**	**30,977**	**128,900**
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	**3.6%**	**0.5%**	**0.2%**	**0.1%**	**0.1%**	**0.1%**	**0.2%**

Assumptions:

The County's policy is to maximize tax supported reserves in the General Fund, which is limited by the County Charter to five percent of the prior year's General Fund revenues. Reserves in the property tax special funds have been minimized as much as possible consistent with this reserve policy.

2. Related revenues, debt service, and operating costs have been incorporated for new facilities between FY24 and FY29.

3. These projections are based on the Executive's Recommended Budget and include the revenue and resource assumptions of that budget. The projected future expenditures, revenues, and fund balances may vary based on changes not assumed here to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.

FY24-29 PUBLIC SERVICES PROGRAM: FISCAL PLAN			Economic Development Fund				
FISCAL PROJECTIONS	FY23 ESTIMATE	FY24 REC	FY25 PROJECTION	FY26 PROJECTION	FY27 PROJECTION	FY28 PROJECTION	FY29 PROJECTION
ASSUMPTIONS							
CPI (Fiscal Year)	2.9%	2.1%	2.2%	2.2%	2.2%	2.3%	2.3%
Investment Income Yield	3.3%	5.0%	4.0%	3.5%	3.0%	2.5%	2.5%
BEGINNING FUND BALANCE	843,607	0	0	0	0	0	0
REVENUES							
Miscellaneous	430,000	430,000	430,000	430,000	430,000	430,000	430,000
Subtotal Revenues	430,000	430,000	430,000	430,000	430,000	430,000	430,000
INTERFUND TRANSFERS (Net Non-CIP)	2,954,109	3,581,982	3,665,452	3,751,912	3,841,082	3,936,732	4,034,202
Transfers From The General Fund	2,954,109	3,581,982	3,665,452	3,751,912	3,841,082	3,936,732	4,034,202
From General Fund	2,954,109	3,581,982	3,665,452	3,751,912	3,841,082	3,936,732	4,034,202
TOTAL RESOURCES	4,227,716	4,011,982	4,095,452	4,181,912	4,271,082	4,366,732	4,464,202
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(4,227,716)	(4,011,982)	(4,095,452)	(4,181,912)	(4,271,082)	(4,366,732)	(4,464,202)
Subtotal PSP Oper Budget Approp / Exp's	(4,227,716)	(4,011,982)	(4,095,452)	(4,181,912)	(4,271,082)	(4,366,732)	(4,464,202)
TOTAL USE OF RESOURCES	(4,227,716)	(4,011,982)	(4,095,452)	(4,181,912)	(4,271,082)	(4,366,732)	(4,464,202)
YEAR END FUND BALANCE	0	0	0	0	0	0	0
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Assumptions:

1.These projections are based on the Executive's Recommended Budget and include the revenue and resource assumptions of that budget. The projected future expenditures, revenues and fund balances may vary based on changes not assumed here to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.

2. The transfer from the General Fund is adjusted to fund program costs, net of offsetting loan repayments, intergovernmental funding, and investment income.

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Montgomery College

MONTGOMERY COLLEGE CURRENT FUND COUNTY EXECUTIVE RECOMMENDED FISCAL PLAN FY24-29	FY23 Estimate	FY24 CE Rec.	FY25 Proj.	FY26 Proj.	FY27 Proj.	FY28 Proj.	FY29 Proj.
Beginning Fund Balance	**40,283,309**	**47,783,309**	**27,245,383**	**24,026,448**	**19,003,623**	**12,804,661**	**8,090,044**
Revenues							
General Fund Contribution	148,409,696	148,409,696	148,409,696	148,409,696	148,409,696	148,409,696	148,409,696
Tuition & Related Fees	56,126,488	58,997,700	57,586,160	58,435,427	59,126,555	59,126,555	59,126,555
Other Student Fees	2,280,208	2,698,136	2,633,582	2,672,421	2,704,028	2,704,028	2,704,028
State Aid	55,636,880	57,514,404	58,768,218	60,066,996	61,406,490	62,843,402	64,307,653
Fed, State & Priv. Gifts/Grants	198,000	500,000	510,900	522,191	533,836	546,328	559,057
Investment Income	789,434	1,000,000	1,003,500	1,007,012	1,010,537	1,014,074	1,017,623
Performing Arts Center	-	115,000	115,000	115,000	115,000	115,000	115,000
Other Revenues (asset sales, lib. fines, rentals)	799,931	1,256,949	1,284,350	1,312,734	1,342,008	1,373,411	1,405,411
Adjustments - Non Mandatory Transfer	(400,000)	(10,794,749)	-	-	-	-	-
Total Revenues	**263,840,637**	**259,697,136**	**270,311,406**	**272,541,477**	**274,648,150**	**276,132,494**	**277,645,023**
CIP CR	16,434,000	17,034,000	15,084,000	15,084,000	15,084,000	15,084,000	15,084,000
Subtotal Revenues and Transfers	**280,274,637**	**276,731,136**	**285,395,406**	**287,625,477**	**289,732,150**	**291,216,494**	**292,729,023**
Total Resources Available	**320,557,946**	**324,514,445**	**312,640,789**	**311,651,925**	**308,735,773**	**304,021,155**	**300,819,067**
County Share	57.9%	53.0%	54.3%	53.5%	52.8%	52.8%	52.8%
State Aid Share	21.7%	20.5%	21.5%	21.6%	21.9%	22.4%	22.9%
Tuition, Fees, Other Share	20.4%	26.5%	24.3%	24.9%	25.3%	24.8%	24.3%
Total Expenditures	**(256,340,637)**	**(280,235,062)**	**(273,530,341)**	**(277,564,302)**	**(280,847,111)**	**(280,847,111)**	**(280,847,111)**
CIP CR	**(16,434,000)**	**(17,034,000)**	**(15,084,000)**	**(15,084,000)**	**(15,084,000)**	**(15,084,000)**	**(15,084,000)**
End of year Fund Balance	**40,292,661**	**19,291,846**	**19,552,035**	**14,558,876**	**8,447,399**	**3,874,220**	**768,195**
Reserve	**7,490,648**	**7,953,537**	**4,474,413**	**4,444,747**	**4,357,262**	**4,215,824**	**4,119,761**
Total End of Year Proj. Fund Bal (Includes Reserve)	**47,783,309**	**27,245,383**	**24,026,448**	**19,003,623**	**12,804,661**	**8,090,044**	**4,887,956**
Reserve Balance as % of Resources less Contribution	**4.8%**	**5.0%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**

Assumptions:

1. The table reflects the College's reserve policy, where the college will hold in reserve an amount equal to 3% to 5% of the Current Fund appropriation excluding the County contribution.
2. The County's local out-year contribution is held constant at the County Executive recommended FY24 level.
3. Tuition and related fees revenue change at the rate of full-time equivalent student changes.
4. Other revenues, State aid, and expenditures grow based on CPI.

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Maryland-National Capital Park and Planning Commission

FY24-29 PUBLIC SERVICES PROGRAM: FISCAL PLAN			M-NCPPC Administration Fund				
FISCAL PROJECTIONS	FY23 ESTIMATE	FY24 REC	FY25 PROJECTION	FY26 PROJECTION	FY27 PROJECTION	FY28 PROJECTION	FY29 PROJECTION
ASSUMPTIONS							
Property Tax Rate: Real Property	0.0190	0.0204	0.0202	0.0202	0.0206	0.0208	0.0212
Assessable Base: Real Property (000)	179,852,000	185,229,700	191,139,700	196,196,800	199,596,500	201,209,000	202,389,400
Property Tax Collection Factor: Real Property	99.4%	99.4%	99.4%	99.4%	99.4%	99.4%	99.4%
Property Tax Rate: Personal Property	0.0475	0.0510	0.0505	0.0505	0.0515	0.0520	0.0530
Assessable Base: Personal Property (000)	3,682,000	3,566,800	3,486,200	3,429,900	3,390,500	3,362,900	3,343,600
Property Tax Collection Factor: Personal Property	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%
CPI (Fiscal Year)	2.9%	2.1%	2.2%	2.2%	2.2%	2.3%	2.3%
Investment Income Yield	3.3%	5.0%	4.0%	3.5%	3.0%	2.5%	2.5%
BEGINNING FUND BALANCE	2,349,769	1,356,300	1,264,261	1,286,917	1,370,970	1,432,112	1,332,255
REVENUES							
Taxes	35,711,427	39,374,658	40,134,688	41,121,732	42,611,920	43,344,699	44,416,791
Charges For Services	204,700	212,200	216,826	221,618	226,560	231,862	237,265
Intergovernmental	428,100	449,505	459,304	469,455	479,924	491,154	502,598
Miscellaneous	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Subtotal Revenues	36,354,227	40,046,363	40,820,818	41,822,805	43,328,404	44,077,715	45,166,654
INTERFUND TRANSFERS (Net Non-CIP)	(500,000)	(700,000)	(500,000)	(500,000)	(1,000,000)	(1,100,000)	(1,100,000)
Transfers To Special Fds: Tax Supported	0	(200,000)	0	0	0	0	0
M-NCPPC Park Fund	0	(200,000)	0	0	0	0	0
Transfers To Special Fds: Non-Tax + ISF	(500,000)	(500,000)	(500,000)	(500,000)	(1,000,000)	(1,100,000)	(1,100,000)
M-NCPPC Special Revenue Fund	(500,000)	(500,000)	(500,000)	(500,000)	(1,000,000)	(1,100,000)	(1,100,000)
TOTAL RESOURCES	38,203,996	40,702,663	41,585,079	42,609,722	43,699,374	44,409,827	45,398,909
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(36,847,696)	(39,438,402)	(40,298,162)	(41,238,752)	(42,267,262)	(43,077,572)	(44,021,632)
Subtotal PSP Oper Budget Approp / Exp's	(36,847,696)	(39,438,402)	(40,298,162)	(41,238,752)	(42,267,262)	(43,077,572)	(44,021,632)
TOTAL USE OF RESOURCES	(36,847,696)	(39,438,402)	(40,298,162)	(41,238,752)	(42,267,262)	(43,077,572)	(44,021,632)
YEAR END FUND BALANCE	1,356,300	1,264,261	1,286,917	1,370,970	1,432,112	1,332,255	1,377,277
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	3.6%	3.1%	3.1%	3.2%	3.3%	3.0%	3.0%

Assumptions:

1. All labor and operating costs are shown as operating costs since M-NCPPC is not a component unit of Montgomery County Government.
2. Tax rates are adjusted to maintain a fund balance of approximately three percent.
3. These projections are based on the County Executive's Recommended Budget and include the assumptions of that budget. Future revenues, expenditures, or fund balance may change based on factors not assumed here.

FY24-29 PUBLIC SERVICES PROGRAM: FISCAL PLAN	M-NCPPC Park Fund						
FISCAL PROJECTIONS	FY23 ESTIMATE	FY24 REC	FY25 PROJECTION	FY26 PROJECTION	FY27 PROJECTION	FY28 PROJECTION	FY29 PROJECTION
ASSUMPTIONS							
Property Tax Rate: Real Property	0.0610	0.0640	0.0626	0.0624	0.0626	0.0636	0.0646
Assessable Base: Real Property (000)	179,852,000	185,229,700	191,139,700	196,196,800	199,596,500	201,209,000	202,389,400
Property Tax Collection Factor: Real Property	99.4%	99.4%	99.4%	99.4%	99.4%	99.4%	99.4%
Property Tax Rate: Personal Property	0.1525	0.1600	0.1565	0.1560	0.1565	0.1590	0.1615
Assessable Base: Personal Property (000)	3,682,000	3,566,800	3,486,200	3,429,900	3,390,500	3,362,900	3,343,600
Property Tax Collection Factor: Personal Property	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%
CPI (Fiscal Year)	2.9%	2.1%	2.2%	2.2%	2.2%	2.3%	2.3%
Investment Income Yield	3.3%	5.0%	4.0%	3.5%	3.0%	2.5%	2.5%
BEGINNING FUND BALANCE	4,969,273	2,806,787	4,792,426	4,886,300	5,051,850	5,017,556	5,172,976
REVENUES							
Taxes	114,652,474	123,528,339	124,377,794	127,029,509	129,490,592	132,534,753	135,345,505
Charges For Services	3,163,663	3,549,101	3,626,471	3,706,616	3,789,274	3,877,942	3,968,298
Intergovernmental	3,897,355	4,138,538	4,228,758	4,322,214	4,418,599	4,521,994	4,627,356
Miscellaneous	70,500	75,500	75,000	75,000	75,000	75,000	75,000
Subtotal Revenues	121,783,992	131,291,478	132,308,023	135,133,339	137,773,465	141,009,689	144,016,159
INTERFUND TRANSFERS (Net Non-CIP)	100,000	250,000	0	0	0	0	0
Transfers From The General Fund	100,000	50,000	0	0	0	0	0
From Wi-Fi in Parks	100,000	50,000	0	0	0	0	0
Transfers From Special Fds: Tax Supported	0	200,000	0	0	0	0	0
M-NCPPC Administration Fund	0	200,000	0	0	0	0	0
TOTAL RESOURCES	126,853,265	134,348,265	137,100,449	140,019,639	142,825,315	146,027,245	149,189,135
CIP CURRENT REVENUE APPROP.	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(117,024,459)	(121,940,777)	(124,599,087)	(127,352,727)	(130,192,697)	(133,239,207)	(136,343,677)
Debt Service: Other (Non-Tax Funds only)	(6,572,019)	(7,165,062)	(7,165,062)	(7,165,062)	(7,165,062)	(7,165,062)	(7,165,062)
Subtotal PSP Oper Budget Approp / Exp's	(123,596,478)	(129,105,839)	(131,764,149)	(134,517,789)	(137,357,759)	(140,404,269)	(143,508,739)
TOTAL USE OF RESOURCES	(124,046,478)	(129,555,839)	(132,214,149)	(134,967,789)	(137,807,759)	(140,854,269)	(143,958,739)
YEAR END FUND BALANCE	2,806,787	4,792,426	4,886,300	5,051,850	5,017,556	5,172,976	5,230,396
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	2.2%	3.6%	3.6%	3.6%	3.5%	3.5%	3.5%

Assumptions:

1. All labor and operatings costs are shown as operating costs since M-NCPPC is not a component unit of Montgomery County Governmnet.
2. Tax rates are adjusted to maintain a fund balance of approximately three to four percent.
3. These projections are based on the County Executive's Recommended Budget and include the assumptions of that budget. Future revenues, expenditures, or fund balance may change based on factors not assumed here.

Debt Service

DEBT SERVICE - GENERAL OBLIGATION BONDS, LONG & SHORT TERM LEASES AND OTHER DEBT	Actual FY21	Actual FY22	Approved FY23	Estimated FY23	Recommended FY24	% Chg App/App	App % GO Bonds
GO BOND DEBT SERVICE EXPENDITURES							
General County	72,406,533	73,142,299	73,669,270	75,109,092	82,724,440		20.6%
Roads & Storm Drains	77,448,929	80,264,802	81,692,170	81,877,426	84,555,130		21.1%
Public Housing	49,823	52,050	50,060	50,055	46,640		0.0%
Parks	9,304,075	9,427,541	9,610,150	9,572,880	10,365,560		2.6%
Public Schools	150,934,211	152,822,199	157,349,560	156,657,506	149,963,800		37.4%
Montgomery College	27,610,768	27,606,896	28,754,980	28,918,315	30,214,960		7.5%
Bond Anticipation Notes/Commercial Paper	551,912	363,149	4,725,000	3,605,000	7,000,000		
Bond Anticipation Notes/Liquidity & Remarketing	3,245,430	2,707,628	2,720,000	2,500,000	2,900,000		
Cost of Issuance	417,748	657,702	1,033,000	900,000	920,000		
Line(s) of Credit	992,500	148,055	-	-	-		
Total General Fund	342,961,929	347,192,321	359,604,190	359,190,274	368,690,530	2.5%	89.2%
Fire Tax District Fund	7,732,894	7,461,899	8,253,840	8,208,702	9,311,730		2.3%
Mass Transit Fund	19,187,126	20,182,065	22,146,340	22,073,786	22,579,220		5.6%
Recreation Fund	9,917,452	10,013,908	10,653,890	10,552,918	11,350,400		2.8%
Total Tax Supported Other Funds	36,837,472	37,657,872	41,054,070	40,835,406	43,241,350	5.3%	10.8%
TOTAL TAX SUPPORTED	379,799,401	384,850,193	400,658,260	400,025,680	411,931,880	2.8%	100.0%
TOTAL GO BOND DEBT SERVICE EXPENDITURES	379,799,401	384,850,193	400,658,260	400,025,680	411,931,880	2.8%	100.0%
LONG-TERM LEASE EXPENDITURES							
Revenue Authority - Conference Center	987,709	990,977	991,600	991,600	-		
Revenue Authority - Crossvines Project	-	-	860,200	860,200	860,200		
Fire and Rescue Equipment	-	35,996	725,000	740,300	1,831,300		
TOTAL LONG-TERM LEASE EXPENDITURES	987,709	1,026,973	2,576,800	2,592,100	2,691,500	4.5%	
				-			
SHORT-TERM LEASE EXPENDITURES							
Technology Modernization Project	3,646,948	3,646,948	3,647,100	3,647,100	1,823,500		
Libraries System Modernization	96,955	48,479	-	-	-		
Digital Evidence Data Storage	153,888	247,627	247,800	247,800	247,800		
Ride On Buses	5,244,330	1,738,182	712,400	712,400	712,400		
Public Safety System Modernization	1,322,586	17,200	320,200	26,700	968,700		
Fire Breathing Apparatus	1,045,422	-	-	-	-		
Fuel Management System	414,706	-	-	-	-		
Transit System Radios	-	-	375,000	-	315,000		
Police Body Armor	-	-	225,300	-	240,000		
Intelligent Transit System	-	-	960,000	-	1,030,000		
Fire Defibrillators	-	-	151,300	-	290,000		
Radio Lifecycle Replacement	-	-	1,047,500	-	2,238,000		
TOTAL SHORT-TERM LEASE EXPENDITURES	11,924,835	5,698,436	7,686,600	4,634,000	7,865,400	2.3%	
OTHER LONG-TERM DEBT							
Silver Spring Music Venue	294,055	72,476	215,700	215,700	214,900		
Incubators	931,759	936,714	4,244,500	4,244,500	-		
Site II Acquisition	1,238,855	-	-	-	-		
Rockville Core - **Tax Supported**	-	1,508,463	1,506,850	1,506,850	1,508,400		
Energy Performance Leases QECBs	646,218	646,537	660,820	660,820	823,700		
Energy Performance Leases Other	1,622,101	1,674,892	1,716,210	1,716,210	1,624,910		
Wheaton Redevelopment	-	2,143,545	2,358,300	2,358,300	2,358,100		
MHI-HUD Loan - **Non-Tax supported**	52,034	49,643	47,230	47,230	54,510		
Water Quality Protection Charge Bonds - **Non-Tax supported**	8,119,113	8,456,639	9,450,600	8,844,600	9,772,900		
MHI - Property Acquisition and Preservation Fund - **Non-Tax supported**	9,621,452	8,496,842	12,188,800	12,188,800	13,384,600		
MHI Production Fund - HOC - **Non-Tax supported**	-	3,071,042	7,073,200	3,073,200	5,771,000		
COP - Rockville Core - Tax supported	374,117	-	-	-	-		
COP - Wheaton Redevelopment - Non-Tax supported	584,882	211,999	-	-	-		
COPs - Fire SCBA and Apparatus	1,393,352	4,386,575	4,383,850	4,383,850	4,389,750		
COPs - Fleet Equipment	57,178	329,250	329,100	329,100	328,450		
COPs - Buses	2,904,832	6,033,150	6,022,925	6,022,925	5,317,500		
COPs - Fuel Management	94,756	188,800	187,400	187,400	185,800		
COPs - PSSM	1,237,780	2,504,800	2,496,500	2,496,500	-		
COPs - Corrections	154,733	151,350	151,350	151,350	151,150		
TOTAL OTHER LONG-TERM DEBT	29,327,217	40,862,717	53,033,335	48,427,335	45,885,670	-13.5%	
DEBT SERVICE EXPENDITURES							
Tax Supported	**403,661,681**	**415,223,196**	**455,196,166**	**431,626,286**	**439,391,440**	**1.0%**	
Non-Tax Supported - Other Long-term Debt	**18,377,481**	**17,215,123**	**28,768,830**	**24,153,830**	**28,983,010**		
TOTAL DEBT SERVICE EXPENDITURES	**422,039,162**	**432,438,319**	**483,964,996**	**456,879,116**	**468,374,450**	**1.0%**	
GO BOND DEBT SERVICE FUNDING SOURCES							
General Funds	339,132,535	343,525,028	356,141,680	355,727,763	366,978,345		
Federal Subsidy on General Obligation Bonds	1,141,184	-	-	-	-		
Federal Grants	992,500	-	-	-	-		
Premium on General Obligation Bonds	1,832,030	3,638,343	3,462,510	3,462,511	1,712,185		
Total General Fund Sources	343,098,249	347,163,371	359,604,190	359,190,274	368,690,530		
Fire Tax District Funds	7,648,423	7,476,684	8,253,840	8,208,702	9,311,730		
Mass Transit Fund	19,198,766	20,196,230	22,146,340	22,073,786	22,579,220		
Recreation Fund	9,853,966	10,013,908	10,653,890	10,552,918	11,350,400		
Total Other Funding Sources	36,701,155	37,686,822	41,054,070	40,835,406	43,241,350		
TOTAL GO BOND FUNDING SOURCES	379,799,404	384,850,193	400,658,260	400,025,680	411,931,880		
NON GO BOND FUNDING SOURCES							
General Funds	12,173,568	12,423,619	18,300,527	16,746,947	10,671,889		
MHI Fund - HUD Loan	52,034	49,643	47,230	47,230	54,510		
Water Quality Protection Fund	8,350,885	9,398,857	9,450,600	8,844,600	9,772,900		
MHI - Property Acquisition Fund	9,621,452	11,567,884	19,262,000	15,262,000	19,155,600		
Wheaton Redevelopment contributions	295,560	1,201,327	2,146,053	2,146,053	2,145,871		
Motor Pool Fund	57,178	518,050	516,500	516,500	514,250		
Mass Transit Fund	8,149,162	7,771,332	8,070,325	6,735,325	7,374,900		
Fire Tax District Fund	2,948,235	4,422,571	5,260,150	5,124,150	6,511,050		
Federal Subsidy - QECBs	51,046	234,843	243,350	230,630	241,600		
TOTAL NON GO BOND FUNDING SOURCES	42,239,758	47,588,126	63,296,735	55,653,435	56,442,570		
TOTAL FUNDING SOURCES	**422,039,162**	**432,438,319**	**483,964,996**	**456,879,116**	**468,374,450**		
TOTAL GENERAL OBLIGATION BOND SALES							
Actual and Estimated Bond Sales	340,000,000	310,000,000	300,000,000	280,000,000	300,000,000		
Council SAG Approved Bond Funded Expenditures	340,000,000	310,000,000	300,000,000	300,000,000	290,000,000		

DEBT SERVICE - GENERAL OBLIGATION BONDS, LONG & SHORT TERM LEASES AND OTHER DEBT

	Recommended	Projected	Projected	Projected	Projected	Projected
GO BOND DEBT SERVICE EXPENDITURES	FY24	FY25	FY26	FY27	FY28	FY29
General County	82,724,440	85,421,370	86,682,500	88,087,090	93,767,370	99,407,960
Roads & Storm Drains	84,555,130	86,715,790	90,547,560	93,385,310	93,241,820	98,228,860
Public Housing	46,640	18,080	33,540	22,890	51,980	47,240
Parks	10,365,560	10,724,580	11,311,290	12,392,810	12,712,150	13,736,440
Public Schools	149,963,800	155,836,770	157,225,050	155,550,690	146,851,600	143,268,200
Montgomery College	30,214,960	31,268,230	31,318,590	31,808,430	34,507,560	37,508,940
Bond Anticipation Notes/Commercial Paper	7,000,000	6,000,000	6,000,000	6,500,000	6,500,000	6,500,000
Bond Anticipation Notes/Liquidity & Remarketing	2,900,000	2,900,000	2,900,000	2,900,000	2,900,000	2,900,000
Cost of Issuance	920,000	936,000	956,000	979,000	1,002,000	1,026,000
Total General Fund	368,690,530	379,820,820	386,974,530	391,626,220	391,534,480	402,623,640
Fire Tax District Fund	9,311,730	9,153,950	10,062,070	11,143,840	11,890,570	12,001,320
Mass Transit Fund	22,579,220	22,896,620	22,583,750	21,811,670	22,364,530	21,284,260
Recreation Fund	11,350,400	12,679,190	14,288,360	15,371,160	16,466,030	18,166,540
Total Tax Supported Other Funds	43,241,350	44,729,760	46,934,180	48,326,670	50,721,130	51,452,120
TOTAL TAX SUPPORTED	411,931,880	424,550,580	433,908,710	439,952,890	442,255,610	454,075,760
TOTAL GO BOND DEBT SERVICE EXPENDITURES	411,931,880	424,550,580	433,908,710	439,952,890	442,255,610	454,075,760
LONG-TERM LEASE EXPENDITURES						
Fire and Rescue Equipment	1,831,300	2,433,300	2,965,300	3,478,300	3,970,300	4,584,300
Revenue Authority - Crossvines Project	860,200	859,200	862,000	858,800	859,400	858,800
TOTAL LONG-TERM LEASE EXPENDITURES	2,691,500	3,292,500	3,827,300	4,337,100	4,829,700	5,443,100
SHORT-TERM LEASE EXPENDITURES / FINANCING						
Technology Modernization Project	1,823,500	-	-	-	-	-
Digital Evidence Data Storage	247,800	247,800	93,800	-	-	-
Ride On Buses	712,400	915,400	1,252,400	1,590,400	2,110,000	4,474,000
Intelligent Transit System	1,030,000	2,060,000	2,060,000	2,060,000	2,060,000	2,060,000
Public Safety System Modernization	968,700	968,700	968,700	968,700	942,000	-
Transit System Radios	315,000	630,000	630,000	630,000	630,000	315,000
Fire Defibrillators	290,000	290,000	290,000	290,000	290,000	-
Police Body Armor	240,000	240,000	240,000	240,000	240,000	-
Radio Lifecycle Replacement	2,238,000	4,708,000	7,518,000	8,141,000	9,241,000	7,003,000
TOTAL SHORT-TERM LEASE EXPENDITURES	7,865,400	10,059,900	13,052,900	13,920,100	15,513,000	13,852,000
OTHER LONG-TERM DEBT						
Silver Spring Music Venue	214,900	293,200	293,210	292,700	293,300	293,400
Rockville Core	1,508,400	1,507,900	1,505,400	1,505,750	1,508,750	1,509,250
Energy Performance Leases QECBs	823,700	823,700	823,700	823,700	823,700	823,700
Energy Performance Leases Other	1,624,910	1,654,140	1,689,430	1,703,470	1,749,600	1,781,135
Wheaton Redevelopment	2,358,100	2,354,800	2,358,300	2,358,300	2,354,800	2,357,600
MHI-HUD Loan - **Non-Tax supported**	54,510	-	-	-	-	-
Water Quality Protection Charge Bonds - **Non-Tax supported**	9,772,900	11,509,550	13,683,500	15,321,250	17,104,000	17,810,500
MHI - Property Acquisition and Preservation Fund - **Non-Tax supported**	13,384,600	15,421,220	19,621,490	22,672,100	22,672,700	22,670,500
MHI Production Fund - HOC - **Non-Tax supported**	5,771,000	7,069,500	7,072,100	7,070,300	7,068,800	7,072,900
COPs - Fire SCBA and Apparatus	4,389,750	4,388,650	2,401,500	2,399,600	2,398,050	2,396,650
COPs - Fleet Equipment	328,450	327,300	325,650	328,375	325,475	326,950
COPs - Buses	5,317,500	4,640,300	3,343,825	3,092,000	2,859,750	-
COPs - Fuel Management	185,800	189,000	-	-	-	-
COPs - Corrections	151,150	155,750	73,500	-	-	-
TOTAL OTHER LONG-TERM DEBT	45,885,670	50,335,010	53,191,605	57,567,545	59,158,925	57,042,585
DEBT SERVICE EXPENDITURES						
Tax Supported	**439,391,440**	**454,237,720**	**463,603,425**	**470,713,985**	**474,911,735**	**482,859,545**
Non-Tax Supported - Other Long-term Debt	**28,983,010**	**34,000,270**	**40,377,090**	**45,063,650**	**46,845,500**	**47,553,900**
TOTAL DEBT SERVICE EXPENDITURES	**468,374,450**	**488,237,990**	**503,980,515**	**515,777,635**	**521,757,235**	**530,413,445**
GO BOND DEBT SERVICE FUNDING SOURCES						
General Funds	366,978,345	379,820,820	386,974,530	391,626,220	391,534,480	402,623,640
Premium on General Obligation Bonds	1,712,185	-	-	-	-	-
Total General Fund Sources	368,690,530	379,820,820	386,974,530	391,626,220	391,534,480	402,623,640
Fire Tax District Fund	9,311,730	9,153,950	10,062,070	11,143,840	11,890,570	12,001,320
Mass Transit Fund	22,579,220	22,896,620	22,583,750	21,811,670	22,364,530	21,284,260
Recreation Fund	11,350,400	12,679,190	14,288,360	15,371,160	16,466,030	18,166,540
Total Other Funding Sources	43,241,350	44,729,760	46,934,180	48,326,670	50,721,130	51,452,120
TOTAL GO BOND FUNDING SOURCES	411,931,880	424,550,580	433,908,710	439,952,890	442,255,610	454,075,760
NON GO BOND FUNDING SOURCES						
General Funds	10,671,889	11,154,022	13,517,387	13,841,367	14,884,482	11,511,469
MHI Fund - HUD Loan	54,510	0	0	-	-	-
Water Quality Protection Fund	9,772,900	11,509,550	13,683,500	15,321,250	17,104,000	17,810,500
MHI - Property Acquisition Fund	19,155,600	22,490,720	26,693,590	29,742,400	29,741,500	29,743,400
Wheaton Redevelopment contributions	2,145,871	2,142,868	2,146,053	2,146,053	2,142,868	2,145,416
Motor Pool Fund	514,250	516,300	325,650	328,375	325,475	326,950
Mass Transit Fund	7,374,900	8,245,700	7,286,225	7,372,400	7,659,750	6,849,000
Fire Tax District Fund	6,511,050	7,111,950	5,656,800	6,167,900	6,658,350	6,980,950
Federal Subsidy - QECBs	241,600	228,300	214,500	200,200	185,200	170,000
Revenue Authority - Crossvines Project	-	288,000	548,100	704,800	800,000	800,000
TOTAL NON GO BOND FUNDING SOURCES	56,442,570	63,687,410	70,071,805	75,824,745	79,501,625	76,337,685
TOTAL FUNDING SOURCES	**468,374,450**	**488,237,990**	**503,980,515**	**515,777,635**	**521,757,235**	**530,413,445**
TOTAL GENERAL OBLIGATION BOND SALES						
Estimated Bond Sales	300,000,000	300,000,000	280,000,000	280,000,000	280,000,000	280,000,000
Council SAG Approved Bond Funded Expenditures	290,000,000	280,000,000	270,000,000	270,000,000	270,000,000	270,000,000
ESTIMATED INTEREST RATE	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%

Non-Tax Supported: Six Year Fiscal Plans

Montgomery County Government

- Cable Television Communications Plan
- Montgomery Housing Initiative Fund
- Water Quality Protection Fund
- Community Use of Public Facilities Fund
- Parking District Funds
- Solid Waste Collection and Disposal Funds
- Leaf Vacuuming Fund
- Permitting Services Fund
- Liquor Control Fund
- Risk Management Fund
- Central Duplicating, Mail and Records Mgmt. Fund
- Employee Health Benefits Self Insurance Fund
- Motor Pool Fund
- Recreation Non-Tax Supported
- Inmate Advisory Council Fund

Maryland-National Capital Park and Planning Commission

- Enterprise Fund

Washington Suburban Sanitary Commission

- Water and Sewer Operating Funds

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FY24-29 PUBLIC SERVICES PROGRAM: FISCAL PLAN			Cable Communications Plan				
FISCAL PROJECTIONS	FY23 ESTIMATE	FY24 REC	FY25 PROJECTION	FY26 PROJECTION	FY27 PROJECTION	FY28 PROJECTION	FY29 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	18.35%	17.96%	17.96%	17.96%	17.96%	17.96%	17.96%
CPI (Fiscal Year)	2.9%	2.1%	2.2%	2.2%	2.2%	2.3%	2.3%
Investment Income Yield	3.3%	5.0%	4.0%	3.5%	3.0%	2.5%	2.5%
BEGINNING FUND BALANCE	(95,605)	(97,996)	117,301	25,000	25,000	25,000	25,000
REVENUES							
Charges For Services	21,614,838	20,576,931	19,285,764	18,247,048	16,581,768	15,333,381	14,084,992
Miscellaneous	1,167,490	1,167,490	1,167,490	167,490	167,490	133,210	0
Subtotal Revenues	22,782,328	21,744,421	20,453,254	18,414,538	16,749,258	15,466,591	14,084,992
INTERFUND TRANSFERS (Net Non-CIP)	(4,522,407)	(4,137,111)	(3,918,904)	(3,918,904)	(3,597,912)	(3,597,912)	(3,597,912)
Transfers To The General Fund	(4,522,407)	(4,137,111)	(3,918,904)	(3,918,904)	(3,597,912)	(3,597,912)	(3,597,912)
Indirect Costs	(855,832)	(698,865)	(708,986)	(708,986)	(708,986)	(708,986)	(708,986)
Montgomery College Cable Fund	(1,796,800)	(1,706,960)	(1,617,120)	(1,617,120)	(1,455,408)	(1,455,408)	(1,455,408)
MCPS Instructional TV Fund	(1,769,775)	(1,681,286)	(1,592,798)	(1,592,798)	(1,433,518)	(1,433,518)	(1,433,518)
M-NCPPC	(100,000)	(50,000)	0	0	0	0	0
TOTAL RESOURCES	18,164,316	17,509,314	16,651,651	14,520,634	13,176,346	11,893,679	10,512,079
CIP CURRENT REVENUE APPROP.	(4,398,000)	(3,330,000)	(2,835,000)	(2,547,000)	(2,299,000)	(2,049,000)	(1,798,000)
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(13,864,312)	(14,062,013)	(13,735,299)	(11,892,282)	(10,795,994)	(9,763,327)	(8,632,727)
Labor Agreement	n/a	0	(56,352)	(56,352)	(56,352)	(56,352)	(56,352)
Subtotal PSP Oper Budget Approp / Exp's	(13,864,312)	(14,062,013)	(13,791,651)	(11,948,634)	(10,852,346)	(9,819,679)	(8,689,079)
TOTAL USE OF RESOURCES	(18,262,312)	(17,392,013)	(16,626,651)	(14,495,634)	(13,151,346)	(11,868,679)	(10,487,079)
YEAR END FUND BALANCE	(97,996)	117,301	25,000	25,000	25,000	25,000	25,000
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	-0.5%	0.7%	0.2%	0.2%	0.2%	0.2%	0.2%

Assumptions:
1. Revenue Projections assume a 5-10 percent reduction per year. Current projections show revenue halved by FY31.

Major Issues:
1. Cord cutting is accelerating due to efforts byt major telecom providers to change their business models, this has a direct impact on Cable Fund revenue which is driven by Cable Subscriber revenue for Comcast, RCN, and Verizon.

Notes:
1. Revenues for the Cable Fund will continue to decline due to cord cutting. The County Executive will work with Council to evaluate the programs currently funded by the Cable Fund and work to shift or reduce those programs as appropriate for the outyears.
2. These projections are based on the Executive's Recommended Budget and include the revenue and resource assumptions of that budget. The projected future expenditures, revenues, and fund balances may vary based on changes not assumed here to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.
3. Franchise fees and PEG revenues are subject to municipal pass-through payment. Municipal payments are estimates. Actual payments will be calculated based upon actual revenue received, subscriber numbers and formulas specified within the Municipal MOUs.
4. Restricted revenue and expenditures: Certain Cable Fund revenues other than franchise fees, and corresponding expenditures (Municipal Franchise Fees/ Pass-throughs, PEG Capital/Equipment Grants, and PEG Operating Revenue) are contractually required by franchise, municipal, and settlement agreements, and by the County Code, and may only be used for permissible federal purposes and in a manner consistent with applicable agreements.
5. Fund balance per policy guidance is calculated as 8 percent of total non-restricted revenues (franchise fees, tower fees, and investment income).

FY24-29 PUBLIC SERVICES PROGRAM: FISCAL PLAN				Montgomery Housing Initiative				
FISCAL PROJECTIONS	FY23 APPROVED	FY23 ESTIMATE	FY24 REC	FY25 PROJECTION	FY26 PROJECTION	FY27 PROJECTION	FY28 PROJECTION	FY29 PROJECTION
ASSUMPTIONS								
Indirect Cost Rate	18.35%	18.35%	**17.96%**	17.96%	17.96%	17.96%	17.96%	17.96%
CPI (Fiscal Year)	3.0%	2.9%	**2.1%**	2.2%	2.2%	2.2%	2.3%	2.3%
Investment Income Yield	1.2%	3.3%	**5.0%**	4.0%	3.5%	3.0%	2.5%	2.5%
BEGINNING FUND BALANCE	**12,747,400**	**47,422,860**	**15,555,321**	**2,910,300**	**2,120,130**	**1,305,279**	**469,330**	**110,648**
REVENUES								
Taxes	**19,610,377**	**18,134,920**	**16,373,590**	**17,035,642**	**17,134,946**	**18,032,213**	**18,945,292**	**20,165,327**
Charges For Services	70,200	77,490	**70,200**	71,730	73,315	74,950	76,704	78,491
Miscellaneous	13,752,391	18,400,094	**14,981,846**	13,738,046	13,738,046	13,738,046	13,278,246	13,294,256
Subtotal Revenues	**33,432,968**	**36,612,504**	**31,425,636**	**30,845,418**	**30,946,307**	**31,845,209**	**32,300,242**	**33,538,074**
INTERFUND TRANSFERS (Net Non-CIP)	**10,462,879**	**14,462,879**	**13,548,323**	**10,213,203**	**6,010,333**	**2,961,523**	**2,962,423**	**2,960,523**
Transfers To Debt Service Fund	**(19,262,000)**	**(15,262,000)**	**(19,155,600)**	**(22,490,720)**	**(26,693,590)**	**(29,742,400)**	**(29,741,500)**	**(29,743,400)**
MHI HOC Housing Opportunity Fund	(7,073,200)	(3,073,200)	(5,771,000)	(7,069,500)	(7,072,100)	(7,070,300)	(7,068,800)	(7,072,900)
MHI Property Acquisition	(12,188,800)	(12,188,800)	(13,384,600)	(15,421,220)	(19,621,490)	(22,672,100)	(22,672,700)	(22,670,500)
Transfers To The General Fund	**(458,070)**	**(458,070)**	**(553,516)**	**(553,516)**	**(553,516)**	**(553,516)**	**(553,516)**	**(553,516)**
Indirect Costs	(458,070)	(458,070)	(553,516)	(553,516)	(553,516)	(553,516)	(553,516)	(553,516)
Transfers From The General Fund	**30,182,949**	**30,182,949**	**33,257,439**	**33,257,439**	**33,257,439**	**33,257,439**	**33,257,439**	**33,257,439**
General Fund	30,182,949	30,182,949	33,257,439	33,257,439	33,257,439	33,257,439	33,257,439	33,257,439
TOTAL RESOURCES	**56,643,247**	**98,498,243**	**60,529,280**	**43,968,921**	**39,076,770**	**36,112,011**	**35,731,995**	**36,609,245**
PSP OPER. BUDGET APPROP/ EXP'S.								
Operating Budget	(2,939,743)	(34,389,941)	**(3,525,390)**	(3,663,885)	(3,809,068)	(3,960,931)	(4,123,367)	(4,292,218)
Debt Service: Other (Non-Tax Funds only)	(47,230)	(47,230)	**(54,510)**	0	0	0	0	0
Rental Assistance Program (RAP)	(19,510,377)	0	**(16,273,590)**	(17,035,642)	(17,134,946)	(18,032,213)	(18,945,292)	(20,165,327)
Affordable Housing Loans	(12,472,750)	(12,620,000)	**(13,946,104)**	(5,567,165)	(1,245,378)	1,932,562	3,029,411	3,452,212
HHS Housing Programs	(9,706,200)	0	**(9,706,200)**	(9,706,200)	(9,706,200)	(9,706,200)	(9,706,200)	(9,706,200)
Neighborhoods to Call Home	(1,414,123)	0	**(1,875,899)**	(1,875,899)	(1,875,899)	(1,875,899)	(1,875,899)	(1,875,899)
Design for Life	n/a	0	**(300,000)**	0	0	0	0	0
Homeownership Assistance Program	(3,000,000)	0	**(4,000,000)**	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)
Subtotal PSP Oper Budget Approp / Exp's	**(49,090,423)**	**(47,057,171)**	**(49,681,693)**	**(41,848,791)**	**(37,771,491)**	**(35,642,681)**	**(35,621,347)**	**(36,587,432)**
OTHER CLAIMS ON FUND BALANCE	**(4,276,224)**	**(35,885,751)**	**(7,937,287)**	**0**	**0**	**0**	**0**	**0**
TOTAL USE OF RESOURCES	**(53,366,647)**	**(82,942,922)**	**(57,618,980)**	**(41,848,791)**	**(37,771,491)**	**(35,642,681)**	**(35,621,347)**	**(36,587,432)**
YEAR END FUND BALANCE	**3,276,600**	**15,555,321**	**2,910,300**	**2,120,130**	**1,305,279**	**469,330**	**110,648**	**21,813**
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	**5.8%**	**15.8%**	**4.8%**	**4.8%**	**3.3%**	**1.3%**	**0.3%**	**0.1%**

Assumptions:

1. Approximately $89.6 million will be allocated in affordable housing, including expenditures of $57.6 million reflected in this fund and $32 million for the Affordable Housing Acquisition and Preservation CIP Project #760100. The CIP fund assumes the issuance of $19.28 million of debt, $2.72 million in estimated loan repayments, and $10 million funded with Recordation Tax Premium in FY24. The funding provides a continued high level of support for renovation of distressed housing, the acquisition and preservation of affordable housing units, creation of housing units for special needs residents and mixed-income housing and a variety of services for permanent supportive housing and community development.
2. A supplemental request totaling $30.2 million in Loan Repayments for the Preservation of Naturally Occuring Affordable Housing Fund CIP Project #762201 was submitted to the Council in January 2023 for approval. The funding will be used to preserve current naturally occurring affordable housing in areas at risk of rent escalation to higher market rents, including the Purple Line Corridor and other County transit corridors.
3. Montgomery County Council Resolution #15-110 provides for an allocation from the General Fund to the Montgomery Housing Initiative fund (MHI) of the equivalent to 2.5% of actual General Fund property taxes from two years prior to the upcoming fiscal year for the purpose of maintaining and expanding the supply of affordable housing. However, the actual transfer from the General Fund will be determined each year based on the availability of resources.

Notes:

1. These projections are based on the Executive's Recommended Budget and include the revenue and resource assumptions of that budget. The projected future expenditures, revenues, and fund balances may vary based on changes not assumed here to fee or tax rates.
2. The Executive recommends an additional $3.07 million to be transferred from the General Fund to the MHI fund, compared to $30.18 million approved for FY22. A combination of the $33.26 million transferred from the General Fund and the projected $4.98 million contributed by the interest payments generated from HOC Housing Production Fund will reach beyond the 2.5% policy goal.
3. Operating budget includes personnel costs, contracts for homeownership education, and miscellaneous expenses for consultants, technology upgrades and monitoring.

FY23-29 PUBLIC SERVICES PROGRAM: FISCAL PLAN	Water Quality Protection Fund						
FISCAL PROJECTIONS	FY23 Estimate	FY24 CE Rec	FY25 Projection	FY26 Projection	FY27 Projection	FY28 Projection	FY29 Projection
ASSUMPTIONS							
Indirect Cost Rate	18.35%	17.96%	17.96%	17.96%	17.96%	17.96%	17.96%
CPI (Fiscal Year)	2.91%	2.11%	2.18%	2.21%	2.23%	2.34%	2.33%
Investment Income Yield	3.25%	5.00%	4.00%	3.50%	3.00%	2.50%	2.50%
Number of Equivalent Residential Units (ERUs) Billed	368,000	368,000	368,000	368,000	368,000	368,000	368,000
Water Quality Protection Charge ($/ERU)	$119.50	$128.00	$136.50	$145.00	$153.50	$162.00	$170.50
Target Debt Service Coverage Ratio	125.0%	125.0%	125.0%	125.0%	125.0%	125.0%	125.0%
BEGINNING FUND BALANCE	**8,666,696**	**10,653,392**	**6,108,799**	**5,760,568**	**6,852,348**	**9,317,739**	**12,019,229**
REVENUES							
Charges For Services	43,414,720	45,307,330	49,639,440	52,751,800	55,864,160	58,922,920	62,035,280
Bag Tax Receipts	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Miscellaneous	1,314,320	1,314,320	1,348,560	1,348,561	1,348,562	1,348,563	1,348,564
Subtotal Revenues	**47,229,040**	**49,121,650**	**53,488,000**	**56,600,361**	**59,712,722**	**62,771,483**	**65,883,844**
INTERFUND TRANSFERS (Net Non-CIP)	**(11,681,840)**	**(12,812,031)**	**(14,614,450)**	**(16,789,800)**	**(18,427,550)**	**(20,259,520)**	**(20,966,920)**
Transfers To General Fund	(1,893,920)	(2,095,891)	(2,162,980)	(2,162,980)	(2,162,980)	(2,213,600)	(2,213,380)
Transfers to Debt Service Fund (Non-Tax)	(9,787,920)	(10,716,140)	(12,451,470)	(14,626,820)	(16,264,570)	(18,045,920)	(18,753,540)
WQPF Required Debt Service	(8,844,600)	(9,772,900)	(11,509,550)	(13,683,500)	(15,321,250)	(17,104,000)	(17,810,500)
TOTAL RESOURCES	**44,213,896**	**46,963,011**	**44,982,349**	**45,571,129**	**48,137,520**	**51,829,702**	**56,936,153**
CIP CURRENT REVENUE APPROPRIATION	**(3,138,000)**	**(6,941,000)**	**(4,905,000)**	**(4,302,000)**	**(4,303,000)**	**(4,486,000)**	**(4,486,000)**
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(30,422,504)	(33,913,212)	(34,316,781)	(34,416,781)	(34,516,781)	(35,324,474)	(35,321,022)
FFIs (Future Fiscal Impacts) Requested & Projected							
CPI-Fiscal Year for OE (= OE w/o FC x CPI)						(525,878)	(523,631)
Park Staffing Increase			(100,000)	(200,000)	(300,000)	(300,000)	(300,000)
Elimination of one-time Items			70,000	70,000	70,000	70,000	70,000
CPI - PC Adjustment						(281,814)	(280,610)
Annualizations of New Positions			(133,993)	(133,993)	(133,993)	(133,993)	(133,993)
Labor Contracts			(238,388)	(238,388)	(238,388)	(238,388)	(238,388)
Subtotal PSP Oper Budget Approp / Exp's	**(30,422,504)**	**(33,913,212)**	**(34,316,781)**	**(34,416,781)**	**(34,516,781)**	**(35,324,474)**	**(35,321,022)**
OTHER CLAIMS ON FUND BALANCE	**0**	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL USE OF RESOURCES	**(33,560,504)**	**(40,854,212)**	**(39,221,781)**	**(38,718,781)**	**(38,819,781)**	**(39,810,474)**	**(39,807,022)**
ACFR YEAR END FUND BALANCE	**10,653,392**	**6,108,799**	**5,760,568**	**6,852,348**	**9,317,739**	**12,019,229**	**17,129,131**
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	**24.1%**	**13.0%**	**12.8%**	**15.0%**	**19.4%**	**23.2%**	**30.1%**
NET REVENUE	**14,912,616**	**13,112,547**	**17,008,239**	**20,020,600**	**23,032,961**	**25,233,409**	**28,349,442**
DEBT SERVICE COVERAGE RATIO	**1.52**	**1.34**	**1.48**	**1.46**	**1.50**	**1.48**	**1.59**

Assumptions:

1. These projections are based on the County Executive's Recommended operating budget and include the revenue and resource assumptions of that budget. The projected future expenditures, revenues, and fund balances may vary based on changes to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.
2. Stormwater facilities transferred into the maintenance program will be maintained to permit standards as they are phased into the program.
3. Operating costs for new facilities to be completed or transferred and Operating Budget Impacts of Stormwater CIP projects between FY25 and FY29 have been incorporated in the future fiscal impact (FFI) rows.
4. The Operating Budget includes planning and implementation costs for compliance with the new Municipal Separate Storm Sewer System (MS-4) permit issued by the Maryland Department of the Environment in 2021. Debt service on bonds and loans that will be used to finance the CIP project costs of MS-4 compliance has been shown as a transfer to the Debt Service Fund. The Department of Finance issued $37.8 million in Water Quality Protection Charge Revenue Bonds dated July 18, 2012 (Series 2012A), $46.5 million dated April 6, 2016 (Series 2016A) and $28.6M Series 2023. In December 2019, the County closed on $50.7 million in Water Quality State Revolving Fund (WQSRF) Loans from the MD Department of the Environment (MDE). The actual debt service costs for the Series 2012A and 2016A bond issuances and the anticipated MDE Water Quality Revolving Loan debt service in years FY25-29 are included in the fiscal plan, as well as anticipated debt payments for loans issued to the Maryland-Nationl Capital Park and Planning Commission issued in FY24. Actual debt service costs may vary depending on the size and timing of future loan and bond issues. Current revenue may be used to offset future borrowing requirements. Future WQPC rates are subject to change based on the timing and size of future debt issuance, State Aid, and legislation.
5. Charges are adjusted to fund the planned service program and maintain net revenues sufficient to cover 1.25 times debt service costs.
6. The Water Quality Protection fund balance minimum policy target is 5% of resources.

FY24-29 PUBLIC SERVICES PROGRAM: FISCAL PLAN			Community Use of Public Facilities				
FISCAL PROJECTIONS	FY23 ESTIMATE	FY24 REC	FY25 PROJECTION	FY26 PROJECTION	FY27 PROJECTION	FY28 PROJECTION	FY29 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	18.35%	**17.96%**	17.96%	17.96%	17.96%	17.96%	17.96%
CPI (Fiscal Year)	2.9%	**2.1%**	2.2%	2.2%	2.2%	2.3%	2.3%
Investment Income Yield	3.3%	**5.0%**	4.0%	3.5%	3.0%	2.5%	2.5%
BEGINNING FUND BALANCE	**2,047,694**	**2,119,264**	**1,872,179**	**1,668,314**	**1,417,682**	**1,286,707**	**1,297,739**
REVENUES							
Charges For Services	8,924,399	**11,900,248**	12,019,250	12,139,443	12,430,790	12,756,477	13,011,607
Miscellaneous	75,713	**46,260**	46,260	46,260	46,260	46,260	46,260
Subtotal Revenues	**9,000,112**	**11,946,508**	**12,065,510**	**12,185,703**	**12,477,050**	**12,802,737**	**13,057,867**
INTERFUND TRANSFERS (Net Non-CIP)	**(1,029,329)**	**(1,054,128)**	**(1,053,965)**	**(1,054,455)**	**(1,054,455)**	**(1,053,965)**	**(1,054,357)**
Transfers To Debt Service Fund	(330,162)	(330,134)	(329,672)	(330,162)	(330,162)	(329,672)	(330,064)
Wheaton Redevelopment	(330,162)	(330,134)	(329,672)	(330,162)	(330,162)	(329,672)	(330,064)
Transfers To The General Fund	(859,167)	(883,994)	(884,293)	(884,293)	(884,293)	(884,293)	(884,293)
Indirect Costs	(651,837)	(676,664)	(676,963)	(676,963)	(676,963)	(676,963)	(676,963)
CAPP	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)
DCM	(7,330)	(7,330)	(7,330)	(7,330)	(7,330)	(7,330)	(7,330)
Transfers From The General Fund	160,000	160,000	160,000	160,000	160,000	160,000	160,000
After School	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Elections	135,000	135,000	135,000	135,000	135,000	135,000	135,000
TOTAL RESOURCES	**10,018,477**	**13,011,644**	**12,883,724**	**12,799,562**	**12,840,277**	**13,035,479**	**13,301,249**
CIP CURRENT REVENUE APPROP.	**(300,000)**	**0**	**0**	**0**	**0**	**0**	**0**
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(7,567,397)	**(11,139,465)**	(11,300,175)	(11,466,645)	(11,638,335)	(11,822,505)	(12,055,185)
Labor Agreement	n/a	**0**	(1,665)	(1,665)	(1,665)	(1,665)	(1,665)
Annualizations and One-Time	n/a	**n/a**	86,430	86,430	86,430	86,430	86,430
Subtotal PSP Oper Budget Approp / Exp's	**(7,567,397)**	**(11,139,465)**	**(11,215,410)**	**(11,381,880)**	**(11,553,570)**	**(11,737,740)**	**(11,970,420)**
OTHER CLAIMS ON FUND BALANCE	**(31,816)**	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL USE OF RESOURCES	**(7,899,213)**	**(11,139,465)**	**(11,215,410)**	**(11,381,880)**	**(11,553,570)**	**(11,737,740)**	**(11,970,420)**
YEAR END FUND BALANCE	**2,119,264**	**1,872,179**	**1,668,314**	**1,417,682**	**1,286,707**	**1,297,739**	**1,330,829**
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	**21.2%**	**14.4%**	**12.9%**	**11.1%**	**10.0%**	**10.0%**	**10.0%**

Notes:

1. The fund balance is calculated on a net assets basis.
2. These projections are based on the Executive's Recommended Budget and include the revenue and resource assumptions of that budget. The projected future expenditures, revenues, and fund balances may vary based on changes not assumed here to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.
3. Community Use of Public Facilities has a fund balance policy target of 10 percent of resources.
4. The other claims on fund balance is the OPEB liability allocation (GASB 75).

Bethesda PLD

FY24-29 Public Services Program: Fiscal Plan Bethesda Parking Lot District	Estimated 2023	Recommended 2024	Projected 2025	Projected 2026	Projected 2027	Projected 2028	Projected 2029
Beginning Fund Balance	16,230,126	6,611,535	6,760,289	7,890,974	7,864,998	7,637,934	8,101,655
Revenues							
Charges for Services	11,469,351	14,406,851	16,506,851	17,006,851	17,206,851	17,956,851	18,706,851
Fines & Forfeits	3,689,732	3,314,500	3,379,000	3,379,000	3,379,000	3,379,000	3,379,000
Miscellaneous	3,169,947	2,591,051	2,600,328	2,608,770	2,616,260	2,622,688	2,629,277
Investment Income	220,886	231,931	241,208	249,650	257,140	263,568	270,157
Property Rentals	2,075,000	2,075,000	2,075,000	2,075,000	2,075,000	2,075,000	2,075,000
G-49 Air Rights	284,120	284,120	284,120	284,120	284,120	284,120	284,120
Miscellaneous Revenues	589,941	-	-	-	-	-	-
Subtotal Revenues	18,329,030	20,312,402	22,486,179	22,994,621	23,202,111	23,958,539	24,715,128
Transfers							
Transfers to/from General Fund	(435,883)	(450,191)	(460,013)	(470,159)	(480,624)	(491,865)	(503,319)
Transfers to/from Special Funds : Tax Supported	(2,352,550)	(2,003,834)	(1,981,122)	(1,962,345)	(1,940,932)	(1,960,208)	(1,960,208)
Transfers to/from Other Funds	(3,000,000)	(1,800,000)	(490,000)	110,000	-	-	-
Subtotal Transfers	(5,788,433)	(4,254,025)	(2,931,135)	(2,322,504)	(2,421,556)	(2,452,072)	(2,463,527)
Total Resources	28,770,723	22,669,912	26,315,333	28,563,092	28,645,552	29,144,401	30,353,257
CIP Current Revenue Appropriation Expenditure							
Facilities Planning Parking: Bethesda PLD	(30,000)	(190,000)	(130,000)	(100,000)	(90,000)	(90,000)	(90,000)
Parking Bethesda Facilities Renovations	(5,275,000)	(1,302,000)	(3,803,000)	(5,838,000)	(5,681,000)	(5,413,000)	(5,220,000)
Subtotal CIP Current Revenue Appropriation Expenditure	(5,305,000)	(1,492,000)	(3,933,000)	(5,938,000)	(5,771,000)	(5,503,000)	(5,310,000)
Appropriations/Expenditures							
Operating Budget	(11,529,919)	(12,116,622)	(12,189,659)	(12,458,494)	(12,935,819)	(13,238,345)	(13,546,638)
Personnel Costs	(2,300,304)	(2,579,436)	(2,561,322)	(2,617,810)	(2,676,082)	(2,738,667)	(2,802,445)
Operating Expenses	(9,229,615)	(9,537,186)	(9,628,337)	(9,840,684)	(10,259,737)	(10,499,678)	(10,744,194)
Existing Debt Service	(2,300,700)	(2,301,000)	(2,301,700)	(2,301,600)	(2,300,800)	(2,301,400)	(2,301,400)
Subtotal PSP Operating Budget Appropriation	(13,830,619)	(14,417,622)	(14,491,359)	(14,760,094)	(15,236,619)	(15,539,745)	(15,848,038)
Other Claims on Fund Balance	(3,023,569)	-	-	-	-	-	-
Total Use of Resources	(22,159,188)	(15,909,622)	(18,424,359)	(20,698,094)	(21,007,619)	(21,042,745)	(21,158,038)
Revenue vs Outflows (Transfer+Total Use of Resources) Gap	(9,618,591)	148,754	1,130,685	(25,976)	(227,064)	463,722	1,093,563
Year End Fund Balance	6,611,535	6,760,289	7,890,974	7,864,998	7,637,934	8,101,655	9,195,219
Bond Restricted Reserve	(3,118,853)	(3,216,663)	(3,228,888)	(3,273,686)	(3,353,179)	(3,403,650)	(3,455,025)
Year End Available Fund Balance	3,492,682	3,543,626	4,662,086	4,591,312	4,284,755	4,698,005	5,740,193
Available Fund Balance as a % of Next Year's PSP Expenses	24%	24%	32%	30%	28%	30%	35%
Target Balance	3,604,406	3,622,840	3,690,023	3,809,155	3,884,936	3,962,010	4,044,883

Other Assumptions:

1. Other Claims on Fund Balance: FY23 estimates reflect an approved FY22 transfer of $3 million from the Bethesda PLD to the Silver Spring PLD that was not recorded until FY23.
2. These projections are based on the Executive's Recommended Budget and include the revenue and resource assumptions for that budget. FY25-29 are based on the "major known commitments" of elected officials and include negotiated labor agreements, estimates of compensation and inflation costs increase, the operating costs of capital facilities and other programmatic commitments. The projected future expenditures, revenues, and fund balance may vary based on changes to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here. The policy target fund balance is 25% of the following fiscal year estimated expenses.
3. The projections assume no disposition of Lot 43 due to the uncertainty of the developer closing on the transaction.
4. Cash flows assume PLD will start charging on Saturdays beginning in FY24.
5. Rate increase assumed beginning in FY28.

Silver Spring PLD

FY24-29 Public Services Program: Fiscal Plan Silver Spring Parking Lot District	Estimated 2023	Recommended 2024	Projected 2025	Projected 2026	Projected 2027	Projected 2028	Projected 2029
Beginning Fund Balance	16,455	2,582,975	2,854,024	3,248,539	3,076,883	3,565,998	3,626,722
Revenues							
Charges for Services	9,843,153	12,353,153	14,543,153	15,043,153	15,043,153	15,793,153	16,543,153
Fines & Forfeits	3,535,958	2,662,189	2,726,689	2,726,689	2,726,689	2,726,689	2,726,689
Miscellaneous	413,904	170,926	176,963	182,457	187,330	191,513	195,801
Investment Income	143,739	150,926	156,963	162,457	167,330	171,513	175,801
Miscellaneous Revenues	270,165	20,000	20,000	20,000	20,000	20,000	20,000
Subtotal Revenues	13,793,015	15,186,268	17,446,805	17,952,299	17,957,172	18,711,355	19,465,643
Transfers							
Transfers to/from General Fund	(488,504)	(503,281)	(514,153)	(525,382)	(536,965)	(549,406)	(562,084)
Indirect Costs	(483,504)	(498,281)	(509,153)	(520,382)	(531,965)	(544,406)	(557,084)
General Fund - Other	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
Transfers to/from Special Funds : Tax Supported	(2,804,101)	(2,642,581)	(2,744,464)	(2,844,790)	(2,844,790)	(2,844,790)	(2,844,790)
Transfers to/from Other Funds	3,000,000	1,800,000	600,000	-	-	-	-
Subtotal Transfers	(292,605)	(1,345,862)	(2,658,616)	(3,370,171)	(3,381,755)	(3,394,196)	(3,406,874)
Total Resources	13,516,865	16,423,380	17,642,213	17,830,666	17,652,300	18,883,158	19,685,491
CIP Current Revenue Appropriation Expenditure							
Facilities Planning Parking: Silver Spring PLD	(115,000)	(135,000)	(204,000)	(155,000)	(90,000)	(90,000)	(90,000)
Parking Silver Spring Facilities Renovations	(3,350,000)	(2,499,000)	(3,106,000)	(3,273,000)	(2,419,000)	(3,319,000)	(3,330,000)
Subtotal CIP Current Revenue Appropriation Expenditure	(3,465,000)	(2,634,000)	(3,310,000)	(3,428,000)	(2,509,000)	(3,409,000)	(3,420,000)
Appropriations/Expenditures							
Operating Budget	(10,450,035)	(10,935,356)	(11,083,674)	(11,325,783)	(11,577,302)	(11,847,436)	(11,922,718)
Personnel Costs	(2,593,047)	(2,851,562)	(2,834,925)	(2,897,447)	(2,961,944)	(3,031,214)	(3,101,805)
Operating Expenses	(7,856,988)	(8,083,794)	(8,248,749)	(8,428,336)	(8,615,358)	(8,816,221)	(8,820,913)
Subtotal PSP Operating Budget Appropriation	(10,450,035)	(10,935,356)	(11,083,674)	(11,325,783)	(11,577,302)	(11,847,436)	(11,922,718)
Other Claims on Fund Balance	2,981,145	-	-	-	-	-	-
Total Use of Resources	(10,933,890)	(13,569,356)	(14,393,674)	(14,753,783)	(14,086,302)	(15,256,436)	(15,342,718)
Revenue vs Outflows (Transfer+Total Use of Resources) Gap	2,566,519	271,049	394,514	(171,656)	489,115	60,724	716,051
Year End Fund Balance	2,582,975	2,854,024	3,248,539	3,076,883	3,565,998	3,626,722	4,342,773
Year End Available Fund Balance	2,582,975	2,854,024	3,248,539	3,076,883	3,565,998	3,626,722	4,342,773
Available Fund Balance as a % of Next Year's PSP Expenses	24%	26%	29%	27%	30%	30%	36%
Target Balance	2,733,839	2,770,919	2,831,446	2,894,326	2,961,859	2,980,680	3,053,631

Other Assumptions: -

1. Other Claims on Fund Balance: FY23 estimates reflect an approved FY22 transfer of $3 million from the Bethesda PLD to the Silver Spring PLD that was not recorded until FY23.
2. These projections are based on the Executive's Recommended Budget and include the revenue and resource assumptions for that budget. FY25-29 are based on the "major known commitments" of elected officials and include negotiated labor agreements, estimates of compensation and inflation costs increase, the operating costs of capital facilities and other programmatic commitments. The projected future expenditures, revenues, and fund balance may vary based on changes to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here. The policy target fund balance is 25% of the following fiscal year estimated expenses.
3. Cash flows assume PLD will start charging on Saturdays beginning in FY24.
4. Rate increase assumed beginning in FY28.
5. Assumes reduction in CIP of ~$2 million to meet fiscal health requirements.

Wheaton PLD

FY24-29 Public Services Program: Fiscal Plan Wheaton Parking Lot District	Estimated 2023	Recommended 2024	Projected 2025	Projected 2026	Projected 2027	Projected 2028	Projected 2029
Assumptions							
Beginning Fund Balance	1,070,658	1,282,430	1,367,321	1,291,248	1,137,304	940,033	771,117
Revenues							
Charges for Services	1,787,597	1,787,597	1,787,597	1,787,597	1,787,597	2,087,597	2,462,597
Fines & Forfeits	860,324	426,000	426,000	426,000	426,000	426,000	451,000
Miscellaneous	38,148	37,341	38,835	40,194	41,400	42,435	43,496
Subtotal Revenues	2,686,069	2,250,938	2,252,432	2,253,791	2,254,997	2,556,032	2,957,093
Transfers							
Transfers to/from General Fund	(72,511)	(74,920)	(76,555)	(78,243)	(79,985)	(81,856)	(83,762)
Transfers to/from Special Funds : Tax Supported	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)
Transfers to/from Other Funds	-	-	(110,000)	(110,000)	-	-	-
Subtotal Transfers	(372,511)	(374,920)	(486,555)	(488,243)	(379,985)	(381,856)	(383,762)
Total Resources	3,384,216	3,158,448	3,133,198	3,056,796	3,012,316	3,114,210	3,344,448
CIP Current Revenue Appropriation Expenditure							
Facilities Planning Parking: Wheaton PLD	(155,000)	(35,000)	(20,000)	(58,000)	(45,000)	(165,000)	(45,000)
Parking Wheaton Facilities Renovations	(362,000)	(112,000)	(112,000)	(112,000)	(237,000)	(344,000)	(455,000)
Subtotal CIP Current Revenue Appropriation Expenditure	(517,000)	(147,000)	(132,000)	(170,000)	(282,000)	(509,000)	(500,000)
Appropriations/Expenditures							
Operating Budget	(1,581,250)	(1,644,127)	(1,709,950)	(1,749,492)	(1,790,283)	(1,834,093)	(1,878,737)
Personnel Costs	(382,437)	(429,087)	(426,253)	(435,653)	(445,351)	(455,766)	(466,380)
Operating Expenses	(1,198,813)	(1,215,040)	(1,283,698)	(1,313,839)	(1,344,932)	(1,378,326)	(1,412,357)
Subtotal PSP Operating Budget Appropriation	(1,581,250)	(1,644,127)	(1,709,950)	(1,749,492)	(1,790,283)	(1,834,093)	(1,878,737)
Other Claims on Fund Balance	(3,536)	-	-	-	-	-	-
Total Use of Resources	(2,101,786)	(1,791,127)	(1,841,950)	(1,919,492)	(2,072,283)	(2,343,093)	(2,378,737)
Revenue vs Outflows (Transfer+Total Use of Resources) Gap	211,772	84,891	(76,073)	(153,944)	(197,271)	(168,916)	194,594
Year End Fund Balance	1,282,430	1,367,321	1,291,248	1,137,304	940,033	771,117	965,711
Bond Restricted Reserve	-	-	-	-	-	-	-
Year End Available Fund Balance	1,282,430	1,367,321	1,291,248	1,137,304	940,033	771,117	965,711
Available Fund Balance as a % of Next Year's PSP Expenses	78%	80%	74%	64%	51%	41%	50%
Target Balance	411,032	427,488	437,373	447,571	458,523	469,684	481,714

Other Assumptions:

1. These projections are based on the Executive's Recommended Budget and include the revenue and resource assumptions for that budget. FY25-29 are based on the "major known commitments" of elected officials and include negotiated labor agreements, estimates of compensation and inflation costs increase, the operating costs of capital facilities and other programmatic commitments. The projected future expenditures, revenues, and fund balance may vary based on changes to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here. The policy target fund balance is 25% of the following fiscal year estimated expenses.
2. Rate increase assumed beginning in FY28.

FY24 - FY29 Solid Waste Refuse Collection: Net Asset Balance and Collection Charge Calculation

	FY23 Estimate	FY24 Projection	FY25 Projection	FY26 Projection	FY27 Projection	FY28 Projection	FY29 Projection
ASSUMPTIONS							
Indirect Cost Rate	18.35%	17.96%	17.96%	17.96%	17.96%	17.96%	17.96%
CPI (Fiscal Year)	3.04%	2.11%	2.18%	2.21%	2.23%	2.34%	2.33%
Number of Households (mid-FY)	92,747	93,015	93,302	93,678	94,143	94,591	95,039
Charge Per Household	**$ 127.00**	**$ 160.00**	**$ 160.00**	**$ 160.00**	**$ 165.00**	**$ 173.00**	**$ 175.00**
Percent Rate Increase (Decrease)	8.55%	25.98%	0.00%	0.00%	3.13%	4.85%	1.16%
Beginning Cash	1,934,765	1,446,805	3,949,366	5,470,371	4,584,211	3,639,773	3,848,798
Revenues	11,734,814	14,985,360	15,010,690	15,060,550	15,595,365	16,416,063	16,683,995
Expenses	(11,108,140)	(11,357,425)	(12,350,920)	(14,793,893)	(15,372,274)	(15,823,775)	(16,280,722)
Transfers	(314,634)	(325,374)	(338,765)	(352,817)	(367,529)	(383,263)	(399,642)
Loan Payoff	(800,000)	(800,000)	(800,000)	(800,000)	(800,000)		
Ending Cash Balance	1,446,805	3,949,366	5,470,371	4,584,211	3,639,773	3,848,798	3,852,429
BEGINNING NET ASSETS	(2,892,579)	(2,515,379)	787,182	3,108,187	3,022,027	2,877,589	3,086,614
REVENUES							
Charges for Services	11,719,814	14,882,400	14,928,320	14,988,480	15,533,595	16,364,243	16,631,825
Investment Income (per Dept. of Finance)	65,160	102,960	82,370	72,070	61,770	51,820	52,170
Miscellaneous	15,000						
Subtotal Revenues	**11,799,974**	**14,985,360**	**15,010,690**	**15,060,550**	**15,595,365**	**16,416,063**	**16,683,995**
INTERFUND TRANSFERS (Net Non-CIP)	**(314,634)**	**(325,374)**	**(338,765)**	**(352,817)**	**(367,529)**	**(383,263)**	**(399,642)**
OMB Transfer Change	-	-	-	-			
TOTAL RESOURCES	**8,592,761**	**12,144,607**	**15,459,107**	**17,815,920**	**18,249,863**	**18,910,389**	**19,370,967**
OPERATING BUDGET APPROP/EXPENSES							
Personnel Costs	(1,590,130)	(1,783,817)	(1,858,381)	(1,936,618)	(2,018,537)	(2,106,142)	(2,197,338)
OMB Adjustments - Labor Adjustments			(107,377)	(107,377)	(107,377)	(107,377)	(107,377)
OMB Adjustments Labor Contracts other			(690)	(690)	(690)	(690)	(690)
Refuse Collection Contracts	(9,507,405)	(9,179,338)	(9,982,169)	(12,338,582)	(12,826,461)	(13,181,150)	(13,537,519)
Other Operating Costs		(394,270)	(402,304)	(410,626)	(419,208)	(428,415)	(437,797)
OMB Adjustments - OPEB	(10,605)						
Subtotal PSP Oper. Budget Approp / Exp.	**(11,108,140)**	**(11,357,425)**	**(12,350,920)**	**(14,793,893)**	**(15,372,274)**	**(15,823,775)**	**(16,280,722)**
TOTAL USE OF RESOURCES	**(11,108,140)**	**(11,357,425)**	**(12,350,920)**	**(14,793,893)**	**(15,372,274)**	**(15,823,775)**	**(16,280,722)**
YEAR END - NET ASSETS*	**(2,515,379)**	**787,182**	**3,108,187**	**3,022,027**	**2,877,589**	**3,086,614**	**3,090,245**
End-of-Year Net Assets as a % of Resources	**-29.3%**	**6.5%**	**20.1%**	**17.0%**	**15.8%**	**16.3%**	**16.0%**

Notes:

1. The refuse collection charge is adjusted annually to fund the approved service program and to maintain an ending net asset balance between 10 percent and 15 percent of resources at the end of the six-year planning period. Year-end fund balances in FY24-29 are projections only and will change with the change in the underlying assumptions (ie. growth in house counts, CPI, investment income yield) in future fiscal plans.
2. These projections are based on the Executive's Recommended Budget and include the revenue and resource assumptions of that budget. The projected future expenditures, revenues, and fund balances may vary based on changes to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.

FY24-29 DIVISION OF RECYCLING AND RESOURCE MANAGEMENT

FISCAL PROJECTIONS	ESTIMATED FY23	PROJECTED FY24	PROJECTED FY25	PROJECTED FY26	PROJECTED FY27	PROJECTED FY28	PROJECTED FY29
Single-Family Charges ($/Household)	288.20	293.26	307.53	325.28	344.58	362.65	379.16
% change in rate from previous year	17.7%	1.8%	4.9%	5.8%	5.9%	5.2%	4.6%
Multi-Family Charges ($/Dwelling Unit)	17.83	18.04	18.34	18.51	18.72	19.35	20.42
% change in rate from previous year	3.1%	1.2%	1.7%	0.9%	1.1%	3.4%	5.5%
Nonresidential Charges (medium "category" charge)	664.76	627.68	611.11	618.97	628.02	670.72	721.88
% change in rate from previous year	3.1%	-5.6%	-2.6%	1.3%	1.5%	6.8%	7.6%

OPERATIONS CALCULATION

REVENUES							
Disposal Fees	27,912,822	36,036,643	36,030,768	35,880,515	35,725,150	35,565,349	35,331,365
Charges for Services/SBC	77,480,523	75,210,041	78,383,684	83,263,685	88,667,984	95,427,587	102,145,307
Miscellaneous	18,343,094	18,621,389	19,188,068	19,476,207	19,769,768	20,068,393	20,372,377
Investment Income	3,193,360	5,045,640	4,036,510	3,531,950	3,027,390	2,539,700	2,556,680
Subtotal Revenues	**126,929,799**	**134,913,713**	**137,639,030**	**142,152,357**	**147,190,292**	**153,601,029**	**160,405,729**
INTERFUND TRANSFERS	**(273,126)**	**(121,216)**	**(177,323)**	**(94,864)**	**(296,679)**	**(319,182)**	**7,254**
EXPENDITURES							
Personnel Costs	(11,136,580)	(12,970,652)	(13,512,825)	(14,081,715)	(14,677,372)	(15,314,370)	(15,977,482)
Operating Expenses	(116,621,287)	(115,652,427)	(122,259,901)	(134,199,097)	(138,159,678)	(144,702,472)	(150,117,650)
Capital Outlay	(2,315,605)	(2,685,199)	(2,223,863)	(2,120,043)	(1,466,932)	(1,276,795)	(2,415,184)
Other Expenditure Restrictions							
Subtotal Expenditures	**(130,073,472)**	**(131,308,279)**	**(137,996,589)**	**(150,400,855)**	**(154,303,982)**	**(161,293,637)**	**(168,510,315)**
CURRENT RECEIPTS TO CIP	**(21,300,907)**	**(805,460)**	-	-	-	-	-
OTHER CLAIMS ON FUND BALANCE - LABOR CONTR	-		**(3,609)**	**(3,609)**	**(3,609)**	**(3,609)**	**(3,609)**
REMOVAL OF ONE-TIME ITEMS	-		**120,000**	**120,000**	**120,000**	**120,000**	**120,000**
POTENTIAL FUTURE EXP. - LABOR CONTRACTS FFI	-		**(422,823)**	**(422,823)**	**(422,823)**	**(422,823)**	**(422,823)**
POTENTIAL FUTURE EXP. - OPEB	**(84,842)**						
PAYOUT OF GUDE REMEDIATION	**19,703,302**	**21,753,000**	**10,687,000**	**5,858,000**	**748,000**	-	-
CY GUDE REMEDIATION	-	-	-	-	-	-	-
PAYOUT OF CLOSURE COSTS (Non-CIP)	**2,290,056**	**2,334,284**	**2,387,585**	**2,442,864**	**2,499,960**	**2,561,190**	**2,623,715**
CY ACCRUED CLOSURE COSTS	**(49,231)**	**(50,582)**	**(53,300)**	**(55,280)**	**(57,096)**	**(61,230)**	**(62,525)**
SET:ASIDE: FUTURE NEEDS	-						
NET CHANGE	**(2,858,420)**	**26,715,459**	**12,179,970**	**(404,209)**	**(4,525,936)**	**(5,818,262)**	**(5,842,574)**

CASH POSITION

ENDING CASH & INVESTMENTS							
Unrestricted Cash	47,631,249	48,084,585	38,611,317	29,365,239	20,118,971	13,372,150	9,742,963
Restricted Cash	35,314,264	38,781,246	49,007,228	51,731,721	54,756,421	54,170,808	50,451,816
Subtotal Cash & Investments	**82,945,513**	**86,865,831**	**87,618,545**	**81,096,960**	**74,875,392**	**67,542,958**	**60,194,779**
RESERVE & LIABILITY REQUIREMENTS							
Management Reserve	(27,355,891)	(28,195,904)	(30,116,584)	(30,929,215)	(32,385,028)	(33,888,347)	(34,914,779)
Debt Service Reserve	-	-	(5,843,750)	(5,845,500)	(5,846,250)	(5,846,250)	(5,846,250)
Renewal & Replacement Reserve	(5,050,692)	(5,157,261)	(5,269,689)	(5,386,149)	(5,506,260)	(5,635,107)	(5,766,405)
Stability Reserve	(2,907,681)	(5,428,081)	(7,777,205)	(9,570,857)	(11,018,883)	(8,801,105)	(3,924,382)
Subtotal Reserve Requirements	**(35,314,264)**	**(38,781,246)**	**(49,007,228)**	**(51,731,721)**	**(54,756,421)**	**(54,170,809)**	**(50,451,816)**
Closure/Postclosure Liability	(16,015,737)	(13,732,035)	(11,397,750)	(9,010,166)	(6,567,301)	(4,067,341)	(1,506,151)
Gude Remediation Liability	(39,046,000)	(17,293,000)	(6,606,000)	(748,000)	-	-	-
Subtotal Reserve & Liability Requirements	**(90,376,001)**	**(69,806,281)**	**(67,010,978)**	**(61,489,887)**	**(61,323,722)**	**(58,238,150)**	**(51,957,967)**
CASH & INVESTMENTS OVER/(UNDER) RESERVE & LIABILITY REQUIREMENTS	**(7,430,488)**	**17,059,550**	**20,607,567**	**19,607,073**	**13,551,670**	**9,304,808**	**8,236,812**

Net Assets

ENDING NET ASSETS	65,721,994	95,446,322	110,677,048	113,760,877	111,480,432	108,020,756	105,669,060
Less: Reserve Requirements	**(35,314,264)**	**(38,781,246)**	**(49,007,228)**	**(51,731,721)**	**(54,756,421)**	**(54,170,809)**	**(50,451,816)**
NET ASSETS OVER/(UNDER) RESERVE REQUIREMENTS	**30,407,730**	**56,665,076**	**61,669,820**	**62,029,156**	**56,724,011**	**53,849,947**	**55,217,244**

FY24-29 PUBLIC SERVICES PROGRAM: FISCAL PLAN			Leaf Vacuuming Fund				
FISCAL PROJECTIONS	FY23 ESTIMATE	FY24 REC	FY25 PROJECTION	FY26 PROJECTION	FY27 PROJECTION	FY28 PROJECTION	FY29 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	18.35%	**17.96%**	17.96%	17.96%	17.96%	17.96%	17.96%
CPI (Fiscal Year)	2.9%	**2.1%**	2.2%	2.2%	2.2%	2.3%	2.3%
Investment Income Yield	3.3%	**5.0%**	4.0%	3.5%	3.0%	2.5%	2.5%
Charge per single-family Households	118.67	**123.67**	128.67	133.67	139.67	145.66	154.42
% of Leaves Attributed to Single-Family Households	97.2%	**97.2%**	97.2%	97.2%	97.2%	97.2%	97.2%
% of Leaves Attributed to Multi-Family Households	2.8%	**2.8%**	2.8%	2.8%	2.8%	2.8%	2.8%
BEGINNING FUND BALANCE	**1,105,605**	**1,500,193**	**1,133,281**	**848,805**	**511,534**	**465,247**	**506,426**
REVENUES							
Charges For Services	8,739,229	**9,112,500**	9,481,060	9,849,528	10,291,689	10,733,512	11,378,596
Miscellaneous	113,080	**178,670**	142,940	125,070	107,200	89,930	90,530
Subtotal Revenues	**8,852,309**	**9,291,170**	**9,624,000**	**9,974,598**	**10,398,889**	**10,823,442**	**11,469,126**
INTERFUND TRANSFERS (Net Non-CIP)	**(2,001,142)**	**(2,355,426)**	**(2,374,623)**	**(2,536,515)**	**(2,418,260)**	**(2,486,042)**	**(2,906,733)**
Transfers To The General Fund	(613,300)	(646,546)	(646,546)	(646,546)	(646,546)	(646,546)	(646,546)
Indirect Costs	(613,300)	(646,546)	(646,546)	(646,546)	(646,546)	(646,546)	(646,546)
Transfers To Special Fds: Non-Tax + ISF	(1,387,842)	(1,708,880)	(1,728,077)	(1,889,969)	(1,771,714)	(1,839,496)	(2,260,187)
To Solid Waste Disposal Fund	(1,387,842)	(1,708,880)	(1,728,077)	(1,889,969)	(1,771,714)	(1,839,496)	(2,260,187)
TOTAL RESOURCES	**7,956,772**	**8,435,937**	**8,382,658**	**8,286,889**	**8,492,163**	**8,802,647**	**9,068,818**
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(6,456,579)	**(7,302,656)**	(7,533,853)	(7,775,355)	(8,026,916)	(8,296,221)	(8,574,534)
Subtotal PSP Oper Budget Approp / Exp's	**(6,456,579)**	**(7,302,656)**	**(7,533,853)**	**(7,775,355)**	**(8,026,916)**	**(8,296,221)**	**(8,574,534)**
TOTAL USE OF RESOURCES	**(6,456,579)**	**(7,302,656)**	**(7,533,853)**	**(7,775,355)**	**(8,026,916)**	**(8,296,221)**	**(8,574,534)**
YEAR END FUND BALANCE	**1,500,193**	**1,133,281**	**848,805**	**511,534**	**465,247**	**506,426**	**494,284**
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	**18.9%**	**13.4%**	**10.1%**	**6.2%**	**5.5%**	**5.8%**	**5.5%**

Assumptions:

1. The Leaf Vacuuming rates are adjusted to achieve cost recovery.
2. The Vacuum Leaf Collection fund balance policy target is $250,000. The assumptions included in the fiscal plan maintain a fund balance closer to $500,000, which more effectively addresses operational costs when the leaf vacuuming process is impacted by weather events. In the future years, rates will be adjusted annually to fund the approved service program and to maintain the appropriate ending balance.

FY24-29 PUBLIC SERVICES PROGRAM: FISCAL PLAN			Permitting Services				
FISCAL PROJECTIONS	FY23 ESTIMATE	FY24 REC	FY25 PROJECTION	FY26 PROJECTION	FY27 PROJECTION	FY28 PROJECTION	FY29 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	18.35%	**17.96%**	17.96%	17.96%	17.96%	17.96%	17.96%
CPI (Fiscal Year)	2.9%	**2.1%**	2.2%	2.2%	2.2%	2.3%	2.3%
Investment Income Yield	3.3%	**5.0%**	4.0%	3.5%	3.0%	2.5%	2.5%
Enterprise Fund Stabilization Factor (EFSF)	1.05	**1.05**	0.53	0.96	1.04	1.06	1.06
BEGINNING FUND BALANCE	**37,184,303**	**39,471,964**	**38,957,037**	**16,097,420**	**11,671,473**	**10,926,993**	**10,990,234**
REVENUES							
Licenses & Permits	45,505,148	**43,638,539**	44,589,858	45,575,295	46,591,624	47,681,869	48,792,857
Charges For Services	1,886,165	**1,737,012**	1,774,878	1,814,103	1,854,558	1,897,955	1,942,177
Fines & Forfeitures	39,268	**27,543**	28,143	28,765	29,406	30,094	30,795
Miscellaneous	1,642,610	**2,595,390**	2,076,310	1,816,770	1,557,230	1,306,370	1,315,110
Subtotal Revenues	**49,073,191**	**47,998,484**	**48,469,189**	**49,234,933**	**50,032,818**	**50,916,288**	**52,080,939**
EFSF Fee Increase	**0**	**0**	**(21,912,730)**	**(3,863,049)**	**(399,357)**	**317,879**	**325,286**
INTERFUND TRANSFERS (Net Non-CIP)	**(6,541,152)**	**(6,820,882)**	**(6,951,667)**	**(6,952,962)**	**(6,952,962)**	**(6,951,667)**	**(6,952,703)**
Transfers To Debt Service Fund	(872,571)	(872,497)	(871,276)	(872,571)	(872,571)	(871,276)	(872,312)
Wheaton Redevelopment	(872,571)	(872,497)	(871,276)	(872,571)	(872,571)	(871,276)	(872,312)
Transfers To The General Fund	(5,668,581)	(5,948,385)	(6,080,391)	(6,080,391)	(6,080,391)	(6,080,391)	(6,080,391)
Indirect Costs	(5,668,581)	(5,948,385)	(6,080,391)	(6,080,391)	(6,080,391)	(6,080,391)	(6,080,391)
TOTAL RESOURCES	**79,716,342**	**80,649,566**	**80,474,559**	**58,379,391**	**54,751,329**	**54,891,614**	**56,118,470**
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(39,992,208)	**(41,692,529)**	(41,879,409)	(42,259,869)	(42,839,979)	(43,634,259)	(44,646,779)
Labor Agreement	n/a	**0**	(735,000)	(735,000)	(735,000)	(735,000)	(735,000)
Annualizations and One-Time	n/a	**n/a**	150,000	150,000	150,000	150,000	150,000
Subtotal PSP Oper Budget Approp / Exp's	**(39,992,208)**	**(41,692,529)**	**(42,464,409)**	**(42,844,869)**	**(43,424,979)**	**(44,219,259)**	**(45,231,779)**
OTHER CLAIMS ON FUND BALANCE	**(252,170)**	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL USE OF RESOURCES	**(40,244,378)**	**(41,692,529)**	**(42,464,409)**	**(42,844,869)**	**(43,424,979)**	**(44,219,259)**	**(45,231,779)**
YEAR END FUND BALANCE	**39,471,964**	**38,957,037**	**16,097,420**	**11,671,473**	**10,926,993**	**10,990,234**	**11,211,977**
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	**49.5%**	**48.3%**	**20.0%**	**20.0%**	**20.0%**	**20.0%**	**20.0%**

Assumptions:

1. The projections are based on the Executive's Recommended Budget and include CPI, revenue, and resource assumptions in that budget. The projected future revenues and fund balances may vary based on changes to the Enterprise Fund Stabilization Factor, future labor agreements, increases in County administrative expenses, lease and maintenance expenses, and other factors not assumed here.
2. DPS contributed $21 million in current revenue in prior years to fund its proportional share of the Wheaton Redevelopment CIP# P361701. DPS will support $14.6 million in non-taxable debt for this project.
3. Other claims on fund balance is the OPEB liability allocation (GASB 75).

FY24-29 PUBLIC SERVICES PROGRAM: FISCAL PLAN			Alcohol Beverage Services				
FISCAL PROJECTIONS	**FY23 ESTIMATE**	**FY24 REC**	**FY25 PROJECTION**	**FY26 PROJECTION**	**FY27 PROJECTION**	**FY28 PROJECTION**	**FY29 PROJECTION**
ASSUMPTIONS							
Indirect Cost Rate	10.00%	**10.00%**	10.00%	10.00%	10.00%	10.00%	10.00%
CPI (Fiscal Year)	2.9%	**2.1%**	2.2%	2.2%	2.2%	2.3%	2.3%
Investment Income Yield	3.3%	**5.0%**	4.0%	3.5%	3.0%	2.5%	2.5%
BEGINNING FUND BALANCE	**11,270,749**	**7,895,231**	**4,884,278**	**2,645,031**	**3,530,126**	**4,151,811**	**7,011,011**
REVENUES							
Licenses & Permits	1,324,555	**1,324,555**	1,353,431	1,383,342	1,414,191	1,447,283	1,481,005
Charges For Services	23,887	**23,887**	24,408	24,947	25,503	26,100	26,708
Fines & Forfeitures	63,383	**63,383**	64,765	66,196	67,672	69,256	70,870
Miscellaneous	99,710,630	**102,732,555**	104,332,713	106,928,703	109,589,593	112,317,005	115,112,603
Subtotal Revenues	**101,122,455**	**104,144,380**	**105,775,317**	**108,403,188**	**111,096,959**	**113,859,644**	**116,691,186**
INTERFUND TRANSFERS (Net Non-CIP)	**(34,917,233)**	**(33,629,492)**	**(33,756,241)**	**(33,756,241)**	**(33,756,241)**	**(33,756,241)**	**(33,756,241)**
Transfers To The General Fund	(34,917,233)	(33,629,492)	(33,756,241)	(33,756,241)	(33,756,241)	(33,756,241)	(33,756,241)
Indirect Costs	(3,917,233)	(4,329,492)	(4,456,241)	(4,456,241)	(4,456,241)	(4,456,241)	(4,456,241)
Other	(31,000,000)	(29,300,000)	(29,300,000)	(29,300,000)	(29,300,000)	(29,300,000)	(29,300,000)
TOTAL RESOURCES	**77,475,971**	**78,410,119**	**76,903,354**	**77,291,979**	**80,870,844**	**84,255,214**	**89,945,956**
CIP CURRENT REVENUE APPROP.	**(1,000,000)**	**(2,720,000)**	**(1,783,000)**	**(1,213,000)**	**(2,144,000)**	**(2,200,000)**	**(671,000)**
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(59,352,147)	**(62,152,251)**	(62,563,341)	(62,989,171)	(63,428,351)	(63,899,471)	(64,379,561)
Debt Service: Other (Non-Tax Funds only)	(8,860,940)	**(8,653,590)**	(8,591,490)	(8,239,190)	(9,826,190)	(9,824,240)	(9,829,420)
Labor Agreement	n/a	**0**	(1,267,492)	(1,267,492)	(1,267,492)	(1,267,492)	(1,267,492)
Annualizations and One-Time			(53,000)	(53,000)	(53,000)	(53,000)	(53,000)
Subtotal PSP Oper Budget Approp / Exp's	**(68,213,087)**	**(70,805,841)**	**(72,475,323)**	**(72,548,853)**	**(74,575,033)**	**(75,044,203)**	**(75,529,473)**
OTHER CLAIMS ON FUND BALANCE	**(367,653)**	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL USE OF RESOURCES	**(69,580,740)**	**(73,525,841)**	**(74,258,323)**	**(73,761,853)**	**(76,719,033)**	**(77,244,203)**	**(76,200,473)**
YEAR END FUND BALANCE	**7,895,231**	**4,884,278**	**2,645,031**	**3,530,126**	**4,151,811**	**7,011,011**	**13,745,483**
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	**10.2%**	**6.2%**	**3.4%**	**4.6%**	**5.1%**	**8.3%**	**15.3%**

Assumptions:
1. These projections are based on the Executive's Recommended Budget. The projected future expenditures, revenues and fund balances may vary based on the changes not assumed here from free or tax related usage, inflation, labor contract agreements and other factors.
2. Fund balance policy equals one month's operating expenses, one payroll, and $1,500,000 for inventory in cash balance.
3. Operating expensditures grow with CPI. Revenue projections reflect ABS Gross Profit forecast.
4. Other claims on fund balance is the OPEB liability allocation (GASB 75).

FY24-29 PUBLIC SERVICES PROGRAM: FISCAL PLAN			Risk Management				
FISCAL PROJECTIONS	FY23 ESTIMATE	FY24 REC	FY25 PROJECTION	FY26 PROJECTION	FY27 PROJECTION	FY28 PROJECTION	FY29 PROJECTION
ASSUMPTIONS							
CPI (Fiscal Year)	2.9%	2.1%	2.2%	2.2%	2.2%	2.3%	2.3%
Investment Income Yield	3.3%	5.0%	4.0%	3.5%	3.0%	2.5%	2.5%
BEGINNING FUND BALANCE	10,351,006	21,150,833	15,001,590	20,469,355	24,360,349	26,665,701	27,420,467
REVENUES							
Charges For Services	89,979,623	92,796,252	94,819,210	96,914,714	99,075,912	101,394,288	103,756,775
Miscellaneous	8,000,000	9,100,000	12,270,010	10,861,260	9,452,510	8,090,880	8,138,300
Subtotal Revenues	97,979,623	101,896,252	107,089,220	107,775,974	108,528,422	109,485,168	111,895,075
TOTAL RESOURCES	108,330,629	123,047,085	122,090,810	128,245,329	132,888,771	136,150,869	139,315,542
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(87,171,045)	(95,317,115)	(101,499,455)	(103,762,980)	(106,101,070)	(108,608,402)	(111,169,076)
Labor Agreement	n/a	0	(122,000)	(122,000)	(122,000)	(122,000)	(122,000)
Subtotal PSP Oper Budget Approp / Exp's	(87,171,045)	(95,317,115)	(101,621,455)	(103,884,980)	(106,223,070)	(108,730,402)	(111,291,076)
OTHER CLAIMS ON FUND BALANCE	(8,751)	(12,728,380)	0	0	0	0	0
TOTAL USE OF RESOURCES	(87,179,796)	(108,045,495)	(101,621,455)	(103,884,980)	(106,223,070)	(108,730,402)	(111,291,076)
YEAR END FUND BALANCE	21,150,833	15,001,590	20,469,355	24,360,349	26,665,701	27,420,467	28,024,466
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	19.5%	12.2%	16.8%	19.0%	20.1%	20.1%	20.1%

Assumptions:

1. Risk Management contributions are adjusted as necessary to reflect the County's fiscal policy of maintaining an unrestricted net asset balance, in excess of claims reserves, sufficient to achieve a confidence level in the range of 80 to 85 percent that funding will be sufficient to cover all incurred liabilities. For FY24, the funding is at the 85 percent confidence level, which is within the Risk Management policy guidelines.
2. Risk Management contributions to the Self-Insurance Fund are made annually based on an actuarial analysis and evaluation of exposures and prior claims expenses.
3. The other claims on fund balance include the OPEB liability five year allocation (GASB 75) and a claim on fund balance in FY24 for a future return of contribution dependent on the amount of actual investment income received.
4.These projections are based on the Executive's Recommended budget and include the revenue and resource assumptions of that budget. The projected future expenditures, revenues, and fund balances may vary based on changes not assumed here to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.

FY24-29 PUBLIC SERVICES PROGRAM: FISCAL PLAN		Print and Mail					
FISCAL PROJECTIONS	FY23 ESTIMATE	FY24 REC	FY25 PROJECTION	FY26 PROJECTION	FY27 PROJECTION	FY28 PROJECTION	FY29 PROJECTION
ASSUMPTIONS							
CPI (Fiscal Year)	2.9%	**2.1%**	2.2%	2.2%	2.2%	2.3%	2.3%
Investment Income Yield	3.3%	**5.0%**	4.0%	3.5%	3.0%	2.5%	2.5%
Rate Adjustment	0	**0**	0.0%	1.0%	4.1%	2.2%	1.9%
BEGINNING FUND BALANCE	**416,580**	**477,734**	**621,053**	**495,446**	**294,702**	**286,643**	**295,702**
REVENUES							
Charges For Services	8,397,754	**8,757,153**	8,757,153	8,844,725	9,207,359	9,405,318	9,579,316
Miscellaneous	55,960	**88,420**	70,740	61,900	53,060	44,510	44,810
Subtotal Revenues	**8,453,714**	**8,845,573**	**8,827,893**	**8,906,625**	**9,260,419**	**9,449,828**	**9,624,126**
TOTAL RESOURCES	**8,870,294**	**9,323,307**	**9,448,946**	**9,402,071**	**9,555,121**	**9,736,471**	**9,919,828**
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(8,369,856)	**(8,702,254)**	(8,848,897)	(9,002,766)	(9,163,875)	(9,336,166)	(9,515,520)
Labor Agreement	n/a	**0**	(104,603)	(104,603)	(104,603)	(104,603)	(104,603)
Subtotal PSP Oper Budget Approp / Exp's	**(8,369,856)**	**(8,702,254)**	**(8,953,500)**	**(9,107,369)**	**(9,268,478)**	**(9,440,769)**	**(9,620,123)**
OTHER CLAIMS ON FUND BALANCE	**(22,704)**	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL USE OF RESOURCES	**(8,392,560)**	**(8,702,254)**	**(8,953,500)**	**(9,107,369)**	**(9,268,478)**	**(9,440,769)**	**(9,620,123)**
YEAR END FUND BALANCE	**477,734**	**621,053**	**495,446**	**294,702**	**286,643**	**295,702**	**299,705**
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	**5.4%**	**6.7%**	**5.2%**	**3.1%**	**3.0%**	**3.0%**	**3.0%**

Notes:
1. The FY23 estimate is based on second quarter revenue and expenditure projections.
2. Printing, Mail, and Records Management/Imaging rates are adjusted to receive cost recovery and maintain the year-end fund balance between three and five percent.
3. These projections are based on the Executive's Recommended Budget. The projected future expenditures, revenues and fund balances may vary based on the changes not assumed here from free or tax related usage, inflation, labor contract agreements and other factors.
4. The other claims of fund balance is the OPEB liability allocation (GASB 75).

EMPLOYEE HEALTH BENEFITS SELF INSURANCE FUND

FY24-29 FISCAL PROJECTION	Estimate - FY23	Projected - FY24	Projected - FY25	Projected - FY26	Projected - FY27	Projected - FY28	Projected - FY29
BEGINNING BALANCE	5,156,676	10,410,353	11,475,579	17,646,954	18,793,152	20,023,637	21,345,278
REVENUES							
Premium Contributions	265,106,214	279,828,993	292,228,112	314,034,350	338,202,795	361,000,039	385,521,679
Premium Contributions: Retiree Insurance NDA	48,928,437	52,773,694	66,921,663	63,009,272	63,529,908	67,251,891	71,234,591
Investment Income	(31,100)	(49,140)	(39,310)	(34,400)	(29,490)	(24,740)	(24,910)
TOTAL REVENUES	314,003,552	332,553,547	359,110,465	377,009,222	401,703,213	428,227,189	456,731,360
TOTAL FUNDS AVAILABLE	319,160,228	342,963,900	370,586,044	394,656,176	420,496,365	448,250,826	478,076,637
EXPENDITURES							
Claims, Premiums, & Carrier Administration	303,362,510	325,159,996	346,294,349	368,886,046	393,146,901	419,213,430	447,234,359
Actives	188,102,046	202,357,711	214,811,600	228,191,774	242,523,200	257,883,722	274,358,394
Retirees	115,260,465	122,802,285	131,482,749	140,694,272	150,623,701	161,329,708	172,875,965
In-house expenses	5,387,364	6,328,325	6,644,741	6,976,978	7,325,827	7,692,119	8,076,725
TOTAL EXPENDITURES	308,749,874	331,488,321	352,939,090	375,863,024	400,472,728	426,905,548	455,311,083
ENDING BALANCE	10,410,353	11,475,579	17,646,954	18,793,152	20,023,637	21,345,278	22,765,554
TARGET FUND BALANCE (5% OF EXPENDITURES)	15,437,490	16,574,420	17,646,950	18,793,150	20,023,640	21,345,280	22,765,550
ENDING BALANCE AS % OF EXPENDITURES	3.4%	3.5%	5.0%	5.0%	5.0%	5.0%	5.0%

FY24-29 PUBLIC SERVICES PROGRAM: FISCAL PLAN		Motor Pool					
FISCAL PROJECTIONS	FY23 ESTIMATE	FY24 REC	FY25 PROJECTION	FY26 PROJECTION	FY27 PROJECTION	FY28 PROJECTION	FY29 PROJECTION
ASSUMPTIONS							
CPI (Fiscal Year)	2.9%	**2.1%**	2.2%	2.2%	2.2%	2.3%	2.3%
Investment Income Yield	3.3%	**5.0%**	4.0%	3.5%	3.0%	2.5%	2.5%
Rate Adjustment	0	**0**	0.0%	0.0%	0.0%	0.0%	3.3%
BEGINNING FUND BALANCE	**20,356,638**	**20,387,874**	**24,765,647**	**26,713,725**	**24,796,807**	**18,686,088**	**10,301,518**
REVENUES							
Charges For Services	92,558,118	**95,780,773**	95,780,773	95,780,773	95,780,773	95,780,773	98,941,538
Miscellaneous	967,152	**1,537,790**	1,193,626	1,137,980	946,904	670,152	460,538
Subtotal Revenues	**93,525,270**	**97,318,563**	**96,974,399**	**96,918,753**	**96,727,677**	**96,450,925**	**99,402,076**
INTERFUND TRANSFERS (Net Non-CIP)	**(516,500)**	**(514,250)**	**(516,300)**	**(325,650)**	**(328,375)**	**(325,475)**	**(326,950)**
Transfers To Debt Service Fund	(516,500)	(514,250)	(516,300)	(325,650)	(328,375)	(325,475)	(326,950)
Long Term Leases	(516,500)	(514,250)	(516,300)	(325,650)	(328,375)	(325,475)	(326,950)
TOTAL RESOURCES	**113,365,408**	**117,192,187**	**121,223,746**	**123,306,828**	**121,196,109**	**114,811,539**	**109,376,644**
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(92,780,745)	**(92,426,540)**	(96,426,540)	(100,426,540)	(104,426,540)	(106,426,540)	(108,026,540)
Labor Agreement	n/a	**0**	(722,636)	(722,636)	(722,636)	(722,636)	(722,636)
Annualizations and One-Time	n/a	**n/a**	2,639,155	2,639,155	2,639,155	2,639,155	2,639,155
Subtotal PSP Oper Budget Approp / Exp's	**(92,780,745)**	**(92,426,540)**	**(94,510,021)**	**(98,510,021)**	**(102,510,021)**	**(104,510,021)**	**(106,110,021)**
OTHER CLAIMS ON FUND BALANCE	**(196,789)**	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL USE OF RESOURCES	**(92,977,534)**	**(92,426,540)**	**(94,510,021)**	**(98,510,021)**	**(102,510,021)**	**(104,510,021)**	**(106,110,021)**
YEAR END FUND BALANCE	**20,387,874**	**24,765,647**	**26,713,725**	**24,796,807**	**18,686,088**	**10,301,518**	**3,266,623**
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	**18.0%**	**21.1%**	**22.0%**	**20.1%**	**15.4%**	**9.0%**	**3.0%**

Notes:

1. Motor Pool charges for services are adjusted to achieve cost recovery. This fund's policy targets break-even for operating expenditures plus sufficient fund balance to fund planned fleet replacements in the subsequent year(s).
2. The current fund balance will support the purchase of zero-emission vehicles to transition the County's fleet in accordance with the County's Climate Action Plan.
3. The projected future expenditures, revenues, and fund balance may vary based on changes not assumed here to fee or tax rates, usage, inflation, future labor agreements, and other factors.
4. The other claims on fund balance is the OPEB liability allocation (GASB 75).

FY24-29 PUBLIC SERVICES PROGRAM: FISCAL PLAN	Recreation Non-Tax Supported						
FISCAL PROJECTIONS	FY23 ESTIMATE	FY24 REC	FY25 PROJECTION	FY26 PROJECTION	FY27 PROJECTION	FY28 PROJECTION	FY29 PROJECTION
ASSUMPTIONS							
CPI (Fiscal Year)	2.9%	2.1%	2.2%	2.2%	2.2%	2.3%	2.3%
Investment Income Yield	3.3%	5.0%	4.0%	3.5%	3.0%	2.5%	2.5%
BEGINNING FUND BALANCE	388,891	388,891	391,991	493,191	696,013	1,003,642	1,423,697
REVENUES							
Charges For Services	8,100,000	8,100,000	8,276,580	8,459,492	8,648,139	8,850,505	9,056,722
Miscellaneous	0	3,100	3,100	3,100	3,100	3,100	3,100
Subtotal Revenues	8,100,000	8,103,100	8,279,680	8,462,592	8,651,239	8,853,605	9,059,822
INTERFUND TRANSFERS (Net Non-CIP)	(4,500,000)	(4,500,000)	(4,500,000)	(4,500,000)	(4,500,000)	(4,500,000)	(4,500,000)
Transfers To Special Fds: Tax Supported	(4,500,000)	(4,500,000)	(4,500,000)	(4,500,000)	(4,500,000)	(4,500,000)	(4,500,000)
To Recreation	(4,500,000)	(4,500,000)	(4,500,000)	(4,500,000)	(4,500,000)	(4,500,000)	(4,500,000)
TOTAL RESOURCES	3,988,891	3,991,991	4,171,671	4,455,783	4,847,252	5,357,247	5,983,519
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(3,600,000)	(3,600,000)	(3,678,480)	(3,759,770)	(3,843,610)	(3,933,550)	(4,025,200)
Subtotal PSP Oper Budget Approp / Exp's	(3,600,000)	(3,600,000)	(3,678,480)	(3,759,770)	(3,843,610)	(3,933,550)	(4,025,200)
TOTAL USE OF RESOURCES	(3,600,000)	(3,600,000)	(3,678,480)	(3,759,770)	(3,843,610)	(3,933,550)	(4,025,200)
YEAR END FUND BALANCE	388,891	391,991	493,191	696,013	1,003,642	1,423,697	1,958,319
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	9.7%	9.8%	11.8%	15.6%	20.7%	26.6%	32.7%

Assumptions:
1. Prior to FY20, Montgomery County accounted for its non-employee instructor led courses, and related costs, in the Recreation Activities Agency Fund (RAAF). Due to requirements in Governmental Accounting Standards Board (GASB) Statement 84, "Fiduciary Activities", the RAAF was discontinued beginning in FY20. Because of Recreation's objective to flexibly respond to customer demands for Recreation activities formerly accounted for in the RAAF, this Non-Tax Supported Recreation Fund was established.
2. These projections are based on the Executive's Recommended Budget and include the revenue and resource assumptions of that budget. The projected future expenditures, revenues, and fund balances may vary based on changes not assumed here to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.

FY24-29 PUBLIC SERVICES PROGRAM: FISCAL PLAN	Inmate Advisory Council Fund						
FISCAL PROJECTIONS	FY23 ESTIMATE	FY24 REC	FY25 PROJECTION	FY26 PROJECTION	FY27 PROJECTION	FY28 PROJECTION	FY29 PROJECTION
ASSUMPTIONS							
CPI (Fiscal Year)	2.9%	2.1%	2.2%	2.2%	2.2%	2.3%	2.3%
Investment Income Yield	3.3%	5.0%	4.0%	3.5%	3.0%	2.5%	2.5%
BEGINNING FUND BALANCE	618,889	527,681	266,196	252,671	234,565	211,831	184,538
REVENUES							
Miscellaneous	268,135	281,515	323,665	326,534	329,596	333,277	340,735
Subtotal Revenues	268,135	281,515	323,665	326,534	329,596	333,277	340,735
TOTAL RESOURCES	887,024	809,196	589,861	579,205	564,161	545,108	525,272
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(359,343)	(543,000)	(337,190)	(344,640)	(352,330)	(360,570)	(368,970)
Subtotal PSP Oper Budget Approp / Exp's	(359,343)	(543,000)	(337,190)	(344,640)	(352,330)	(360,570)	(368,970)
TOTAL USE OF RESOURCES	(359,343)	(543,000)	(337,190)	(344,640)	(352,330)	(360,570)	(368,970)
YEAR END FUND BALANCE	527,681	266,196	252,671	234,565	211,831	184,538	156,302
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	59.5%	32.9%	42.8%	40.5%	37.5%	33.9%	29.8%

Notes:
1. The Inmate Advisory Council Fund was established by supplemental appropriation in FY21.
2. These projections are based on the Executive's Recommended Budget and include the revenue and resource assumptions of that budget. The projected future expenditures, revenues, and fund balances may vary based on changes not assumed here to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.

Maryland-National Capital Park and Planning Commission

FY24-29 PUBLIC SERVICES PROGRAM: FISCAL PLAN	M-NCPPC Enterprise Fund						
FISCAL PROJECTIONS	FY23 ESTIMATE	FY24 REC	FY25 PROJECTION	FY26 PROJECTION	FY27 PROJECTION	FY28 PROJECTION	FY29 PROJECTION
ASSUMPTIONS							
CPI (Fiscal Year)	2.9%	**2.1%**	2.2%	2.2%	2.2%	2.3%	2.3%
Investment Income Yield	3.3%	**5.0%**	4.0%	3.5%	3.0%	2.5%	2.5%
BEGINNING FUND BALANCE	**11,798,404**	**13,806,607**	**15,532,554**	**16,513,102**	**15,798,555**	**17,569,536**	**19,362,538**
REVENUES							
Charges For Services	11,422,594	**11,714,536**	11,969,913	12,234,448	12,507,276	12,799,947	13,098,186
Miscellaneous	854,297	**844,616**	830,000	830,000	830,000	830,000	830,000
Subtotal Revenues	**12,276,891**	**12,559,152**	**12,799,913**	**13,064,448**	**13,337,276**	**13,629,947**	**13,928,186**
TOTAL RESOURCES	**24,075,295**	**26,365,759**	**28,332,467**	**29,577,550**	**29,135,831**	**31,199,483**	**33,290,724**
CIP CURRENT REVENUE APPROP.	**0**	**0**	**(750,000)**	**(2,465,000)**	**0**	**0**	**0**
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(10,268,688)	**(10,833,205)**	(11,069,365)	(11,313,995)	(11,566,295)	(11,836,945)	(12,112,745)
Subtotal PSP Oper Budget Approp / Exp's	**(10,268,688)**	**(10,833,205)**	**(11,069,365)**	**(11,313,995)**	**(11,566,295)**	**(11,836,945)**	**(12,112,745)**
TOTAL USE OF RESOURCES	**(10,268,688)**	**(10,833,205)**	**(11,819,365)**	**(13,778,995)**	**(11,566,295)**	**(11,836,945)**	**(12,112,745)**
YEAR END FUND BALANCE	**13,806,607**	**15,532,554**	**16,513,102**	**15,798,555**	**17,569,536**	**19,362,538**	**21,177,979**
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	**57.3%**	**58.9%**	**58.3%**	**53.4%**	**60.3%**	**62.1%**	**63.6%**

Assumptions:
1. All labor and operatings costs are shown as operating costs since M-NCPPC is not a component unit of Montgomery County Governmnet.
2. These projections are based on the County Executive's Recommended Budget and include the assumptions of that budget. Future revenues, expenditures, or fund balacne may change based on factors not assumed here.

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Washington Suburban Sanitary Commission

WSSC WATER PROPOSED BUDGET: SIX-YEAR FORECAST FOR WATER & SEWER OPERATING FUNDS

($ IN THOUSANDS)

FISCAL PROJECTIONS	FY23 Approved	FY24 CE REC	FY25 PROJECTION	FY26 PROJECTION	FY27 PROJECTION	FY28 PROJECTION	FY29 PROJECTION
SPENDING AFFORDABILITY RESULTS							
New Water and Sewer Debt	$358,840	**$379,960**	$388,352	$326,030	$364,708	$325,870	$287,053
Total Water and Sewer Operating Expenses	$855,945	**$924,352**	$1,001,524	$1,122,725	$1,155,720	$1,200,981	$1,260,761
Debt Service	$321,844	**$328,467**	$366,169	$387,288	$405,949	$424,137	$434,635
Average Water and Sewer Rate Increase	6.5%	**7.0%**	8.0%	8.0%	6.5%	6.5%	65.0%
BEGINNING FUND BALANCE	**242,554,000**	**266,601,000**	**274,846,000**	**274,846,000**	**234,910,000**	**228,266,000**	**241,242,000**
REVENUES							
Water and Sewer Rate Revenue	$746,450	**$790,142**	$853,353	$921,622	$981,527	$1,045,326	$1,113,272
Interest Income	$2,800	**$8,000**	$5,500	$5,500	$5,500	$5,500	$5,500
Account Maintenance Fee	$33,887	**$36,259**	$39,160	$42,293	$45,042	$47,969	$51,087
Infrastructure Investment Fee	$41,290	**$44,180**	$47,715	$51,532	$54,881	$58,449	$62,248
Plumbing and Inspection Fees	$16,780	**$20,380**	$20,991	$21,621	$22,270	$22,938	$23,626
Rockville Sewer Use	$3,100	**$3,100**	$3,100	$3,100	$3,100	$3,100	$3,100
Miscellaneous	$19,000	**$28,722**	$25,452	$25,707	$25,962	$26,222	$26,486
Uncollectable	-$6,000	**-$7,901**	-$8,532	-$9,218	-$9,814	-$10,453	-$11,133
Cost Sharing Reimbursement	$635	**$743**	$7,013	$12,860	$12,860	$7,158	$7,004
Miscellaneous	$33,515	**$45,044**	$48,024	$54,070	$54,378	$48,965	$49,083
Total Revenues	**$857,942**	**$923,625**	**$993,752**	**$1,075,017**	**$1,141,328**	**$1,206,209**	**$1,281,190**
SDC Debt Service Offset	$5,772	**$5,772**	$5,772	$5,772	$5,748	$5,748	$5,748
Reconstruction Debt Service Offset (REDO)	$4,000						
Use of Fund Balance				$39,936	$6,644		
Premium Transfer	$2,500						
Underwriters Discount Transfer	$2,000	**$2,000**	$2,000	$2,000	$2,000	$2,000	$2,000
Miscellaneous Offset		**$1,200**					
TOTAL FUNDS AVAILABLE	**$872,214**	$932,597	**$1,001,524**	**$1,122,725**	**$1,155,720**	**$1,213,957**	**$1,288,938**
EXPENDITURES							
Salaries and Wages	$133,765	**$141,179**	$148,238	$154,908	$161,879	$169,164	$176,776
Reconstruction							
Heat, Light, and Power	$18,817	**$27,373**	$26,263	$25,198	$26,382	$27,305	$28,261
Regional Sewage Disposal	$60,343	**$64,201**	$65,485	$66,794	$68,130	$69,493	$70,883
Debt Service	$321,844	**$328,467**	$366,169	$387,288	$405,949	$424,137	$434,635
PAYGO	$31,016	**$44,000**	$63,780	$147,000	$141,597	$148,546	$177,000
All Other	$290,160	**$319,132**	$331,589	$341,537	$351,783	$362,336	$373,206
TOTAL USE OF RESOURCES	**$855,945**	**$924,352**	**$1,001,524**	**$1,122,725**	**$1,155,720**	**$1,200,981**	**$1,260,761**
REVENUE/EXPENDITURE SURPLUS/(GAP)	**$16,269**	**$8,245**	**$0**	**$0**	**$0**	**$12,976**	**$28,177**
YEAR END FUND BALANCE w/o additional reserve contribution	**$242,554**	**$266,601**	**$274,846**	**$234,910**	**$228,266**	**$228,266**	**$241,242**
Adjustments	$7,778						
Additional Reserve Contribution	**$16,269**	**$8,245**				**$12,976**	**$28,177**
TOTAL YEAR END FUND BALANCE	**$266,601**	**$274,846**	**$274,846**	**$234,910**	**$228,266**	**$241,242**	**$269,419**
Debt Service as a Percent of Water and Sewer Operating Budget	37.6%	**35.5%**	36.6%	34.5%	35.1%	35.3%	34.5%
Estimated Water Production (MGD)	164.0	**164.0**	164.0	164.0	164.0	164.0	165.0
Total End of Fiscal Year Operating Reserve	$266,601	**$274,846**	$274,846	$234,910	$228,266	$241,242	$269,419
Total Operating Reserve as a Percent of Water and Sewer Rate Revenue	31.1%	**29.8%**	27.7%	21.9%	20.0%	20.0%	21.0%
Total Workyears (all funds)	1,796	**1,836**	1,836	1,836	1,836	1,836	1,836

Assumptions:

1. The County Executive's operating budget recommendation is for FY24 only and incorporates the Executive's revenue and expenditure assumptions for that budget.

2. The FY25-29 projections reflect WSSC Water's multi-year forecast and assumptions, which are not adjusted to conform to the County Executive's Recommended Budget for WSSC Water. The projected expenditures, revenues, and fund balances for these years may be based on changes to rates, fees, usage, inflation, future labor agreements, and other factors not assumed in the County Executive's Recommended FY24 water and sewer operating budget for WSSC Water.

3. The FY24 estimated spending affordability results are the values for the four spending affordability parameters implied by the FY24 budget jointly approved by Montgomery and Prince George's counties. The FY24 Proposed spending affordability results are the values of the spending affordability parameters associated with WSSC Water's proposed FY24 budget. The FY24 recommended spending affordability results are the spending affordability parameters associated with the County Executive's recommended WSSC Water budget for FY24. The FY25-29 spending affordability figures correspond to the values of the various spending affordability parameters based on the revenue and expenditure forecasts shown for the given year and are provided by WSSC Water.

4. The total FY24 estimated workyears shown correspond to the actual workyears as of December, 2022.

5. Estimates of revenue in FY25-29 assume the rate increases projected by WSSC Water in the Average Water and Sewer Rate Increase line.

6. Totals in this chart and WSSC Water's FY24 Proposed Long-Range Fiscal Plan for Water and Sewer Operating Funds may not match due to rounding.

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Department Highlights

Montgomery County strongly encourages its departments and agencies to identify and implement productivity improvements within their budgets. Such initiatives are essential, especially in difficult fiscal times when agencies and departments are called on to significantly reduce costs and preserve essential services. Below is an identification of the accomplishments, initiatives, innovations and productivity improvements implemented by departments. Some examples include:

- Process re-engineering initiatives
- Implementing a new IT application
- Public-private partnerships that maintain services at lower cost or achieve higher service levels
- Consolidating programs
- Reorganizations
- Contracting out services or, alternatively, bringing contracted services in-house, to reduce costs
- Increasing use of volunteers
- Re-negotiating maintenance/license agreements
- Re-configuring programs to generate increased revenues
- Reducing publication costs by placing more information on the web and producing fewer hard copies
- Introducing employee incentives (within personnel guidelines)

Initiatives

Agriculture

- Partnered with the Department of Environmental Protection, the Maryland Environmental Service, and the Sugarloaf Citizen Association to allow 20 cubic yard deliveries of Leafgro® to small food producing farms.

- Partnered with the Montgomery Countryside Alliance to develop a resource guide for Black, Indigenous, and People of Color (BIPOC) farmers and currently working with the County's Technology and Business Enterprise Solutions group to incorporate the guide into web pages on the Office of Agriculture website which will provide farmers an opportunity to use the translation services that are built into the website.

- Partnering with the new Office of Food System Resiliency to develop the new Business Development Specialist staff position within the Office of Agriculture.

- OAG has engaged with the Maryland-National Capital Park & Planning Commission (M-NCPPC) to request approval to establish a shared-use kitchen space and cold storage facility at the Montgomery County Agricultural History Farm Park as an essential strategy to enable capacity-building within the agricultural community in alignment with County values, to enhance our nutrition and food access efforts serving Montgomery County children and families, and to keep local dollars in our local economy by supporting the expansion of farm-to-school and farm-to-table initiatives. Note: this initiative is dependent upon M-NCPPC approval of this request.

Alcohol Beverage Services

- ABS will update all store point of sale register systems to remove technology barriers and enable ABS to expand its potential by adding services such as curbside pickup, buy online and pick up in store, and queue line checkout.

- ABS will participate in and support the Maryland Local Program, targeted towards helping small Maryland distilleries, wineries, and breweries build distribution and sales and partnering with them to ensure long term success.

Animal Services

- Fund a new mobile low/no cost spay and neuter program serving low-income County resident pet owners in their communities in partnership with the Montgomery County Partners for Animal Well-being and Montgomery County Cat Coalition.

- Provide administrative support for the newly formed Animal Service Advisory Committee ensuring committee meetings and sub-committee working groups are supported in their preparations and fact-gathering efforts.

- Create new foster program opportunities including short-term foster programs for dogs, establishing a foster-to-adopt program, and developing a "finders" as fosters program.

- Create opportunities for positive community interactions through expanded participation in community and school events, and visiting dog parks and veterinary offices.

Board of Elections

- Continue to expand opportunities for voters to request and cast their ballot, including permanent vote by mail, early voting options, and ballot drop boxes.

- Increase temporary staffing levels during the peak election season to ensure quality customer service and improve resiliency and scalability of election operations.

Cable Television Communications Plan

- Expand community partnerships to deploy an additional 32,000 free laptop computers to low-income seniors and families living in affordable housing developments, enroll 20,000 families in the Affordable Connectivity broadband subsidy program (ACP), and seek additional Maryland and Federal broadband grant funding to expand MoCoNet, the County's residential broadband network at affordable housing developments.

- Expand corporate digital equity partnerships to grow youth STEAM programs and internships, enhance digital media and cyber awareness skills, and expand intergenerational digital equity programs.

- Enhance proactive maintenance of FiberNet to improve system reliability and reduce system outages; implement process changes to improve cost recovery, reduce inefficiencies, and improve public transparency for the deployment of telecommunications infrastructure throughout the County.

- Promote and publicize the upgrade of FiberNet to a "Carrier Class" network, which supports and enables efforts to develop revenue streams from this critical asset. FiberNet's diverse connectivity to a world class data center in Ashburn, Virginia provides all FiberNet users with virtually unlimited access to premier service providers.

Community Engagement Cluster

- Implement a robust legal immigration service referral and data collection system housed at the Gilchrist Immigrant Resource Center.

- Increase engagement with multilingual communities through in-language community forums and meetings and in-language social media platforms including the County's Spanish Facebook and Spanish WhatsApp group.

- All executive branch departments will develop and implement language access plans, centered around providing high-quality services to the County's multicultural and multilingual communities. Department action plans will include development of materials in simplified language and training to front-line staff regarding interpretation and translation standards.

Community Use of Public Facilities

- Create and produce a public educational video to showcase the services and resources Community Use of Public Facilities (CUPF) provides to the public.

- Continue efforts to increase the number of groups awarded a subsidy for facility fees through either the Facility Fee Assistance Program (FFAP) or the Community Access Program (CAP).

Consumer Protection

- Enhance business education and outreach services in the Business Education and Registration Unit to perform business education presentations and provide subject matter expertise to help businesses follow consumer protection laws.

Correction and Rehabilitation

- Reopen the Pre Release and Reentry Services Center in the Spring of 2023 to provide community-based residential and non-residential alternatives to secure confinement for sentenced adult offenders where they engage in work, treatment, education, family involvement, and other services to prepare them for release.

- Add a full-time therapist and a part-time psychologist to provide behavioral health support to employees including Critical Incident Stress Management, peer support, and direct clinical services such as crisis intervention psychological assessment, testing, evaluation, diagnosis, and therapeutic treatment. Funds to support crisis intervention peer support stipends are also added.

- Correct structural budget deficiencies in food and pharmacy services due to high inflation.

- Add funds to enhance recruitment advertising for difficult to fill positions.

- Add funds to support nurse retention bonuses for difficult to hire and retain positions.

County Executive

- Attract businesses to the White Oak Science Gateway by developing a marketing plan for a new website, pamphlets, brochures, and branding for the White Oak Science Gateway.

- Track the County's interactions with the business community through a Customer Relationship Management System. This will ensure faster, more reliable customer service.

- Increase capacity to proactively assist and engage small businesses throughout the County, resulting in more businesses that start, grow, and stay in the County.

Emergency Management and Homeland Security

- Expansion of the Non-Profit Security grants from $800,000 to $1 million for non-profit and faith-based organizations to augment costs for security personnel or other security planning measures for nonprofit organizations located in Montgomery County.

- Awarded the Urban Areas Heat Mapping Project grant from the National Oceanic and Atmospheric Administration (NOAA) Climate Program to map heat inequities and support decision making in neighborhoods grappling with inequitably distributed impacts from the deadliest weather-related risk in the United States.

- Managed the distribution of the Non-Profit Security grant to non-profit and faith-based organizations to augment costs for security personnel or other security planning measures for nonprofit organizations located in Montgomery County.

- Delivered a National Preparedness Month Campaign with social media messaging, County newsletter messaging, virtual and in-person outreach events, and a County Executive and Council Joint Proclamation.

- Coordinated the receipt and installation of Bleeding Control Kits throughout all County buildings and on all three of Montgomery

College campuses.

- Managed the distribution of $5 million in Homeland Security grants which benefited several public safety agencies in the County.

- Supported numerous COVID-19 response initiatives including:
  - Collaboration with the Food Security Task Force in the creation of a strategy document for the new Office of Food Systems Resilience.
  - Distribution events of COVID-19 rapid tests for the public, childcare providers, and other advocacy groups.
  - Developed the annual US Treasury COVID-19 Recovery Report in coordination with the Office of Mangement and Budget.
  - In coordination with the Department of Health and Human Services (DHHS) and Montgomery County Public Schools (MCPS), developed the MCPS and nonpublic school COVID-19 Test to Stay Plan.

Environmental Protection

- Expand the County's climate change efforts, including new positions for residential electrification, solar power expertise, and to manage County-based grant and incentive programs. New operating support includes funds to advance Community Choice Energy, climate grants for community organizations, and for management of an electric vehicle purchasing co-op. In addition, new funding is provided to enhance the Tree Montgomery program, and a new position is added to help manage the increased rate of tree plantings.

- Add new funding and a new position to identify and address illegal discharge of pollutants throughout the County. New positions are also added to ensure the County's stormwater management structures are inspected and maintained.

- Partner with the United States Army Corps of Engineers to conduct flood risk management studies in four priority watersheds to provide the County with plans for reducing the risk of flooding to property owners and critical roadways. This study will occur under the Planning Assistance to States (PAS) program, which is designed to provide planning-level assistance to communities and partners for water resource related issues.

- Enter Phase II of the development of Watershed Assessments for the County to better understand changes over time to our watershed, determine current conditions, adapt our management strategies, and help clearly guide DEP and the County's actions moving forward.

Finance

- Solicit a Request for Proposals and select a vendor for Banking and Merchant Card services.

- Upgrade of the County's enterprise timekeeping system and migration of this platform to the vendor's Software as a Service cloud environment.

- Upgrade of the Payment in Lieu of Taxes (PILOT) system that is utilized for property tax billing for certain accounts.

Fire and Rescue Service

- Add a uniformed Community Action Coordinator and two civilian Community Risk Reduction specialists to deliver targeted prevention and education services including bystander CPR, opiate overdoses, and bleeding control in vulnerable communities. These positions will also ensure communities are connected to sustained services to address their needs in the aftermath of traumatic events.

- Add a civilian Diversity Equity and Inclusion Officer to support efforts to normalize conversations on equity and operationalize new equity centered practices, policies, and procedures in the Fire and Rescue Service. This enhancement implements a recommendation of the recently completed MCFRS equity assessment.

- Add an Administrative Specialist III and a Program Manager II to provide administrative contract and human resources support to this department of more than 1,300 employees.

- Enhance the Division of Support Services by adding an Information Technology Specialist III to manage the Public Safety Land Mobile Radio System and a Fleet Road Technician to service apparatus in our fire stations to reduce the amount of time units are kept out of service.

- Add a civilian Investigator III to expedite internal affairs investigations and reduce unnecessary overtime associated with administrative leave.

- Add a uniformed Critical Incident Stress Management manager and a supervisory psychologist to enhance mental health supports for first responders.

- Enhance facility maintenance at volunteer-owned fire stations by transferring maintenance from MCFRS to the Department of General Services. This shift allows a uniform Captain to return to the field and adds a professional maintenance team to oversee these fire stations in the Department of General Services and will be funded in part by Emergency Service Transporter Supplemental Payment Program funds. This shift ensures that volunteer-owned stations receive the same expert facilities maintenance service as County-owned fire stations.

Fleet Management Services

- The Division of Fleet Management Services is working with the DGS Office of Energy and Sustainability to plan a solar microgrid project to support zero emission bus fueling at the Gaithersburg bus depot. The microgrid will provide clean energy to charge electric buses or to generate green hydrogen for use in hydrogen fuel cell buses.

- Work with MCDOT to procure electric buses as part of a Federal Transit Administration (FTA) Bus and Facilities Grant. Buses will operate out of the Brookville Depot in Silver Spring to fully utilize the solar microgrid at that location. DGS has developed a technical specification and a request for proposals to procure at least 100 electric buses with capital funding programmed in FY23-FY26.

- Pilot a program with Montgomery County Fire and Rescue Services using a Ford F150 Lightning as a Battalion Chief Vehicle, including on-site charging, to explore the suitability of electric vehicles for this role.

Food Systems Resilience

- Establish interagency coordination mechanisms within County government, including the formal creation of a Food Systems Leadership Committee and a Food Systems Workgroup with participation from key partner agencies including the Departments of Health and Human Services, Environmental Protection, General Services, and the Offices of Agriculture, Community Partnerships, Procurement, and Emergency Management and Homeland Security, as well as Montgomery County Public Schools, Maryland-National Capital Park and Planning Commission, and Montgomery County Economic Development Corporation.

- In coordination with the Office of Racial Equity and Social Justice, address the racial inequities and disparities present in all aspects of the food system.

- Serve as a liaison between government and food system partners, including residents, businesses, and non-profit organizations. Establish communications, survey mechanisms, and feedback loops to ensure policy development and implementation is directly informed by the insight and expertise of the community.

- In collaboration with partner agencies, launch government planning processes to establish long-term priorities and strategies for building food system resilience, including increased local food production and enhanced food-based economic opportunity.

- Develop a long-term county government framework for financial sustainability and strategic investment in food security programs and partnerships that center equity, efficiency, and effectiveness in enhancing resident access to nutritious and culturally diverse food.

- Conduct landscape assessments and gap analyses of County food system financial investments and assets, County food systems policy, and currently available food systems data collected both internally and externally, including mechanisms for communication and analysis of data.

- Establish baseline metrics for key food systems data points and create a dashboard mechanism for tracking longitudinal data. Enhance and refine community service provider partner data collection, reporting, and analysis processes.

- ✪ Engage and coordinate with statewide, regional, and national partners to share best practices, maximize external resources, and implement collaborative strategies for policymaking that strengthens equity and food system resilience both in our County and beyond our borders.

General Services

- ✪ Enhance facility maintenance at volunteer-owned fire stations by transferring maintenance from MCFRS to the Department of General Services. This shift adds a professional maintenance team including a Property Manager, HVAC Technician, Plumber, Electrician, and a Craftsworker to oversee these fire stations in the Department of General Services. This allows a uniform Capitan to return to the field and will be funded in part by Emergency Service Transporter Supplemental Payment Program funds. This shift ensures that volunteer-owned stations receive the same expert facilities maintenance service as County-owned fire stations.

- ✪ Add a Property Manager II to reduce the average number of facilities managed per position and improve facility oversight and property maintenance. This enhancement is offset by the elimination of a lower priority vacant position elsewhere in the Department.

- ✪ Add an Administrative Specialist II to support implementation of the Capital Asset Management System providing technical assistance, customer service, coordinate service and repair work, measure facility management metrics and facility health, and ensure full utilization of system capabilities. This enhancement is offset by the elimination of a lower priority vacant position elsewhere in the Department.

- ✪ Add funds to support facilities maintenance at the Nebel Street Emergency Shelter.

Grants Management

- ✪ Add an Outgoing Grants Program Manager II and an Administrative Specialist to manage the expected increased volume of competitive grant programs and grant agreements, support an intensive outgoing grants management training curriculum with a focus on monitoring and oversight, and provide equitable training and support to emerging organizations applying for County grants as part of the County's Racial Equity and Social Justice goals.

- ✪ Consolidate all County grant seeking information and support resources onto an OGM intranet site, including basic grant documentation and information about grants.gov, to streamline and expedite County applications for outside grant opportunities. As part of this consolidation, OGM will conduct annual audits to ensure that all departments are applying for federal grants under the MCG umbrella account.

- ✪ Streamline competitive grant agreements, development, approvals, and implementation regulations, policies, guidelines, workflows, and support resources to make grant procedures more accessible to departments.

- ✪ Continue to leverage data and feedback collected through the FY23 Nonprofit Community Grants and Grants Management Reform Survey to inform the development of grant agreements and competitive programs while continuing to engage with a broad range of nonprofit stakeholders.

- ✪ Establish an OGM Liaison in all departments and offices who can evaluate and potentially apply for related outside grant opportunities identified by OGM.

Health and Human Services

- ✪ Provide funding of $6,150,000 to continue the Food Staples Program, as needed, in FY24.

- ✪ Add $3,023,211 in overflow sheltering in hotels, housing an average of 138 people every night.

- ✪ Provide one-time funding of $4,781,300 for COVID testing, vaccination administration, and outbreak management and $1,001,675 for COVID sheltering in hotels for isolation of COVID positive or exposed people who are experiencing homelessness.

- ✪ Increase support for the minority health programs that provide effective, culturally and linguistically appropriate services to improve health outcomes and alleviate health disparities. Recommended increases are $800,000 for the African American Health Program, $952,545 for the Latino Health Initiative, and $775,000 for the Asian American Health Initiative.

- Provide $570,575 in funding to expand the State's Autism Waiver Program in the County and to meet increased demands for the program.

- Add $595,069 in funding for a Linkages to Learning and School Based Health Center at Southlake Elementary School.

- As a result of increasing rental prices throughout the County, $1,700,000 has been added to the Housing Initiative Program and $300,000 has been added to the Permanent Supportive Housing Program to avoid a reduction in service.

- Continue services previously funded by Federal funds, including $3,000,000 for the Service Consolidation Hubs, $1,719,438 in Eviction Prevention, and $711,891 for a Mobile Health Clinic.

- Commit $2,000,000 to enhance the Montgomery Cares clinic reimbursement rate. This enhancement is expected to cover a greater share of the cost of care than in recent years. Upon Council approval of this enhanced funding amount, DHHS will analyze post-pandemic encounter projections to identify a sustainable per-encounter reimbursement rate within fiscal constraints.

Housing and Community Affairs

- Provide $89.6 million for affordable housing, including $57.6 million in the Montgomery Housing Initiative (MHI) Fund and $32 million in the Affordable Housing Acquisition and Preservation CIP project. This dedicated funding provides for the renovation of distressed housing, the acquisition and preservation of affordable housing units, creation of housing units for special needs residents, homeowner downpayment assistance, services to the "Building Neighborhoods to Call Home", "Design for Life", and "Housing First" programs, and the creation of mixed-income housing.

- Add four positions in various programs to enhance DHCA's operations and service delivery related to rental licensing, housing code enforcement, and landlord-tenant mediation to support increasing demand and provide more effective services.

- Allocate $30.2 million from loan repayments to the Preservation of Naturally Occurring Affordable Housing Fund to continue housing preservation efforts in areas at risk of rent escalation to higher market rents, including the Purple Line Corridor and other County transit corridors.

- Continue to actively underwrite affordable housing loans to preserve and produce affordable housing. Three developments for multi-family projects have already been identified for potential funding in FY24. These developments would preserve or produce a total of 590 units, including 412 affordable units.

- Collaborate with the Department of Health and Human Services (HHS), and the Housing Opportunities Commission (HOC) to provide rental assistance programs to the County's most vulnerable residents. Funding supports lower-income residents by offsetting rent increases and preserving affordable rents.

- Continue funding the "Design for Life" Program to provide for accessibility upgrades in single-family residences.

- Provide additional resources to offset discontinued Federal funds for tenants to access legal assistance, counseling, and education services.

- Provide funding to develop a "Faith-Based Housing Development Initiative" pilot project by working with mission-aligned houses of worship to increase the supply of affordable housing for low- and moderate-income households and advance racial equity in the County.

- Continue funding support in the Homeowner Assistance Program for downpayment assistance to first-time homebuyers, including full-time career employees of Montgomery County and Montgomery County Public Schools, to help make homebuying more affordable in the County.

- Continue to apply for and receive Federal grants, including the Community Development Block Grant (CDBG), the HOME Investment Partnership Grant, and the Emergency Solutions Grant, which provide funding for affordable housing, housing rehabilitation, commercial revitalization, focused neighborhood assistance, public services, and preventing homelessness.

Human Resources

- Complete implementation of the new Applicant Tracking System, which includes a cross departmental collaboration to improve the recruitment process and end user experience while addressing the need to reduce the time to hire and enhance the qualified candidate pool.

- Develop management training for career pathways based upon shared competencies by defining levels of behaviors so employees understand what success looks like in each competency and ways to improve.

- Develop a Management Leadership Service (MLS) training institute geared towards providing new MLS managers with resources needed to excel at their positions and manage staff appropriately.

- OHR will fund job advertisements and promotional activities; use the technical assistance, connections, and resources of consultants to augment the Department's innovations and strategic visioning activities; and connect recruitment sourcing platforms such as LinkedIn, Indeed, and Workday.

- Create a recognition framework for the County, and support and promote development of broad employee recognition programs in County departments. Staff will provide lead services, guidance, and consultation to County departments and agencies, and handle funding disbursements for awards.

- Continue work to centralize transactional functions for position and assignment changes in Oracle by expanding the current pilot and release department resources from processing transactions and minimize errors that occur at the department level, which delays the timing for final approval.

- Support for ongoing job creations and individual positions studies, secure the services of a contractor to review the County's classification and compensation structure, and to devise a plan to update the classifications to meet the County's workforce needs and in response to the Merit System Protection Board audit recommendations.

Human Rights

- Hosting the Annual Human Rights Agencies Training Conference in August 2023, in partnership with the International Association of Official Human Rights Agencies (IAOHRA).

- Continue implementation and outreach efforts of Ban-the-Box laws that prohibits employers and housing providers from asking applicants about criminal history on job or housing applications.

- Planning and coordination for the County's Juneteenth Celebration, the observance of November as the month of Remembrance and Reconciliation, and other activities focused on mitigating the incidents of hate violence in the County.

Inspector General

- Continue to expand investigation capacity to allow the OIG to manage the requests for review of Montgomery County Public Schools in accordance with State legislation (Chapter 329 of 2020). Per Bill 11-19, the OIG will also leverage the new auditor positions added in FY23 to implement a systematic risk-based rotating group-by-group review of the internal accounting and contracting processes and controls used by each Department and principal office in the Executive Branch, as well as audit high-risk County contracts and agreements. Auditing the County's accounting and contracting processes on a recurring basis ensures that accounting/contracting programs are running effectively and efficiently.

Management and Budget

- During development of the FY24 County Executive's Recommended Budget, the Office of Management and Budget planned and executed eight operating budget forums to provide residents an opportunity to have their voices heard. Two of the budget forums were conducted in a language other than English (Spanish and Chinese).

- Along with the Office of Racial Equity and Social Justice (ORESJ), implemented the Operating Budget Equity Tool. The FY24 Operating Budget is the first one that fully integrates the use of this tool by departments, ORESJ, and OMB.

- Worked with the Department of Finance and departments managing capital projects to improve management of capital project advances involving non-County funding.

- ✪ Performed a survey of Executive Branch departments and offices to compile a comprehensive record of every resident and customer touchpoint, including incoming communication through digital platforms, paper documents and mail, calls, and walk-ins, as well as outgoing communication. This inventory will inform the work of the Customer Service Initiative in implementing organization-wide customer service standards.

Parking District Services

- ✪ Convert garages in Silver Spring to modern Master Meter systems that can use Pay-by-Cell apps and Pay-by-Plate options. This includes conversion of Garage 4, 5/55, and 60/61.
- ✪ Introduce new vehicle occupancy and counting systems in various high-demand parking garages in Bethesda and Silver Spring and upgrade outdated vehicle counting systems.
- ✪ Install new LED light fixtures in additional parking garages to improve lighting and energy efficiency.
- ✪ Implement garage automation systems to effectively monitor electrical and mechanical systems to enhance service delivery.
- ✪ Upgrade and consolidate control and monitoring systems for electrical, elevators, communications, and ventilation systems for improved public safety and access.
- ✪ Upgrade air quality in Garage 31 to support public safety and improve garage ventilation.
- ✪ Explore opportunities to install solar photovoltaic systems on garage rooftops within the PLDs that can provide discounted electricity to lower and moderate income (LMI) communities in the County as well as county owned facilities.
- ✪ Expand the EV Charging Station program (including Pepco supported stations) in existing and additional facilities.
- ✪ Pilot a hybrid curb management solution with single-space meters and Pay-by-Cell only zones.

Permitting Services

- ✪ Completed the Executive Regulations for the adoption of Fire and Life Safety codes.
- ✪ Working on the adoption of the 2021 International Residential Building, Mechanical, and Fuel Gas codes.
- ✪ DPS is exploring a new software product that will enable users to upload legal documents that are recorded in the Land Records. This will reduce time for approval and recordation and give the County better oversight and control of the documents.
- ✪ DPS is currently changing the method in which Use and Occupancy certificates are provided to customers. The Department will allow anyone with an online account and the application number to access the certificate and print it themselves. This will save staff time and provide improved customer service.
- ✪ In FY24, DPS will seek an independent financial advisor to conduct a comprehensive rate study to determine appropriate rate levels and fund balance target range. The advisor will have proven experience in establishing fee structures and a background in building and land development services in connection with licensing and permitting of development, construction, and related activities.

Police

- ✪ Launch a Drone as a First Responder Pilot program, which is an end-to-end public safety drone program, to increase the effectiveness of police response and to reduce incidences of unnecessary use of force through improved surveillance and information on calls. Information on whether a suspect is armed can inform and improve officer decision-making.

- Reinvest one-time personnel savings back into the Police Department to replace critical equipment that has become outdated, inoperable, and difficult to maintain including radios, rifles, night vision goggles, in-car printers, and motorcycles.
- Add four school crossing guards to enhance student and pedestrian safety.
- Implement recommendations made by the Effective Law Enforcement for All (ELE4A) Final Report to include adding six Public Safety Instructors at the Police Safety Training Academy to improve officer firearms training, a Program Manager II dedicated to health and wellness, and a civilian Curriculum Developer.
- Add funds for security camera rebates in support of Bill 14-22, Private Security Camera Incentive Program to enhance crime prevention and offender identification.
- Implement a Police Survey Platform, primarily focusing on Communications Center callers, to comply with Bill 45-20, Community Policing - Data, while promoting equity and inclusion.

Public Libraries

- FY24 funding provided to reduce Montgomery County Public Libraries' (MCPLs') lapse from 5.9% to 3.3% to allow MCPL to fill more positions and enable the Department to provide better customer service to residents.
- Add $100,000 in FY24 funding to purchase World Language collections, beginning with Spanish and Chinese, evenly split.
- The Early Care and Education Non-Departmental Account will provide $75,000 in FY24 funding to expand Montgomery County Public Libraries' early childhood literacy programs and outreach for children from 0 to 5.
- In partnership with the Department of General Services, completing a FY23 to FY26 MCPL Facilities Master Plan that sets priorities, goals, and objectives in keeping with MCPL's Community Centered Vision for the "Increasing Equity in Access and Opportunity" Strategic Plan. In addition, the Master Plan will enable the Department to apply for future Library State Aid as they rethink and reimagine their interior spaces to meet the needs of residents.
- Developing partnerships with Montgomery County Animal Services and Adoption Services, Manna Food Center, and Montgomery Parks Foundation in support of the "All Together Now" Summer Reading Challenge 2023.
- Pilot programs for young children, including a Hatchlings Program for expectant parents/parents of newborns and a LaunchPad tablet collection to encourage early digital literacy and Kindergarten readiness.
- Partner with NBA team Washington Wizards to launch Winter Reading Challenge program for PreKindergarten to High School students.

Racial Equity and Social Justice

- Create a data analyst position to help implement the Racial Equity and Social Justice (RESJ) Act requirement to produce a Racial Equity dashboard, establish metrics, and work with departments and the community to determine which metrics should be measured. The data analyst will work with the director as well as internal departments, to determine what data should be disaggregated and reported to the County and the Office of Racial Equity and Social Justice (ORESJ).

Recreation

- Increase Excel Beyond the Bell Elementary (EEBE) services and expand existing out of school time programming with the addition of two new sites: Harriet Tubman and Watkins Mills Elementary School.
- Expansion of TeenWorks youth development program, which provides job readiness training and skill building workshops.
- Launch an electronic health management platform to modernize health record submissions for activities and programs.

Recycling and Resource Management

- Add new positions to accelerate the County's waste reduction efforts, including new reuse initiatives, adding to the kinds of materials that can be recycled, and increasing recycling at multi-family properties.

- Expand the residential curbside food scraps collection pilot project with additional homes in the Potomac and Montgomery Village areas, and expand the residential backyard and commercial food scraps recycling programs by adding more partners. Continue to increase edible food donations and channel edible food to residents with needs via a food recovery organization.

- Finalize the Save as You Throw program feasibility study for a Unit-based pricing for County-Provided Residential Solid Waste Collection Services, and analyze a unit-based pricing structure for a Save-as-You-Throw pilot program (charge customers based on the amount of waste they generate) for single-family homes in subdistricts A and B).

- Develop and issue a Request for Proposal (RFP) for the Development of a Plan for Organics Management, including siting, technology, and capacity planning.

Sheriff

- Add funds to support one-time equipment costs including a Live Scan Finger Print system, envelope folding machine, mobile phone equipment replacement, and replacement of outdated computer equipment.

- Expand Wi-Fi coverage in the Circuit Court terrace level to support improved work productivity.

- Implement a new paperless Intake and Record-keeping system for the Family Justice Center.

Technology and Enterprise Business Solutions

- Continue to implement an enterprise driven IT governance model that is focused on responsiveness, collaboration, and innovation by centralizing the adoption of a more agile approach to technology initiatives, expanding the use of low to no-code technologies, and developing and staffing an enterprise IT project development governance model that emphasizes a solid business strategy.

- Replace and modernize the Montgomery County Government external facing website, resulting in an improved web experience evolving to meet internal and external user needs.

- Continue to modernize the technology and centralize the information across Montgomery County Government, resulting in improved efficiencies, and a unified infrastructure to drive data driven decision making. This modernization is the foundation to continuously improve the overall experience for stakeholders and citizens.

- Examine and envision how an investment in Artificial Intelligence (AI) can bring efficiency in decision making and problem solving, enhanced security, and foster effective decision making across the enterprise, by funding AI solutions that boost customer service, resident expectations, and their experiences with government services.

Transit Services

- Conduct a comprehensive study, Ride On Reimagined, to guide the future direction of the County's transit system through data analysis and community engagement. Work has been completed toward establishing goals, outcomes, and measures with a focus on three priority areas: Safety and Vision Zero; Environment and Climate Resiliency; and Economic Development and Equitable Access. Outreach events are occurring throughout the study's development. Beginning in 2023, Phase 2 of the project will focus on service concepts. County residents, transit passengers, advocacy groups, and other stakeholders will participate in the development of policy recommendations and implementation strategies by 2024.

- Complete a zero-emission bus fleet transition study by summer 2023 to develop concrete strategies to reach zero-emissions by 2035. The study supports greenhouse gas reduction goals outlined in the County's Climate Action Plan and includes an evaluation of existing and future facilities and their relationship to the technology transition; the impact of the transition on the current workforce; and the availability of current and future resources to meet the costs for transition and implementation. The study will also develop a program of requirements for a new zero-emission bus operations and maintenance facility.

- Transition to zero emission buses on the Bethesda Circulator service. Three gas-powered buses currently providing this service will be replaced by electric buses in coordination with the Bethesda Urban Partnership.

- Maintain a reduction in every Call-n-Ride participant's monthly co-payment by $5.25 through financial support from the Transportation Services Improvement Fund. This co-pay subsidy has been supported in the past four years by a grant from the Metropolitan Washington Council of Governments which is expiring in February 2024. New funding for this benefit will continue to provide affordable transportation for the lowest income residents.

Transportation

- Plant 1,200 street trees along roads and sidewalks that are adjacent to private residences and other locations to increase canopy coverage. The Chesapeake Bay Trust (CBT) Urban Trees Grant Program awarded the Department of Transportation (MCDOT) a grant for $362,740 to increase tree canopy in urban and underserved areas of the County. An initial amount of $148,233 was received in FY23 and a second installment for $148,233 will be received in FY24.

- Increase the number of condition inspections of short span highway bridge/culvert and pedestrian structures in Montgomery County. The condition inspection provides information on the current condition of the bridge structures and is fundamental in establishing the structural integrity and serviceability of a bridge. Deterioration of components or the adequacy of the structure, including the approaches and traffic safety features, can only be determined by a thorough condition inspection. The inspection program of short span structures enables the Department to be proactive in repairing or replacing smaller structures before they result in more costly repairs and public safety issues.

- Install a public safety fence atop the Wayne Avenue Garage in Silver Spring to restrict access to rooftops of nearby businesses.

Urban Districts

- The Bethesda Urban District is the first area in Montgomery County to provide street level recycling education signs. Bethesda Green designed the signs in collaboration with the Bethesda Urban Partnership (BUP) and the Montgomery County Department of Environmental Protection. Four signs will be installed at recycling bins in high traffic areas.

- The Bethesda Urban District, at the request of constituents, re-introduced a Veterans Day celebration at Veterans Park in partnership with the Daughters of the American Revolution and the Bethesda Urban Partnership.

- Funding is provided in FY24 for the Bethesda Urban District to replace all three gas powered Circulator buses with electric buses, marking an important step towards meeting the County's goal of reducing emissions by 80 percent by 2027. The Circulator is a free bus route providing quick and easy transportation to 20 stops in downtown Bethesda.

- The Silver Spring Urban District worked closely with contractors to enhance tree beds southbound on Georgia Ave using feature beds for each block. Working with local ecologists and contractors, the District has developed a Spring 2023 planting that further enhances these planting areas using native plants that should improve the local ecosystem for native wildlife and insects. The effort is also intended to aid in the management and reduction of pest and invasive species.

- The Silver Spring Urban District will implement a new Youth in Public Spaces pilot program with the Collaboration Council to find safe ways for young people to have fun in the community.

- Funding is provided for the Silver Spring Urban District to reduce sidewalk tripping hazards in FY24. This will dramatically shrink the backlog of sidewalk repair orders.

- The Silver Spring Urban District transformed Ellsworth Place into a community gathering spot that featured Silver Spring's breweries. The initiative created a welcoming environment for families, local businesses, and visitors to mix and mingle while enjoying and bolstering the flagship live concert on Veterans Plaza.

- The Silver Spring Urban District reinitiated its Safe Escort program as a service to the community. This service, and several specialized trainings for District staff on de-escalation, affords the Safe Team of the Urban District the opportunity to serve as a vital resource and to assuage local concerns around safety and crime.

- The Wheaton Urban District worked to repair 250 square feet of curb and gutter, 2,400 square feet of sidewalk, and made repairs to the Marian Fryer Stage. Sidewalk improvements will continue into 2023 to promote greater pedestrian accessibility within the Wheaton Urban District.

- The Wheaton Urban District hosted eleven (11) events to promote local businesses through art and entertainment. FY2023 Summer Concerts Series will also feature the specially curated concerts by Chuck Levin in honor of the music store's 65th anniversary.

- Funds are provided for the Wheaton Urban District to install new wayfinding signs around Wheaton to make it easier for pedestrians to navigate the area.

- Funds are provided for all three Urban Districts to install new self-enclosed rodent-proof trash cans and more recycling containers to limit rodents in the urban core and improve recycling rates.

Productivity Improvements

Agriculture

- Created a monthly inter-agency coordination meeting between OAG, Department of Permitting Services (DPS), and M-NCPPC representatives to review all pending requests surrounding agricultural buildings, agritourism venues, and farm alcohol production businesses, agricultural zoning compliance, and all things agriculture to make sure all agencies are sharing information and come to a consensus on the direction forward.

Alcohol Beverage Services

- Expanded business education through virtual trainings.

- Initiated business outreach to assist with restaurant recovery.

- ABS partnered with multiple brands to introduce and support minority- and female-owned products.

- As supply chain disruptions and product shortages plagued the alcohol industry, ABS introduced a "similar products" feature on iStore to help licensed retailers find suitable alternatives, which resulted in many customers discovering new favorites.

- ABS trained license holders and their employees in the safe sale and service of alcohol through its Alcohol Law Education Regulatory Training program.

- ABS helped local businesses get a foothold in the market through its 26 retail stores. By dramatically increasing the locally produced beer, wine, and spirits in its inventory, ABS helped small businesses thrive during a difficult time.

- Residents and license holders gained equitable and transparent access to highly allocated products (HAL) through the Department's updated HAL program.

Animal Services

- Continue to reduce barriers to adoption and create additional pathways for under-served areas in the County, reducing an animals' length of stay at the shelter facility. This includes adoption events throughout the year that dramatically increase the number of animals adopted.

- Restart the Volunteer and Staff Alliance Council (VaSAC) and Quarterly Volunteer forums to enhance the volunteer experience and increase participation within the Department.

- Implement tools for identifying barriers and bottlenecks that increase animal length of stay in the shelter. Efforts include finding foster opportunities for animals subject to enforcement activities and for those housed at the shelter under the "Safekeep" program.

- Implement new processes for pet licensing compliance and enforcement that improved both the sale of new and renewal of pet licenses by current pet owners.

Board of Elections

- Reconfigured facility to accommodate expanded vote by mail along with a return to traditional polling places on Election Day.

- Expanded use of Short Message Service (SMS) texting application to allow voters to register to vote, find their nearest early voting center or drop box, or sign up to be an Election Judge.

- Continued to invest in ballot sorting and imaging technology to improve the efficiency of vote-by-mail ballot handling and results reporting.

- Identified need to upgrade legacy technology to modernize the methods of communicating with Election Judges and make it easier for voters to sign up and serve during early voting and on Election Day.

- Streamed live video of election procedures to bolster public confidence.

Cable Television Communications Plan

- Winner of three Alliance for Community Media awards for Black History, African Heritage, and Public Meeting programming, recognizing County Cable Montgomery's achievements to highlight the rich cultural heritage and diversity of Montgomery County.

- Implemented process efficiencies in equipment provisioning to simplify MoCoNet high speed broadband installations for consumers. As a result, staff productivity improved by 50 percent and enhanced digital equity access for seniors, immigrants, and low-income families was delivered.

- Offering livestream support to departments for hybrid and online public meetings to improve production quality, expand interactive capabilities for public participation, and simultaneously live stream to up to eight social media platforms.

- Built community partnerships and leveraged open-source tools to target distribution of 50,000 free laptop computers to low-income residents.

Community Engagement Cluster

- The Commission for Women provided over 30 seminars to several hundred residents in 2022. The focus of the seminars is to enrich the lives of women and families by informing, educating, empowering, and supporting residents of the County.

- The Commission for Women supported and provided leadership to the Montgomery County Human Trafficking Prevention Committee. During 2022, the Committee trained members of the community about human trafficking, including members of the Montgomery County Public School (MCPS) system, faith groups, and non-profit organizations; supported statewide legislation providing additional protections to human trafficking victims; and assisted MCPS with updating their countywide human trafficking prevention curriculum.

- The Commission for Women organized the 42nd Annual Women's Legislative Briefing in January 2022, with over 400 participants online.

- The Office of Community Partnerships increased engagement with multilingual communities through in-language community forums and meetings, including the County's first Operating Budget forum in Chinese and the second budget forum in Spanish with simultaneous interpretation.

- The Translation Unit completed translation requests from 17 County agencies in Amharic, Chinese, French, Korean, Spanish, and Vietnamese.

- The Office of Community Partnerships collaborated with the Department of Health and Human Services and Regional Services Centers to provide targeted, multilingual information and outreach on COVID-19 information and resources (vaccinations, testing, rent-relief), leading to Montgomery County being #1 in vaccination rates in the country for eligible residents in jurisdictions with more than 300,000 residents.

- The Legal Services Coordinator supported the "Bienvenidos: Aqui para Ti" initiative led by the Department of Health and Human Services to coordinate legal education, screenings, consultations, wraparound services, and representation for unaccompanied migrant children, asylum seekers and/or families/sponsors. The weekly partnership established with MCPS' International Admissions and Enrollment Office provided legal resources to immigrant families.

Community Use of Public Facilities

- Enhance and expand outreach efforts and marketing strategies to inform the public about the permitting process by incorporating media campaigns, workshops, CUPF newsletters and website content.

- Continued implementation of the new, fully integrated management software solution in partnership with Recreation and Montgomery Parks. This new platform is designed to increase efficiency and productivity while providing extensive reporting and statistical data and an interactive experience for customers.

Correction and Rehabilitation

- Continue to partner with the Department of Technology and Enterprise Business Solutions to initiate Wi-Fi infrastructure at DOCR facilities to enhance implementation of the new electronic health records system, delivery of programs and services, training opportunities, and work productivity.

County Attorney

- OCA is updating its contracting resources for departments by providing standardized contracting forms as well as developing specialized terms and conditions for certain contract types. Such forms will include contract templates and standardized language for use in both contracts and amendments. OCA is also standardizing bond forms for non-construction contracts in which bonding may be required. This will enable departments to process their contracts and amendments more efficiently and ensure compliance with relevant County law.

- OCA successfully secured copyrights for comic scripts, jingles, and animated characters developed for the County's "Salud y Bienestar" (For Our Health and Wellbeing) media campaign, spearheaded by HHS' Latino Health Initiative to bring COVID and general health awareness and information to the County's Latino communities.

- OCA developed and implemented a new online portal application to manage workflow and tracking progress of Memoranda of Understanding (MOU) legal reviews requested by the client. Previously, OCA handled MOUs through an ad-hoc system of emails and spreadsheets with no central management system. The new system allows OCA to be more efficient and streamlined in providing this service and provides the client with up-to-date information on progress and outcomes.

- OCA has led the County's effort to retain and manage a consultant to perform the required disparity study for the County's Minority, Female and Disabled-Owned Businesses (MFD) program. This effort includes working with the Office of Procurement and other departments in County government to obtain relevant data for all County contracts and to liaise with local businesses to ensure opportunities to obtain County contracts are made available to all County businesses.

- In August 2022, OCA, in collaboration with TEBS and DGS, launched the electronic archiving application. OCA played a key part in the design, development, and testing processes. The new application improves the archiving process and eliminates mundane paper process.

- OCA launched the subpoena review application in August 2022, an online application designed to centralize all routing and responses to subpoenas issued to HHS for summons of records and witness testimony. This application enables OCA to manage, sort, and track all pending subpoenas for appropriate responses.

County Executive

- The Office of Internal Audit worked with departments to ensure that corrective actions required to address recommendations from the Office of The Inspector General, the Office of Legislative Oversight, and Internal Audit reports were implemented in a timely manner, with 90 percent of recommendations being implemented.

- The Office of Internal Audit conducted four internal control reviews and three information technology audits, including risk analyses integral to the County's disaster recovery and business continuity of operations to strengthen the County's Information Technology enterprise environment.

- The Business Advancement Team was rebranded as County's Business Center Team with a redesigned website that helps answer local business questions quickly and a greater focus on proactive outreach and engagement with the County's small businesses.

- The Business Center staff assisted more than 440 businesses by helping them access capital, navigate the County processes for licenses and permits, and connect with the County's resource partners.

- The Business Center provided more than $5.1 million in direct business grants and loans. Several of these business grants, like the Small Business Rental Assistance Program, provided critical funding for businesses still negatively impacted by the pandemic.

- The Business Center staff managed multiple business resource contracts, connecting more than 5,550 County business owners to expert coaching and technical assistance that allows them to sustain and grow their businesses.

- The Accelerator Program returned to in-person interaction with cohorts. Cohort participants from across government drove improvements ranging from improvement of intake for the Department of Housing and Community Affairs to improve the vendor experience for Alcohol Beverage Services stores.

- The Innovation Team co-designed the content of the new Hiring Process Playbook, which guides hiring teams across Montgomery County Government through the hiring process with required steps, best practices, and tools and templates they can adapt and use. As a result, recruiters have reported a decrease in time spent responding to hiring questions, saving recruiters valuable time.

- The Civic Design and Montgomery County Police Department (MCPD) partnership has increased the percentage of women in the Academy class, a reduced application process, and increased personalized applicant engagement throughout the process, which candidates state sets MCPD apart from competitors.

- The Innovation Team developed standards that describe the ideal customer experience. These standards will be used as a benchmark to improve how a customer requests and receives county services.

- The Civic Design team worked with teams across Health and Human Services (HHS) to understand the experience and needs of clients who contact HHS by phone, and the needs and experiences of the staff who serve them. Through this process, the Crisis Center and the Office of Eligibility and Support Services (OESS) Customer Service and Assistance Center identified urgent needs for updated phone technology to serve their clients. The Civic Design team worked with frontline staff in both offices to map the client journey and understand system requirements from the client and staff perspective before engaging with the vendor. The journey maps were used by the vendor to understand the needs of each team and kept the client perspective centered in the development of a new technology system, which will be tested with staff and clients before roll-out.

Emergency Management and Homeland Security

- Coordination of $800,000 in Non-Profit Security grants for non-profit and faith-based organizations to augment costs for security personnel or other security planning measures for nonprofit organizations located in Montgomery County.

- The Office of Emergency Management and Homeland Security developed a private school resource website in coordination with Montgomery County Police Department (MCPD).

- Coordinated with the Department of Environmental Protection (DEP) and the U.S. Department of Homeland Security the receipt and installation of flood sensors at dams throughout the County.

- Conducted first unmanned aerial system damage assessment. National Weather Service used the footage to classify an F-0 tornado.

- Completed the Spring 2022 and Fall 2022 updates to the Extreme Temperature Plan and provided extreme heat safety information via TV media interviews.

Environmental Protection

- Coordinate the efforts of Tree Montgomery Program and the Stormwater Best Management Practice (BMP) Inspection and Maintenance Program to identify BMPs on public and private properties where trees can be planted, enhancing the stormwater treatment function and habitat.

- Partner with the Federal Department of Homeland Security, Department of Transportation, and the Office of Emergency Management and Homeland Security to install flood sensors that will detect rising flood water levels during storm events and send early flood warnings to officials based on real-time monitoring

- Transition Municipal Separate Storm Sewer System (MS4) geodata to the Maryland Department of the Environment-required MS4 geodatabase, which ensures that the County is compliant with the data submitted for the MS4 permit.

Ethics Commission

- To ensure new employees are aware of ethics requirements, the Commission implemented a system requiring new County employees to sign and submit an acknowledgement form regarding ethics obligations, in collaboration with the Office of Human Resources. In addition, the Department of Technology Enterprise Business Solutions (TEBS) built a system to enroll new County employees in a mandatory one-hour online ethics training program, conducted monthly by Commission staff.

- In coordination with the Boards, Committees and Commissions (BCC) office in the County Executive's office, a new mandatory training module was created for all BCC members. Commission staff engaged TEBS staff to build a framework for BCC members to take the training, with certificates of completion issued for compliance purposes.

- Implemented new program requirements, including making changes to the financial disclosure system's reporting requirements, as a result of ethics law changes in Bill 17-22.

Finance

- Updated the Robotic Process Automation platform for greater integration capability with the County's existing information technology investments.

- Revised eligibility requirements for the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Matching Grant Programs. The programs now includes financial incentives to assist Research and Development (R&D)-oriented small businesses that are preparing to apply for their first SBIR or STTR Phase I award.

- Authorized and distributed 131 matching fund contributions in the amount of $3,693,456 to 20 certified candidates during the 2022 Election Cycle by the Public Election Fund.

Fire and Rescue Service

- A Fire Chief's General Order was issued and ordered that low-priority fire incident call types be dispatched as routine responses. This order alters the common practice of responding in "emergency" with lights and sirens, to responding with no lights and sirens to these less serious fire alarms, minor hazards, and service calls, thereby reducing the risk of injury to our personnel and the general public.

- The Emergency Medical and Integrated Healthcare Services (EMIHS) expanded the Leave-Behind Narcan program to minimize opioid overdose deaths. Pre-assembled Narcan kits were placed on every frontline apparatus, department vehicle, and are kept at every station. Along with Narcan, these kits include additional information on County resources for those suffering from addiction.

- The Safety and Logistics Sections were merged to create the MCFRS Safety & Supply Section to bring enhanced efficiency to the department.

- The Division of Support Services completed a multi-year project that placed five new Pierce Enforcer 107' tractor-drawn aerials and three rescue squads in service.

- The Technology Services Section transitioned chief officers away from a desktop environment to a combined mobile data environment, allowing for enhanced portability and functionality, as well as creating cost savings through consolidation into a single machine.

- The Self-Contained Breathing Apparatus (SCBA) shop completed a 2-year project to perform hydrostatic testing on all MCFRS cylinders. The shop simultaneously completed more than 8,000 work orders that included SCBA repairs, maintaining meters, docking stations, and breathing air compressors.

- In 2022, Montgomery County retained its current Public Protection Classification Review rating of two for Urban (hydranted areas) and four for rural (non-hydranted areas) Public Protection Classification Review by the Insurance Services Office (ISO). ISO analyzes data and information pertaining to fire protection efforts using their Fire Suppression Rating Schedule, which classifies jurisdictions with a rating between one and ten.

Fleet Management Services

- In conjunction with the Office of Energy and Sustainability, completed the construction of the solar microgrid at the Brookville bus depot in Silver Spring with a ribbon cutting in October 2022. The facility will support electric buses to be acquired and put into service at this depot.

- Worked in partnership with Montgomery County Department of Transportation to successfully apply for an FTA Low or No Emissions Bus Grant to build a green hydrogen fuel station to support fuel cell electric buses at the Gaithersburg depot. Hydrogen fuel cell buses can provide service on routes that exceed the range capacity of battery electric buses.

- Developed an apprentice program in response to hiring challenges and the need to develop a workforce capable of supporting zero-emission technologies. After completing a 2-year training program, new technicians will be capable of performing skilled maintenance work on the County's fleet of transit buses and heavy equipment. DFMS is also working with Montgomery College and the State of Maryland to develop a hiring pipeline and enhance the apprentice training experience.

- Provided a Ford Mach-E electric vehicle for Montgomery County Police Department as a pilot to explore the suitability of electric vehicles for police patrol use. Wide-scale availability of zero-emissions patrol vehicles is expected by 2025.

- Trained staff on the maintenance and repair of electric propulsion and high-voltage systems, including training for first responders in coordination with Montgomery County Fire and Rescue Service to ensure safe responses to fires and other potential emergencies involving electric buses.

General Services

- Installed sustainability related lighting and lighting controls upgrades and additional Building Automation System upgrades throughout County facilities.

- Developed the Scotland Neighborhood Recreation Center into a Resiliency Hub where residents can take refuge from the heat of summer or the cold of winter when their residences lose power. Moreover, residents will be able to refrigerate critical medicines, charge electronic devices, and safely gather with neighbors. The Scotland Resiliency Hub is the first of several that DGS plans to develop in Low-to-Moderate Income communities.

- Implemented a Monitoring Based Commissioning Program across Rockville Co buildings (Executive Office Building, Judicial Center, and Judicial Center). This initial three-building pilot has established best practices that will expand the program across the County's largest energy-consuming buildings.

- Initiated work needed to repair and stabilize the historic Lincoln Park High School in Rockville. Work includes a complete interior teardown, replacing of rotted floor and ceiling joists, as well as rotted interior walls. Removing antiquated electrical and plumbing systems, and the removal of hazardous materials.

- Improved sustainability and resiliency through power redundancy systems at the County's Clarksburg correctional facility and installed combined heat/power systems at several locations, including power redundancy improvements at Strathmore.

- Building on the County Executive's commitment to expand affordable housing in the county, solicited proposals to construct affordable housing at 18 County-owned properties, to include for-sale and rental housing. Proposals have been received and awards will take place in FY24.

- Continuing the affordable housing initiative, AHC Inc. and Habitat for Humanity were selected as partners to redevelop the former Department of Recreation headquarters (the former Bushey Drive Elementary School). The partners will redevelop the site into rental apartments, for-sale condominiums, and single-family homes affordable to very low and low households earning between 30% and 70% of the area medium income.

Grants Management

- Develop a "Grants Ready" training curriculum and other support resources to help departments and their applicable staff more quickly and effectively respond to outside grant opportunities and successfully manage awards received.

- Consolidate all County competitive grants programs into OGM's online grants application platform to streamline application efficiency, give applicants a single reference point for all County grant opportunities, and ensure compliance with all County grants related legislation and policies.

- Establish and advertise weekly "office hours" to departments considering, pursuing, or currently managing outside grants. Departments will be able to book a 15-minute consultation/clarification as problems and questions arise either about a specific grant application, becoming "Grant Ready," or as an introduction to an issue that requires a longer meeting. As planned, office hours will be coordinated via staff's email signature and the intranet.

Health and Human Services

- The Services to End and Prevent Homelessness (SEPH) Service Area utiliized an online application system for its COVID Rental Relief and emergency Rental Assistance Program (CRR/eRAP). Subsequent to retiring the existing UNQORK application, which was being used for the Rental Assistance Program, the Department of Health and Human Services (DHHS) adopted the Prince Georges County application, modified it to suit Montgomery County's business flow, and integrated it into existing DHHS and County Information Technology (IT) systems. Supplemental processes were also developed to facilitate:

    - Funds being provided to WSSC Water for the delinquent accounts of County residents based on information provided from WSSC; and
    - Batch e-mail notification of County residents about the status of their applications, and/or the need to complete and submit their applications before the deadline expires.

- In response to stakeholder requests, DHHS' IT team entered into a contract to provide electronic Fax (eFax) services. Now that Technology and Enterprise Business Solutions (TEBS) has completed the transition of County phone service to Verizon, DHHS is planning the next step of implementing the service throughout the Department.

- DHHS' Behavioral Health Crisis Center's antiquated phone system was negatively impacting its ability to handle community calls. DHHS' IT is working closely with TEBS and the County Executive's Office to transition the Crisis Center and other DHHS Call Centers to the new Avaya Cloud Hosted phone system.

- QLESS is a lobby management system that was implemented in DHHS' heavily trafficked locations in 2017. The initial implementation focused on only serving some programs at some locations. Based on the success of this system in helping programs manage their lobbies, the Department has been expanding to additional locations and programs with the Takoma-East Silver Spring (TESS) Community Action Center being DHHS' recent implementation in FY23. The Department also implemented the virtual queuing feature of the system to expand the way the Department triages clients since the COVID pandemic where customers are no longer physically entering DHHS' space but still need the Department's services. The Department is looking to expand to other locations in FY24 as learning from product implementation has revolutionized how it serves customers, including: tracking service request volumes; helping supervisors manage resources to meet demand; enabling individuals to view their place in a queue for services;

and working with MC311 to queue individuals requesting Office of Eligibility and Support Services (OESS) assistance.

- The DHHS Community Connect Application works to improve the client experience and increase Case Worker efficiency. The Community Connect Application reduces the number of clients that need to physically enter DHHS offices by moving many client transactions to a digital portal. The Community Connect Application allows a client to access the portal 24/7; electronically update their records; track the status of their applications; and easily apply and screen for DHHS services they may be eligible for. With the Community Connect Application, Case Workers can upload documents directly from a client's application to the case management portal. Case Workers will be able to spend less time gathering application data through back-and-forth communication and manually entering information into the application. In the second phase of this project, DHHS is implementing additional features that will allow residents to apply for major County programs, including Working Parents Assistance, County Health Programs such as Montgomery Cares, Care for Kids, Senior Dental, and the Rental Assistance Program. Phase II will also provide Bilingual Spanish access, visible status updates to customers on their application processing, and virtual assistance while the customer is using the portal.

Housing and Community Affairs

- DHCA's Moderately Priced Housing Unit (MPDU) program is the first mandatory inclusionary zoning law program in the United States. As of FY22, there are approximately 4,000 units under control in the MPDU program, split between rental and individually owned homeownership MPDUs. During FY22, the MPDU program oversaw the construction of 249 new MPDUs built and offered either for sale (122 units) or for rent (127 units) in Montgomery County.

- DHCA's Multifamily Housing Development Team successfully closed eight residential real estate transactions in FY22. Montgomery County provided more than $22 million towards these developments. Across Montgomery County, these real estate projects preserved, rehabilitated and/or produced 516 units of affordable rental housing, at an average cost of $42,800 per unit.

- The Code Enforcement team completes an average of 28,000 site visits and 10,000 service requests annually. Due to departmental COVID-19 protocols and other complications associated with the pandemic, site visits and service requests declined in FY21. During FY22, when nearly all COVID-19 protocols were lifted, the Division returned to its pre-pandemic productivity where 28,185 site visits and 10,221 service requests were completed.

- Historically, DHCA has maintained a contract with the City of Takoma Park to inspect the City's residential rental facilities and units. This agreement, which began in 2003, was put in place to ensure the protection of the health, welfare and safety of persons residing in over six hundred rental facilities and 3,700 rental units within the City of Takoma Park. A new contract was ratified in early FY23.

- The Focused Neighborhood Assistance (FNA) program provides financial and technical assistance to select neighborhoods to improve the quality of life, safety and welfare of their residents. Construction is currently underway for the Grover's Forge, Center Stage, Walker's Choice and The Hamptons neighborhoods of Montgomery Village. Construction activities are also underway for the Montclair Manor community of Silver Spring and the Wedgewood drainage and site improvement project. All of these communities will benefit from site improvements and new lighting throughout their neighborhoods.

Human Resources

- Streamlined the eTelework appeals process and reduced Telework appeals with the cooperation of managers, employees, and the unions.

- Updating of Assignment Transaction User Productivity Kits to increase HR Liaison accuracy and productivity that will flow through and increase productivity for Records Management.

- Transitioning Leave Without Pay cases and documentation from paper to electronic format.

- Created procedure to improve process for the collection of unpaid premiums from leave balances as employees leave County service.

- Implemented the Department of Transportation Transit Bus Operators and Coordinators Salary Step form and process to ensure newly hired Bus Operators are hired at the correct step and properly progress through their steps to ensure proper pay equity.

- Develop candidate leads and connections, coordinating with the Office's Senior Leadership and Community Outreach Manager to build candidate networks and actively develop, participate in, and host community events and outreach activities; and work non-traditional hours to be accessible to candidates and relevant organizations in support of the County's recruitment goals.

Human Rights

- Planned and coordinated the first two-day Juneteenth event as the County celebrated its first official holiday observance with an estimated 4,000 people in attendance.

- Coordinated with the Remembrance and Reconciliation Commission the observance of November as the month of Remembrance and Reconciliation in the County. Activities focus on the recognition of three men lynched in Montgomery County in the late 1800s: George Peck, John Diggs Dorsey, and Sidney Randolph.

- In accordance with the Community Reinvestment Act (CRA) created a minority business training and development program in conjunction with the Human Rights Commission and a private bank. The ten-week intensive program has had 70 small businesses successfully complete the program.

- Held the second in a three-part series in partnership with the US Equal Employment Opportunity Commission, "A Virtual Employer Summit", focused on age discrimination and the multigenerational workplace, including corporate, academic, and federal enforcement officials as presenters.

Inspector General

- Continued development of a mechanism to track savings and improvements identified through OIG audits, investigations, and referrals. Instituted a follow-up system for management to report on actual savings and improvements.

- Implemented outreach programs to help educate County employees on how they can help the OIG to fight fraud, waste and abuse, and improve the effectiveness and efficiency of the programs and operations of the County government and independent County agencies.

- Created a user-friendly online complaint submission form in English and Spanish to increase accessibility to the OIG for County employees and residents.

- Implemented a case management system, automated complaint processing, audit program management, and investigatory engagements.

- Implemented an internship program for both college students and people with disabilities to increase the impact of the OIG in the workplace. In partnership with the University of Maryland Shady Grove, the OIG hosted a student intern for 10 weeks in the summer of 2022. In the fall of 2022, the OIG began hosting an adult with disabilities as part of the County's Project Search program for another 10 weeks. Both interns contributed to the work of the office to a significant degree.

Labor Relations

- Negotiated new Collective Bargaining Agreements (CBA) with International Association of Fire Fighters, Fraternal Order of Police, and Municipal and County Government Employees Organization labor unions.

- Negotiated a new Direct Bargaining Agreement (DBA) with Montgomery County Volunteer Fire-Rescue Association.

- Created interim Administrative Procedure 1-17 that establishes OLR's role in the County with respect to labor and employee relations practices and policies.

- Created guidance/training documents related to OLR's mission and purpose.

- Launched a SharePoint survey to gather department feedback on changes to the CBAs ahead of term bargaining.

- Modified the County's Collective Bargaining Issues Development and Strategy Process for Term Bargaining in order to streamline and expedite the process.

- Established a Collective Bargaining Policy Committee to set County priorities ahead of term bargaining.
- Created training materials for new CBAs and DBA to ensure timely and accurate implementation of negotiated provisions.
- Launched a new grievance tracker that is more user friendly and effective at tracking grievances internally.

Management and Budget

- Along with ORESJ, refined the Capital Budget Equity Tool, coordinated racial equity training for department staff, and incorporated ORESJ analysis into capital budget recommendations.

Parking District Services

- Upgraded Garage 11 in Bethesda to use a Pay-by-Plate payment system which included a machine location plan and sign replacements.
- Converted Garage 49 in Bethesda from Cashier to a Pay-by-Plate system to enhance operational efficiency.

Permitting Services

- DPS developed Power BI dashboards tailored to division needs. The dashboards are connected directly to DPS's servers and provide close to real-time updates on the status of transactions. Managers use the dashboards to monitor and assign tasks to their team members and to obtain monthly productivity data. In FY24, the department will maintain the existing dashboards and develop additional dashboards to provide DPS's leadership daily visibility into DPS's overall performance.
- DPS is proactively processing fire code compliance permit renewals for permits to better prioritize inspections.
- Land Development continues cross-training plan review and inspection staff to be multifunctional, saving the customer time and effort. For inspections, this effort will reduce the number of trips to a single site, helping to save time and protect valuable environmental resources.
- DPS provides in-person and virtual training of commercial plan review and inspections staff with respect to changes in International Building Code, proposed new permitting system database, "wireless" permit applications, and updates to Department Policies and Procedures.
- DPS will upgrade the current ePlan system which will facilitate process improvements and modifications to ePlan processes. The system will integrate service needs developed over time to accommodate changes in the industry and departmental needs.

Police

- MCPD relaunched basketball tournaments to engage hard-to-reach communities. This was a youth-related violence prevention community engagement effort.

Procurement

- The Office of Procurement has recently implemented a number of initiatives to improve efficiency as it pertains to contract management and related purchasing activities. The most notable has been the introduction of PRO Direct, a web-based application that allows departments to connect with Procurement to request and complete purchasing actions. This feature was created to centralize and track requests submitted by departments to assist with timely processing and increase transparency. The central point of entry was required to eliminate access issues for requests sent directly to individuals via traditional methods, (i.e., email, chat, inter-office mail). With the implementation of this application, the Office of Procurement has enforced a commitment to acknowledge and/or respond to all requests within four business hours. The application proved successful with over 1,200 requests in the first 60 days. The application continues to expand and introduce new features based on user suggestions and feedback.
- The Office of Procurement has automated the workflow process County employees use to dispose of surplus items with the introduction of the surplus request application. Initially, this process was manual, timely, and difficult to track. For example, requests to

dispose of surplus items were sent to Procurement management via email which required significant coordination to retrieve information on the outcomes of the requests. The new application incorporates an approval workflow and guides the end user on all required information prior to submission. Results are readily available for all County employees to aid in our mission to improve transparency.

- The Office of Procurement has improved efficiency and transparency with the introduction of the Emergency Procurement request application. This web-based tool is used by County departments to request the approval of urgent and unexpected informal purchases where the health and safety of the public, or the conservation of public resources, are at risk. This application assists with the required documentation of the facts that constitute the emergency. Procurements under this section are limited to those goods, construction, or services required to meet the emergency and must be made with competition to the extent practical under the circumstances.

- Procurement received five distinguished awards for efforts to improve efficiency from the National Association of Counties and the National Procurement Institute for Excellence in Public Procurement.

Public Information

- Collaborated with TEBS, the Office of Community Partnerships, Regional Service Offices, and OMB to expand non-English speaking hybrid budget forums to improve community engagement.

- Streamlined the process for requesting graphic and website support by introducing an online work request form.

- Implemented bi-weekly meetings for Executive Branch public information officers and outreach staff to update department communicators on communication trends as well as ensure consistent messaging.

- During the past year, MC311 reduced customer pain points by changing policies in partnership with the Departments of Environmental Protection, Finance, Health and Human Services, Housing and Community Affairs, and Permitting Services and the Office of Human Resources.

- Simplified and streamlined how MC311 staff answer questions on the phone and online, with the cooperation and support of many department operations, which reduced the time customers spent on the phone getting the information they requested.

- Eliminated or minimized the need to transfer MC311 callers to internal experts in property taxes, permitting services, and trash and recycling leading to more callers who received the information they needed in one call.

- Callers to MC311 wait an average of 26 seconds, down from 36 seconds in FY22, over 60 seconds in FY21, and over 4 minutes in FY20.

- Average handle time for callers to MC311 is just under 4 minutes, down from 4.5 minutes in FY22, and down from over 5 minutes during FY21 and FY20.

- Customer satisfaction for callers to MC311 continues to hover near 90% so far in FY23.

Public Libraries

- Created new Strategic Plan for FY23-FY26 in collaboration with County Innovation Team, staff, residents, and stakeholders.

- Switched to the Koha Integrated Library System (ILS). The ILS is Libraries' core software product, which is responsible for its database of users, the collection, lending rules, and its public catalog interface. The Koha ILS is open source software and saves the Department a significant amount of money across the life of the contract. MCPL was the highest circulating public library in the United States to switch to Koha, and the open source nature of the product provides it with unprecedented ability to customize and improve the product in order to improve staff workflows and customer experience on an ongoing basis.

- Restructured MCPL branch library administration to create six administrative groups of three to four branches, each under the oversight of one Regional Manager, resulting in more cohesive, effective, and targeted administration of branch libraries across the County.

- Implemented the Coral Electronic Resource Management (ERM) system. ERMs are primarily used by academic libraries to manage their databases and other electronic resources. MCPL has adapted this best practice from academic libraries to a public library environment in order to improve the acquisition, management, and monitoring of its electronic resources. The open source nature of this software will allow MCPL to influence and improve upon it on an ongoing basis.

Racial Equity and Social Justice

- ORESJ continues to train and partner with employees on implementing racial equity initiatives and offers a class, "Advancing Racial Equity in Government", twice a month, using employee facilitators who participated in the "train the trainer" cohort delivered by the Government Alliance on Race and Equity (GARE) and ORESJ.

- The department continues to improve its evaluation of the Capital Improvements Program (CIP) and Operating budget analysis process by adding and improving Racial Equity tools every budget cycle. The department is also improving the racial equity tool used to help analyze supplemental appropriations.

- The ORESJ is currently working in conjunction with the Office of Human Resources (OHR) to imbed racial equity and social justice principles into the evaluation and performance management process.

- Starting in FY23, the department is creating self-guided trainings that will allow employees to access trainings at their convenience.

Recreation

- Starting January 3, 2023, Montgomery County Recreation fitness passes are free for Montgomery County residents. Free passes provide access to fully equipped fitness rooms, open gym (drop-in) activities, and game rooms at any recreation center during regularly scheduled hours.

- Continue implementation of REC ZIP, an improvement strategy designed to digitize and automate several business processes allowing internal and external customers to interact virtually with Recreation's administrative team without delay. Customer refunds, contractor and vendor invoices, and bank deposits are examples of improvements which allowed for seamless continuation of financial services throughout the pandemic.

- Enhance and expand outreach efforts through the weekly Recreation newsletter to provide information about program and services, as well as health and wellness information.

- Continued implementation of the new, fully integrated recreation and parks management software solution in partnership with Community Use of Public Facilities and Montgomery Parks. This new platform is designed to increase efficiency and productivity while providing extensive reporting and statistical data and a more intuitive and interactive experience for customers.

Recycling and Resource Management

- Develop RFP for solid waste collection contracts for areas 6 and 8 to incorporate e-waste (electronics) in the new curbside collection contract, incorporate the replacement of the small blue bins with 32-gallon wheeled carts, and study the possibility of using smaller non-CDL vehicles to collect commingled materials.

- Continue the Recycle Right program to reduce contamination in the recycling bins and show a reduction of rejected bins between the start of enforcement in an area until its completion.

Sheriff

- The Sheriff's Office welcomed the DC Volunteer Lawyers Project (DCVLP), a new on-site legal services partner at the Family Justice Center. DCVLP provides pro bono legal representation and advice to victims of domestic violence in Protective Order cases as well as family law proceedings.

- In partnership with the Domestic Violence Coordinating Council and many other County and community partners, hosted RespectFest 2022 to raise awareness about teen dating violence and educate teens about where they can get help and how to help a friend. More than 2,000 people participated across the virtual and in-person offerings.

- The Family Justice Center in partnership with the Domestic Violence Coordinating Council, created the "Walk In Their Shoes" exhibition in recognition of October as Domestic Violence Awareness Month.

- Nearly 2,000 victims of domestic violence in Montgomery County received services through the Family Justice Center.

State's Attorney

- Interns and volunteers donated a total of 19,332 hours to the State's Attorney's Office in calendar year 2022, which equates to 9.29 full time equivalents. The volunteers and interns provide invaluable service and support to the State's Attorney's Office.

- In partnership with Montgomery County Public Schools (MCPS), the State's Attorney's Office presented "Keeping Schools Safe and Gun Free" educational assemblies to over 50,000 MCPS students during the fall of 2022. Students received information about the consequences of violating gun laws, nonviolent conflict resolution, and warning signs that someone may want to harm themselves or others.

Technology and Enterprise Business Solutions

- Established a governance structure and procedures within the Enterprise Office of Project Management that enabled the organization to successfully manage and deliver enterprise projects that significantly impact the organization, are highly complex, and subject to significant risks.

- Created a new Office of Public Safety Programs and Regional Interoperability (OFPS) to assist in the strategic planning, consultative designing, implementation, operations, and maintenance of mission-critical county-wide and regionally integrated public safety systems and services.

- Published the first-ever Enterprise Information Technology (IT) Service Catalog, providing departments with ongoing references to the technology services available, which will provide a simple and standardized way for departments to submit requests for new engagements. Requesters will experience a consultative and inclusive process by which their needs are discussed, solutions are evaluated, and plans are enacted to resolve the business needs. The online catalog will improve service delivery to the departments while providing TEBS with useful data for strategic planning and continuous improvement.

- Expanded cybersecurity capabilities to combat today's and tomorrow's increased information security threats by implementing next-generation Endpoint Detection and Response capabilities to further protect desktops and servers from advanced attackers and malicious software, and by implementing an Enterprise Mobile Application Management (MAM) solution, which enhances the County's data security and mobile threat protection by standardizing the list of supported applications ("apps"), instituting a required access code, and restricting the copying and saving of County data to personal mobile devices and accounts.

Transit Services

- Successfully competed and obtained a Federal Lo/No emission grant to support the purchase of hydrogen fuel cell buses and the construction of a green hydrogen fueling site at the David F. Bone Equipment Maintenance Transit Operations Center in Gaithersburg. The Federal grant award will enable the replacement of 13 diesel-fueled buses in the Ride On fleet with zero-emission, hydrogen powered buses.

Transportation

- Completed Infrastructure Safety Analysis and developed recommendations for infrastructure/roadway improvements at ten (10) locations where the highest number of school bus monitoring program citations were issued. The analysis would determine if infrastructure improvements that address pedestrian and operational safety, while enhancing or maintaining the safety of children who are boarding and disembarking school buses are necessary or appropriate. These improvements may include additional or modified signage and pavement markings, geometric modifications such as curb realignments and median installations, or the need to add traffic signals or pedestrian hybrid beacons.

- Increase the number of traffic signals evaluated per year in the Traffic Signal Optimization Program to reduce vehicle delays and traffic congestion resulting from inadequate signal timing. This will enable the County to advance a four to six-year traffic signal review cycle, which is near the industry standard of three to five years, and move away from a 12 to 14-year review cycle. MCDOT is on target to review and replace 50 traffic signals this fiscal year.

- Increase Bikeshare maintenance to extend the life of stations by replacing obsolete ecoboards. Ecoboards serve as the operational intelligence of each Bikeshare station.

Urban Districts

- The Bethesda Urban District re-designed the Woodmont Streetery as a shared space for bike lanes, vehicular traffic, and public activity. The re-design solves multiple problems by using input from local residents and businesses to improve the use of space around community goals

- In an effort to reduce paper waste and increase staff productivity, the Silver Spring Urban District implemented a tablet-based technology service to track and enter the information exchanged for lockout and jumpstart services. The technology also allows staff the ability to handle, process, and create 311 calls for service in-real time.

- The Wheaton Urban District successfully implemented a one to one recycling receptacle ratio to improve recycling rates in Wheaton.

- The Wheaton Urban District converted fifty (50) percent of fleet vehicles from gas-powered to fully electric and will complete transition from gas-powered equipment to electric-powered equipment in FY24.

- The Wheaton Urban District partnered with One Montgomery Green in support of the Wheaton Sustainability Innovation Zone to build and maintain sustainable innovation ecosystems for climate and energy technologies.

Appendices

- Change in Ending Fund Balance
- Trends & Projections
- Changes in Assumptions: Economic, Demographic, and Revenues
- Revenue Summary
- Non Agency Uses of Resources
- Revenues
- PSP Fiscal Policy
- CIP Fiscal Policy
- Glossary
- Acronyms

Change in Ending Fund Balance

	FY23 Approved Ending Fund Balance	FY24 Recommended Ending Fund	Change in Fund Balance	% Change
TAX SUPPORTED				
Montgomery County Government				
County General Fund	75,248,249	85,203,390	9,955,141	13.2%
Bethesda Urban District	402,449	95,050	-307,399	-76.4%
Fire	421,506	39,037	-382,469	-90.7%
Mass Transit	186,233	347,341	161,108	86.5%
Recreation	248,922	297,200	48,278	19.4%
Revenue Stabilization Fund	521,496,428	630,156,187	108,659,759	20.8%
Silver Spring Urban District	101,761	121,009	19,248	18.9%
Wheaton Urban District	76,583	82,958	6,375	8.3%
Montgomery College				
Emergency Repair Fund	444,599	535,078	90,479	20.4%
Current Fund MC	23,452,672	27,245,383	3,792,711	16.2%
Maryland-National Capital Park and Planning Commission				
Administration Fund	1,204,818	1,264,261	59,443	4.9%
Park Fund	4,669,011	4,792,426	123,415	2.6%
NON-TAX SUPPORTED				
Montgomery County Government				
Cable Television	163,915	117,301	-46,614	-28.4%
Water Quality Protection Fund	6,702,394	6,108,799	-593,595	-8.9%
Bethesda Parking District	8,735,684	6,760,290	-1,975,394	-22.6%
Community Use of Public Facilities	1,125,178	1,872,179	747,001	66.4%
Liquor Control	15,935,371	4,884,278	-11,051,093	-69.3%
Permitting Services	31,437,678	38,957,037	7,519,359	23.9%
Silver Spring Parking District	1,400,164	2,854,025	1,453,861	103.8%
Solid Waste Collection	-2,774,683	787,182	3,561,865	N/A
Vacuum Leaf Collection	711,386	1,133,281	421,895	59.3%
Wheaton Parking District	470,232	1,367,321	897,089	190.8%

Explanation of Changes in Fund Balance Greater Than 10%:

County General Fund	The County's policy is to maximize tax supported reserves in the General Fund, which is limited by the County Charter to five percent of prior year's General Fund revenues. Reserves in the property tax special funds have been minimized as much as possible consistent with this reserve policy. The County met its 10% reserve target in FY21, and reserves have continued to grow. In FY24, General Fund surplus reserves will be drawn down as a bridge for an expected mild recession.
Bethesda Urban District	The FY24 Recommended Fund Balance decreased due to reductions in the Parking Lot District transfer.
Silver Spring Urban District	The FY22 approved fund balance was below the policy level of 2.5% of resources. In FY24, General Fund transfers have been increased to achieve the policy target.
Mass Transit	The County's policy is to maximize tax supported reserves in the General Fund, which is limited by the County Charter to five percent of the prior year's General Fund revenues. Reserves in the property tax special funds have been minimized as much as possible consistent with this reserve policy.
Recreation	The County's policy is to maximize tax supported reserves in the General Fund, which is limited by the County Charter to five percent of prior year's General Fund revenues. Reserves in the property tax special funds have been minimized as much as possible consistent this reserve policy.
Liquor Control	The decrease in fund balance is due to changes in inventory, investments in store renovations, and cost increases - particularly for personnel.
Current Fund MC	The FY24 fund balance increase is primarily due to FY23 cost savings and an FY24 tuition increase partially offset by increased costs in FY24.
Bethesda Parking District	The Recommended FY23 ending fund balance is lower because an anticipated land sale will not occur by FY24.
Revenue Stabilization Fund	The increase in fund balance is due to legally required contributions of 0.5 percent of Adjusted Governmental Revenues. RSF reserves are expected to equal 10% of Adjusted Governmental Revenues by the end of FY24.
Fire	The County's policy is to maximize tax supported reserves in the General Fund, which is limited by the County Charter to five percent of prior year's General Fund revenues. Reserves in the property tax special funds have been minimized as much as possible consistent this reserve policy.
Emergency Repair Fund MC	The fund balance increase is primarily due to an increased ending balance in FY22 partially offset by increased costs in FY24.
Cable Television	The FY24 Recommended Fund Balance decreased due to falling Cable Fund Revenue. Some costs were shifted to the General Fund in order to maintain a positive fund balance.
Community Use of Public Facilities	The FY23 ending fund balance is estimated to be almost $1 million greater than anticipated due to a slower than anticipated return to pre-pandemic activity levels and reduced utility reimbursements to MCPS. Other offsetting factors affecting the FY24 ending balance include FY24 cost increases that exceed revenues.
Silver Spring Parking District	The FY23 approved fund balance was below the policy level of 25% of the following year's operating expenses. To achieve the target fund balance in FY24, an extended fee collection schedule and capital project deferrals have been proposed.
Wheaton Parking District	The Recommended FY24 ending fund balance is higher due to improved revenue projections.
Permitting Services	The Recommended FY24 ending fund balance is higher due to an increase in the FY22 ending fund balance, increased revenues and cost savings, in part, due to turnover savings.
Solid Waste Collection	Rate increases were proposed to repay a loan from the Disposal Fund and to satisfy the Fund's fund balance policy.
Vacuum Leaf Collection	The change in fund balance is due to favorable weather conditions resulting in lower costs.

TRENDS AND PROJECTIONS

DEMOGRAPHIC AND PLANNING INDICATORS	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29
POPULATION	**1,061,814**	**1,068,846**	**1,075,926**	**1,083,052**	**1,091,196**	**1,099,402**	**1,107,669**	**1,115,998**
Annual Increase	(7,281)	7,032	7,080	7,126	8,144	8,206	8,267	8,329
Population Growth Since 2014	4.3%	5.0%	5.7%	6.4%	7.2%	8.0%	8.8%	9.6%
County Resident Births (Prior Calendar Year) (a)	**11,700**	**12,000**	**12,200**	**12,400**	**12,620**	**12,820**	**12,920**	**13,010**
HOUSEHOLDS	**391,233**	**394,090**	**396,969**	**399,868**	**403,101**	**406,360**	**409,646**	**412,958**
Household Annual Growth (%)	-0.5%	0.7%	0.7%	0.7%	0.8%	0.8%	0.8%	0.8%
Household Growth Since 2014	7.2%	8.0%	8.8%	9.6%	10.5%	11.4%	12.3%	13.2%
Household Growth Since 1992	34.4%	35.3%	36.3%	37.3%	38.4%	39.5%	40.7%	41.8%
Household Size	2.71	2.71	2.71	2.71	2.71	2.71	2.70	2.70
RESIDENT EMPLOYMENT (Jan = Calendar Year)	**530,986**	**528,657**	**537,021**	**547,971**	**552,865**	**556,973**	**560,810**	**564,346**
Resident Employment Annual Growth (%)	3.6%	-0.4%	1.6%	2.0%	0.9%	0.7%	0.7%	0.6%
Resident Employment Growth Since 2014	2.1%	1.6%	3.2%	5.3%	6.3%	7.0%	7.8%	8.5%
Resident Employment Per Household	1.36	1.34	1.35	1.37	1.37	1.37	1.37	1.37
Jobs in County (a)	**555,100**	**560,900**	**566,700**	**572,500**	**578,900**	**585,300**	**591,700**	**598,100**
PERSONAL INCOME ($ Millions)	**$97,170**	**$101,660**	**$105,330**	**$110,180**	**$115,030**	**$119,490**	**$123,700**	**$127,710**
Per Capita Personal Income	**$91,510**	**$95,110**	**$97,900**	**$101,730**	**$105,420**	**$108,690**	**$111,680**	**$114,440**
Annual Growth (%)	-2.0%	3.9%	2.9%	3.9%	3.6%	3.1%	2.8%	2.5%
CONSUMER PRICE INDEX (CPI) - Fiscal Year	**5.92%**	**2.91%**	**2.11%**	**2.18%**	**2.21%**	**2.23%**	**2.34%**	**2.33%**
Inflation Growth (Fiscal Year) Since 2014	244.2%	69.2%	22.7%	26.7%	28.5%	29.7%	36.0%	35.5%
CONSUMER PRICE INDEX (CPI) - Calendar Year (%)	**6.62%**	**3.32%**	**2.06%**	**2.18%**	**2.22%**	**2.20%**	**2.34%**	**2.33%**
ASSESSABLE TAX BASE ($ Millions)	**$206,800**	**$212,044**	**$218,111**	**$224,833**	**$230,601**	**$234,477**	**$236,304**	**$237,643**
Annual Growth (%)	1.9%	2.5%	2.9%	3.1%	2.6%	1.7%	0.8%	0.6%
Growth of Base Since 1992 (%)	245.7%	254.5%	264.6%	275.8%	285.5%	292.0%	295.0%	297.3%
Growth of Base Since 2014 (%)	26.4%	29.6%	33.3%	37.4%	41.0%	43.3%	44.4%	45.3%
INVESTMENT INCOME YIELD (%)	0.33%	3.25%	5.00%	4.00%	3.50%	3.00%	2.50%	2.50%
MCPS ENROLLMENT (Sept = Calendar Year)	**161,102**	**162,472**	**164,904**	**165,536**	**165,520**	**166,215**	**167,238**	**167,238**
Annual Growth (%)	0.3%	0.9%	1.5%	0.4%	0.0%	0.4%	0.6%	0.0%
Annual Increase (Decrease)	538	1,370	2,432	632	-16	695	1,023	0
MONTGOMERY COLLEGE ENROLLMENTS (b)	**16,478**	**17,982**	**17,994**	**18,976**	**19,849**	**20,167**	**20,386**	**20,386**
Annual Growth (%)	-7.3%	9.1%	0.1%	5.5%	4.6%	1.6%	1.1%	0.0%
Full Time Equivalents Students (Sept = Calendar Year) (c)	**14,446**	**14,184**	**13,711**	**13,543**	**13,762**	**13,956**	**13,956**	**13,956**
Annual Growth in FTES (%)	-12.2%	-1.8%	-3.3%	-1.2%	1.6%	1.4%	0.0%	0.0%

(a) Projections related to County Resident Births and Jobs in the County are provided by M-NCPPC and are as of March 2023.
(b) Projections related to Montgomery College Enrollments are provided by Montgomery College and include projections through FY28. Since no projections are provided for FY29, the projections for FY28 were used.
(c) Projections related to Montgomery College Full Time Equivalents are provided by Montgomery College and include projections through FY27. Since no projections are provided for FY28 or FY29, the projections for FY27 were used.

Changes in Assumptions: Economic, Demographic, and Revenues
December 2016 through March 2023

A	N	M	N	M	N	M	N	M	N	M	N	M	N
	Projected FY23	% Chg. FY23-24	Projected FY24	% Chg. FY24-25	Projected FY25	% Chg. FY25-26	Projected FY26	% Chg. FY26-27	Projected FY27	% Chg. FY27-28	Projected FY28	% Chg. FY28-29	Projected FY29
Population													
December 2016	1,099,200		n/a		n/a		n/a		n/a		n/a		n/a
March 2017	1,099,200		n/a		n/a		n/a		n/a		n/a		n/a
December 2017	1,090,270	0.6%	1,097,060		n/a		n/a		n/a		n/a		n/a
March 2018	1,090,270	0.6%	1,097,060		n/a		n/a		n/a		n/a		n/a
December 2018	1,119,686	0.9%	1,130,167	0.9%	1,140,746		n/a		n/a		n/a		n/a
March 2019	1,119,686	0.9%	1,130,167	0.9%	1,140,746		n/a		n/a		n/a		n/a
December 2019	1,097,899	0.8%	1,106,793	0.8%	1,115,663	0.8%	1,124,587		n/a		n/a		n/a
March 2020	1,097,899	0.8%	1,106,793	0.8%	1,115,663	0.8%	1,124,587		n/a		n/a		n/a
December 2020	1,088,972	0.7%	1,096,182	0.7%	1,103,440	0.8%	1,111,738	0.8%	1,120,098		n/a		n/a
March 2021	1,088,972	0.7%	1,096,182	0.7%	1,103,440	0.8%	1,111,738	0.8%	1,120,098		n/a		n/a
December 2021	1,085,600	0.7%	1,093,570	0.7%	1,101,590	0.7%	1,109,670	0.7%	1,117,810	0.7%	1,126,010		n/a
March 2022	1,083,304	0.7%	1,090,480	0.7%	1,097,702	0.8%	1,105,957	0.8%	1,114,273	0.8%	1,122,652		n/a
December 2022	1,083,304	0.7%	1,090,480	0.7%	1,097,702	0.8%	1,105,957	0.8%	1,114,273	0.8%	1,122,652	0.8%	1,131,094
March 2023	1,068,846	0.7%	1,075,926	0.7%	1,083,052	0.8%	1,091,196	0.8%	1,099,402	0.8%	1,107,669	0.8%	1,115,998
MOE Enrollment													
December 2016	168,480		n/a		n/a		n/a		n/a		n/a		n/a
March 2017	168,480		n/a		n/a		n/a		n/a		n/a		n/a
December 2017	168,283	0.4%	169,012		n/a		n/a		n/a		n/a		n/a
March 2018	168,283	0.4%	169,012		n/a		n/a		n/a		n/a		n/a
December 2018	170,118	1.3%	172,303	1.2%	174,322		n/a		n/a		n/a		n/a
March 2019	170,118	1.3%	172,303	1.2%	174,322		n/a		n/a		n/a		n/a
December 2019	170,278	0.4%	171,029	0.3%	171,492	-0.1%	171,319		n/a		n/a		n/a
March 2020	170,278	0.4%	171,029	0.3%	171,492	-0.1%	171,319		n/a		n/a		n/a
December 2020	166,055	1.1%	167,845	0.4%	168,551	1.1%	170,382	0.2%	170,761		n/a		n/a
March 2021	166,055	1.1%	167,845	0.4%	168,551	1.1%	170,382	0.2%	170,761		n/a		n/a
December 2021	161,211	1.4%	163,529	0.8%	164,779	0.4%	165,358	0.4%	166,022	0.1%	166,160		n/a
March 2022	161,211	1.4%	163,529	0.8%	164,779	0.4%	165,358	0.4%	166,022	0.1%	166,160		n/a
December 2022	162,472	1.5%	164,904	0.4%	165,536	0.0%	165,520	0.4%	166,215	0.6%	167,238	0.0%	167,238
March 2023	162,472	1.5%	164,904	0.4%	165,536	0.0%	165,520	0.4%	166,215	0.6%	167,238	0.0%	167,238

A	N	M	N	M	N	M	N	M	N	M	N	M	N
	Projected FY23	% Chg. FY23-24	Projected FY24	% Chg. FY24-25	Projected FY25	% Chg. FY25-26	Projected FY26	% Chg. FY26-27	Projected FY27	% Chg. FY27-28	Projected FY28	% Chg. FY28-29	Projected FY29
Changes in Assumptions: Economic, Demographic, and Revenues December 2016 through March 2023													
College Enrollment (FTE)													
December 2016	19,964		n/a		n/a		n/a		n/a		n/a		n/a
March 2017	19,964		n/a		n/a		n/a		n/a		n/a		n/a
December 2017	20,459	0.0%	20,459		n/a		n/a		n/a		n/a		n/a
March 2018	20,459	0.0%	20,459		n/a		n/a		n/a		n/a		n/a
December 2018	18,555	1.0%	18,744	0.0%	18,744		n/a		n/a		n/a		n/a
March 2019	20,459	0.0%	20,459	0.0%	20,459		n/a		n/a		n/a		n/a
December 2019	18,555	1.0%	18,744	0.0%	18,744	0.0%	18,744		n/a		n/a		n/a
March 2020	18,201	1.9%	18,541	1.1%	18,747	0.0%	18,747		n/a		n/a		n/a
December 2020	18,998	0.6%	19,110	1.0%	19,292	0.0%	19,292	0.0%	19,292		n/a		n/a
March 2021	18,998	0.6%	19,110	1.0%	19,292	0.0%	19,292	0.0%	19,292		n/a		n/a
December 2021	14,184	-3.3%	13,711	-1.2%	13,543	1.6%	13,762	0.0%	13,762	0.0%	13,762		n/a
March 2022	14,184	-3.3%	13,711	-1.2%	13,543	1.6%	13,762	0.0%	13,762	0.0%	13,762		n/a
December 2022	14,184	-3.3%	13,711	-1.2%	13,543	1.6%	13,762	1.4%	13,956	0.0%	13,956	0.0%	13,956
March 2023	14,184	-3.3%	13,711	-1.2%	13,543	1.6%	13,762	1.4%	13,956	0.0%	13,956	0.0%	13,956
CPI (Fiscal Year)													
December 2016	2.6%		n/a		n/a		n/a		n/a		n/a		n/a
March 2017	2.5%		n/a		n/a		n/a		n/a		n/a		n/a
December 2017	2.4%	0.0%	2.4%		n/a		n/a		n/a		n/a		n/a
March 2018	2.4%	2.1%	2.4%		n/a		n/a		n/a		n/a		n/a
December 2018	2.9%	0.0%	2.9%	0.0%	2.9%		n/a		n/a		n/a		n/a
March 2019	2.7%	0.0%	2.7%	0.0%	2.7%		n/a		n/a		n/a		n/a
December 2019	1.6%	-1.1%	1.6%	-1.1%	1.6%	-1.1%	1.5%		n/a		n/a		n/a
March 2020	1.6%	-1.1%	1.6%	-1.1%	1.6%	-1.1%	1.5%		n/a		n/a		n/a
December 2020	2.0%	21.6%	2.4%	0.8%	2.4%	0.0%	2.4%	0.0%	2.4%		n/a		n/a
March 2021	2.0%	21.6%	2.4%	0.8%	2.4%	0.0%	2.4%	0.0%	2.4%		n/a		n/a
December 2021	3.3%	-23.0%	2.5%	-3.2%	2.4%	-1.6%	2.4%	-3.3%	2.3%	-3.9%	2.2%		n/a
March 2022	3.0%	-25.7%	2.3%	4.9%	2.4%	0.0%	2.4%	-3.8%	2.3%	-5.3%	2.2%		n/a
December 2022	6.8%	-68.8%	2.1%	-16.1%	1.8%	23.7%	2.2%	6.4%	2.3%	1.3%	2.4%	3.8%	2.5%
March 2023	2.9%	-27.5%	2.1%	3.3%	2.2%	1.4%	2.2%	0.9%	2.2%	4.9%	2.3%	-0.4%	2.3%

Changes in Assumptions: Economic, Demographic, and Revenues December 2016 through March 2023													
A	N	M	N	M	N	M	N	M	N	M	N	M	N
	Projected FY23	% Chg. FY23-24	Projected FY24	% Chg. FY24-25	Projected FY25	% Chg. FY25-26	Projected FY26	% Chg. FY26-27	Projected FY27	% Chg. FY27-28	Projected FY28	% Chg. FY28-29	Projected FY29
Growth Resident Employment (%)													
December 2016	0.7%		n/a		n/a		n/a		n/a		n/a		n/a
March 2017	1.1%		n/a		n/a		n/a		n/a		n/a		n/a
December 2017	1.0%	-10.0%	0.9%		n/a		n/a		n/a		n/a		n/a
March 2018	0.9%	-11.1%	0.8%		n/a		n/a		n/a		n/a		n/a
December 2018	0.7%	0.0%	0.7%	0.0%	0.7%		n/a		n/a		n/a		n/a
March 2019	0.9%	-11.1%	0.8%	0.0%	0.8%		n/a		n/a		n/a		n/a
December 2019	0.8%	-0.6%	0.8%	-0.8%	0.8%	-0.8%	0.8%		n/a		n/a		n/a
March 2020	0.8%	6.7%	0.8%	0.1%	0.8%	-0.2%	0.8%		n/a		n/a		n/a
December 2020	2.5%	-28.0%	1.8%	-27.8%	1.3%	-23.1%	1.0%	-30.0%	0.7%		n/a		n/a
March 2021	2.2%	-9.1%	2.0%	-30.0%	1.4%	-21.4%	1.1%	-27.3%	0.8%		n/a		n/a
December 2021	2.2%	-36.4%	1.4%	-35.7%	0.9%	-11.1%	0.8%	-12.5%	0.7%	0.0%	0.7%		n/a
March 2022	2.2%	-31.8%	1.5%	-33.3%	1.0%	-20.0%	0.8%	-12.5%	0.7%	0.0%	0.7%		n/a
December 2022	-0.1%	2000.0%	1.9%	-10.5%	1.7%	-58.8%	0.7%	0.0%	0.7%	0.0%	0.7%	-14.3%	0.6%
March 2023	-0.4%	-500.0%	1.6%	25.0%	2.0%	-55.0%	0.9%	-22.2%	0.7%	0.0%	0.7%	-14.3%	0.6%
Personal Income (CY)													
December 2016	113,080		n/a		n/a		n/a		n/a		n/a		n/a
March 2017	112,560		n/a		n/a		n/a		n/a		n/a		n/a
December 2017	112,440	4.1%	117,080		n/a		n/a		n/a		n/a		n/a
March 2018	110,940	3.9%	115,230		n/a		n/a		n/a		n/a		n/a
December 2018	110,330	4.5%	115,310	4.7%	120,760		n/a		n/a		n/a		n/a
March 2019	115,400	4.2%	120,200	4.3%	125,400		n/a		n/a		n/a		n/a
December 2019	115,800	3.7%	120,100	4.7%	125,700	4.8%	131,700		n/a		n/a		n/a
March 2020	114,700	4.4%	119,700	4.6%	125,200	4.8%	131,200		n/a		n/a		n/a
December 2020	106,000	5.0%	111,300	4.7%	116,500	4.5%	121,800	4.4%	127,200		n/a		n/a
March 2021	101,000	6.1%	107,200	6.0%	113,600	5.5%	119,800	4.8%	125,600		n/a		n/a
December 2021	111,970	4.8%	117,400	4.9%	123,150	4.3%	128,400	4.2%	133,820	4.3%	139,540		n/a
March 2022	107,500	4.7%	112,600	4.8%	118,000	4.7%	123,500	4.5%	129,000	4.5%	134,800		n/a
December 2022	104,570	4.4%	109,120	5.5%	115,150	4.2%	120,040	3.8%	124,620	3.8%	129,360	3.7%	134,180
March 2023	101,660	3.6%	105,330	4.6%	110,180	4.4%	115,030	3.9%	119,490	3.5%	123,700	3.2%	127,710

Changes in Assumptions: Economic, Demographic, and Revenues
December 2016 through March 2023

A	N	M	N	M	N	M	N	M	N	M	N	M	N
	Projected	% Chg.	Projected	% Chg.	Projected	% Chg.	Projected	% Chg.	Projected	% Chg.	Projected	% Chg.	Projected
	FY23	FY23-24	FY24	FY24-25	FY25	FY25-26	FY26	FY26-27	FY27	FY27-28	FY28	FY28-29	FY29
Property Tax Revenues													
December 2016	2,067.9		n/a		n/a		n/a		n/a		n/a		n/a
March 2017	2,055.4		n/a		n/a		n/a		n/a		n/a		n/a
December 2017	2,057.4	3.2%	2,124.1		n/a		n/a		n/a		n/a		n/a
March 2018	2,033.5	3.3%	2,099.6		n/a		n/a		n/a		n/a		n/a
December 2018	2,046.2	3.8%	2,124.8	3.6%	2,202.3		n/a		n/a		n/a		n/a
March 2019	2,020.5	3.5%	2,091.4	3.3%	2,160.7		n/a		n/a		n/a		n/a
December 2019	1,915.7	2.3%	1,959.4	2.3%	2,004.7	2.3%	2,050.8		n/a		n/a		n/a
March 2020	2,005.8	2.3%	2,051.4	2.3%	2,098.7	2.3%	2,146.9		n/a		n/a		n/a
December 2020	1,930.3	2.8%	1,984.5	2.9%	2,042.0	2.9%	2,101.5	2.9%	2,163.1		n/a		n/a
March 2021	1,931.0	2.8%	1,984.4	2.8%	2,040.5	2.8%	2,098.1	2.9%	2,157.9		n/a		n/a
December 2021	1,963.2	3.7%	2,036.5	3.2%	2,102.1	3.0%	2,166.1	2.7%	2,224.3	2.4%	2,278.6		n/a
March 2022	1,951.4	2.8%	2,005.3	3.3%	2,072.0	3.0%	2,134.4	2.9%	2,195.6	2.9%	2,258.6		n/a
December 2022	1,923.2	2.3%	1,966.7	2.1%	2,007.5	1.7%	2,041.2	0.8%	2,056.9	0.8%	2,073.6	1.1%	2,096.9
March 2023	1,931.7	15.2%	2,225.3	2.5%	2,281.9	2.7%	2,343.9	1.7%	2,384.7	0.8%	2,403.8	0.6%	2,417.7
Income Tax Revenues													
December 2016	1,941.2		n/a		n/a		n/a		n/a		n/a		n/a
March 2017	1,914.6		n/a		n/a		n/a		n/a		n/a		n/a
December 2017	1,884.8	4.9%	1,976.9		n/a		n/a		n/a		n/a		n/a
March 2018	1,869.9	4.8%	1,959.3		n/a		n/a		n/a		n/a		n/a
December 2018	1,872.2	4.6%	1,958.1	4.3%	2,043.0		n/a		n/a		n/a		n/a
March 2019	1,843.2	4.8%	1,930.8	4.7%	2,021.1		n/a		n/a		n/a		n/a
December 2019	1,801.6	4.9%	1,890.1	4.6%	1,977.8	5.3%	2,083.2		n/a		n/a		n/a
March 2020	1,844.3	5.1%	1,938.8	4.2%	2,020.6	3.8%	2,096.9		n/a		n/a		n/a
December 2020	1,699.6	4.4%	1,774.9	5.1%	1,865.0	5.3%	1,964.2	5.5%	2,072.7		n/a		n/a
March 2021	1,769.1	5.4%	1,865.2	4.4%	1,947.8	5.2%	2,049.1	6.0%	2,171.1		n/a		n/a
December 2021	1,776.3	5.5%	1,874.1	5.0%	1,967.2	4.3%	2,051.1	5.0%	2,154.6	5.3%	2,267.8		n/a
March 2022	1,859.0	5.1%	1,954.7	5.1%	2,054.8	4.1%	2,138.9	4.5%	2,236.2	4.9%	2,344.9		n/a
December 2022	1,955.9	-0.4%	1,947.9	3.6%	2,018.9	3.3%	2,085.3	3.5%	2,157.7	4.3%	2,250.4	4.4%	2,350.4
March 2023	2,044.4	-5.8%	1,925.1	5.1%	2,023.6	5.2%	2,128.0	5.3%	2,241.2	7.1%	2,400.1	5.3%	2,526.2

REVENUE SUMMARY
TAX SUPPORTED BUDGETS
($ Millions)

	KEY REVENUE CATEGORIES	App. FY23	Est. FY23	% Chg. FY23-24	Rec. FY24	% Chg. FY24-25	Projected FY25	% Chg. FY25-26	Projected FY26	% Chg. FY26-27	Projected FY27	% Chg. FY27-28	Projected FY28	% Chg. FY28-29	Projected FY29
	TAXES	5-26-22	3-15-23	App/Rec	3-15-23										
1	Property Tax	1,951.4	1,931.7	14.0%	2,225.4	2.5%	2,282.0	2.7%	2,343.9	1.7%	2,384.7	0.8%	2,403.8	0.6%	2,417.8
2	Income Tax	1,870.5	2,044.4	2.9%	1,925.1	5.1%	2,023.6	5.2%	2,128.0	5.3%	2,241.2	7.1%	2,400.1	5.3%	2,526.2
3	Transfer Tax	154.7	118.4	-23.7%	118.1	4.7%	123.6	0.6%	124.3	5.2%	130.8	5.1%	137.4	6.4%	146.3
4	Recordation Tax	74.2	56.7	-23.8%	56.5	4.7%	59.1	0.6%	59.5	5.2%	62.6	5.1%	65.8	6.4%	70.0
5	Energy Tax	186.5	189.5	3.6%	193.2	0.1%	193.3	0.1%	193.4	0.1%	193.5	0.1%	193.6	0.1%	193.7
6	Telephone Tax	54.6	55.6	1.9%	55.6	0.1%	55.7	0.0%	55.7	0.0%	55.7	0.0%	55.7	0.3%	55.9
7	Hotel/Motel Tax	21.7	18.6	1.6%	22.1	1.7%	22.4	1.7%	22.8	0.8%	23.0	0.0%	23.0	2.5%	23.6
8	Admissions Tax	2.7	3.8	45.8%	3.9	3.1%	4.0	3.2%	4.2	3.2%	4.3	3.3%	4.4	3.3%	4.6
9	E-Cigarette Tax	1.1	1.0	-8.6%	1.0	3.7%	1.1	3.6%	1.1	3.6%	1.2	3.6%	1.2	3.5%	1.3
10	**Total Local Taxes**	**4,317.4**	**4,419.7**	**6.6%**	**4,600.8**	**3.6%**	**4,764.8**	**3.5%**	**4,933.0**	**3.3%**	**5,097.1**	**3.7%**	**5,285.1**	**2.9%**	**5,439.4**
	INTERGOVERNMENTAL AID														
11	Highway User	8.8	8.7	20.2%	10.6	0.0%	10.6	0.0%	10.6	0.0%	10.6	0.0%	10.6	0.0%	10.6
12	Police Protection	17.2	20.8	0.0%	17.2	0.0%	17.2	0.0%	17.2	0.0%	17.2	0.0%	17.2	0.0%	17.2
13	Libraries	5.8	5.0	-11.0%	5.1	0.0%	5.1	0.0%	5.1	0.0%	5.1	0.0%	5.1	0.0%	5.1
14	Health Services Case Formula	4.8	5.2	6.8%	5.2	0.0%	5.2	0.0%	5.2	0.0%	5.2	0.0%	5.2	0.0%	5.2
15	Mass Transit	34.0	41.3	21.2%	41.3	0.0%	41.3	0.0%	41.3	0.0%	41.3	0.0%	41.3	0.0%	41.3
16	Public Schools	854.2	862.9	9.1%	932.2	0.0%	932.2	0.0%	932.2	0.0%	932.2	0.0%	932.2	0.0%	932.2
17	Community College	55.6	55.6	3.4%	57.5	0.0%	57.5	0.0%	57.5	0.0%	57.5	0.0%	57.5	0.0%	57.5
18	Other	58.6	78.1	5.9%	62.1	-2.8%	60.4	0.0%	60.4	0.0%	60.4	0.0%	60.4	0.0%	60.4
19	**Total Intergovernmental Aid**	**1,039.1**	**1,077.6**	**8.9%**	**1,131.1**	**-0.2%**	**1,129.4**	**0.0%**	**1,129.4**	**0.0%**	**1,129.4**	**0.0%**	**1,129.4**	**0.0%**	**1,129.4**
	FEES AND FINES														
20	Licenses & Permits	13.8	12.4	-8.0%	12.7	1.5%	12.9	1.5%	13.1	1.5%	13.3	1.5%	13.5	1.5%	13.7
21	Charges for Services	54.6	50.2	0.4%	54.8	1.7%	55.8	1.8%	56.8	1.8%	57.8	1.9%	58.9	1.9%	60.0
22	Fines & Forfeitures	29.9	30.3	0.8%	30.2	1.6%	30.7	1.6%	31.2	1.6%	31.7	1.6%	32.2	1.6%	32.7
23	Montgomery College Tuition	58.4	58.4	5.6%	61.7	1.7%	62.8	1.8%	63.9	1.8%	65.0	1.9%	66.2	1.9%	67.5
24	**Total Fees and Fines**	**156.8**	**151.4**	**1.7%**	**159.4**	**1.7%**	**162.1**	**1.7%**	**164.9**	**1.7%**	**167.7**	**1.8%**	**170.8**	**1.8%**	**173.8**
	MISCELLANEOUS														
25	Investment Income	3.7	23.3	895.7%	36.5	-19.4%	29.4	-1.8%	28.9	-22.6%	22.4	-15.3%	18.9	0.6%	19.1
26	Other Miscellaneous	14.6	15.4	6.0%	15.5	2.2%	15.8	2.2%	16.2	2.2%	16.5	2.3%	16.9	2.3%	17.3
27	**Total Miscellaneous**	**18.3**	**38.7**	**184.7%**	**52.0**	**-13.0%**	**45.2**	**-0.4%**	**45.1**	**-13.7%**	**38.9**	**-7.8%**	**35.8**	**1.4%**	**36.4**
28	**TOTAL REVENUES**	**5,531.5**	**5,687.5**	**7.4%**	**5,943.3**	**2.7%**	**6,101.5**	**2.8%**	**6,272.3**	**2.6%**	**6,433.1**	**2.9%**	**6,621.0**	**2.4%**	**6,778.9**
	Calculation for Adjusted Governmental Revenues*														
29	**Total Tax Supported Revenues**	**5,531.5**	**5,687.5**	**7.4%**	**5,943.3**	**2.7%**	**6,101.5**	**2.8%**	**6,272.3**	**2.6%**	**6,433.1**	**2.9%**	**6,621.0**	**2.4%**	**6,778.9**
30	**Capital Projects Fund**	**154.3**	**207.5**	**27.4%**	**196.6**	**8.3%**	**212.8**	**25.5%**	**267.0**	**-6.4%**	**250.0**	**-28.6%**	**178.5**	**0.0%**	**178.5**
31	**Grants**	**136.3**	**136.3**	**12.8%**	**153.8**	**2.2%**	**157.2**	**2.2%**	**160.7**	**2.2%**	**164.3**	**2.3%**	**168.1**	**2.3%**	**172.0**
32	**MCG Adjusted Revenues**	**5,822.1**	**6,031.3**	**8.1%**	**6,293.8**	**2.8%**	**6,471.5**	**3.5%**	**6,700.0**	**2.2%**	**6,847.3**	**1.8%**	**6,967.6**	**2.3%**	**7,129.4**

*The calculation for AGR in FY23 excludes the County's allocation of Federal Emergency Grants received through the Coronavirus Relief Fund and the American Rescue Plan Act.

Non Agency Uses of Resources

- Capital Investment (CIP Current Revenue and PAYGO) and Debt Service are based on the latest Executive Recommendation (current through March 15, 2023). Additional changes may be transmitted to the County Council in April 2023.
- FY24-29 Retiree Health Insurance Pre-Funding values are based on the latest actuarial funding schedule (the actuarial valuation as of July 1, 2021).
- Revenue Stabilization (Rainy Day) Fund balance is projected at $630.2 million at the end of FY24. The mandatory contribution is estimated to be $0 in FY24 and $26.2 million of investment income is estimated to be added to the fund in FY24. Additional mandatory contributions are projected consistent with the Revenue Stabilization Fund law (Sec. 20-65, Montgomery County Code).
- The FY24-29 reserves (Revenue Stabilization Fund plus the General Fund unrestricted balance) are consistent with legal requirements and the minimum policy target. The FY24 CE Recommended Budget exceeds the County's policy to maintain the budgeted total reserves of the General Fund unrestricted balance and the Revenue Stabilization Fund at 10 percent of Adjusted Governmental Revenues.

Revenues

INTRODUCTION

This chapter provides demographic and economic assumptions, including detailed discussions of the national, State, and local economies. Revenue sources, both tax supported and non-tax supported, used to fund the County Executive's Recommended FY24 Operating Budget incorporate policy recommendations.

ESTIMATING SIX-YEAR COSTS

Demographic Assumptions

The revenue projections of the Public Services Program (PSP) incorporate demographic assumptions based on data from Moody's Analytics and Metropolitan Washington Council of Governments (COG) and are based on fiscal and economic data and analyses used or prepared by the Department of Finance (â€˜Finance'). A Demographic and Economic Assumptions chart located at the end of this chapter provides several demographic and planning indicators.

- County population will continue to increase from 1,047,661in 2020 (Census) to 1,147,489 by 2033. This reflects an average annual growth rate of 0.70 percent.
- Current projections estimate the number of households to increase from 372,825 (Census) in 2020 to 425,574 by 2033. Household growth over that period is projected to grow at an average annual rate of 1.0 percent.
- County births, which are one indicator of future elementary school populations and child day care demand, are projected to gradually increase from an estimated 11,700 in 2022 to 13,010 by 2029.
- The County expects Montgomery County Public School student enrollment to increase by 4,766 between FY23 and FY29.
- Montgomery College full-time equivalent student enrollments are projected to decrease from 14,184 in FY23 to 13,956 in FY27.

Using mild recession economic and demographic assumptions to develop fiscal projections does not mean that all possible factors have been considered. It is likely that entirely unanticipated events will affect long-term projections of revenue or expenditure pressures. Although they cannot be quantified, such potential factors should not be ignored in considering possible future developments. These potential factors include the following:

- Changes in the level of local economic activity;
- Federal economic and workforce changes;
- State tax and expenditure policies;
- Federal and State mandates requiring local government expenses;
- Devolution of Federal responsibilities to state and local governments;
- Changes in financial markets;
- Major demographic changes;
- Military conflicts and acts of terrorism; and domestic or global health incidences;
- Major international economic and political changes;

While the effects of the COVID-19 virus on the County's revenues (and expenditures) have had both-one time and structural impacts, further diminution of the COVID-19 pandemic has contributed to improvement in labor force participation and broad-based wage gains.

Policy Assumptions

Revenue and resource estimates presented are the result of the recommended policies of the County Executive for the FY24 budget. Even though it is assumed that these policies will be effective throughout the six-year period, subsequent Council actions, State law and budgetary changes, actual economic conditions, and revised revenue projections may result in policy changes in later years.

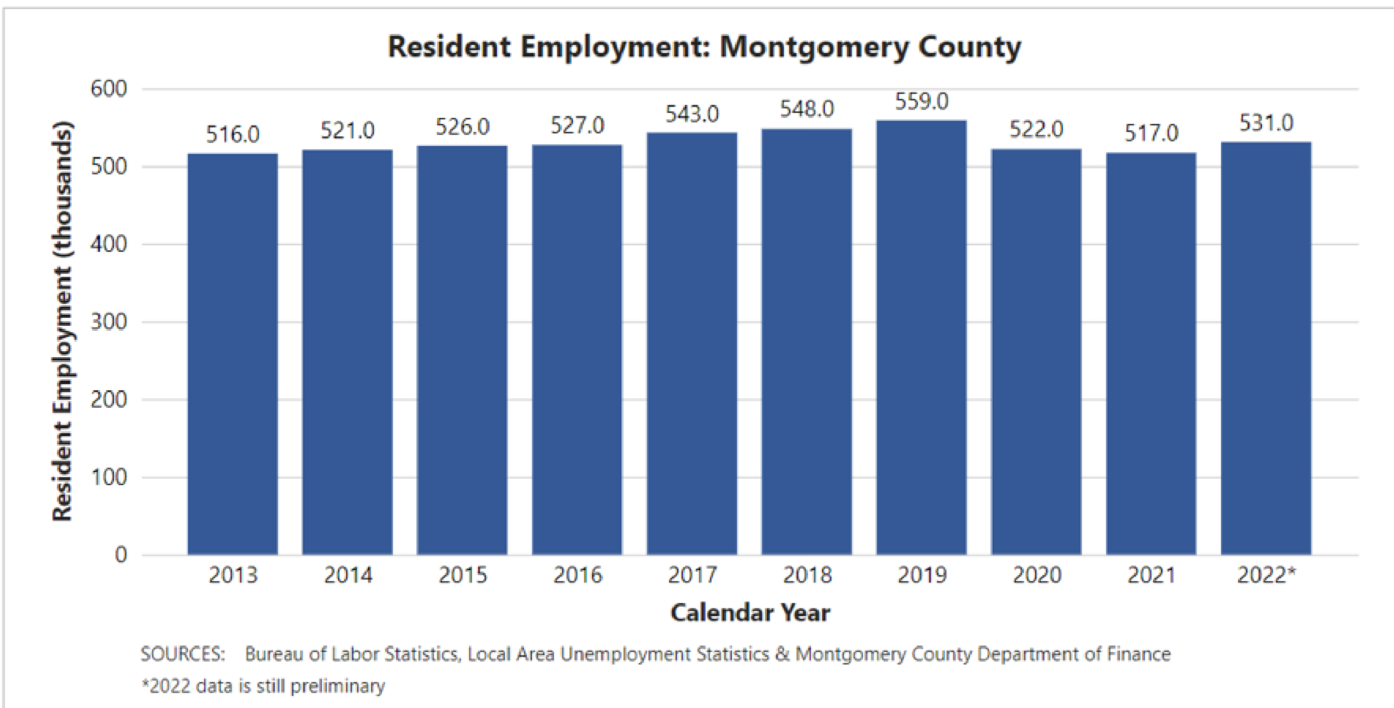
Economic Assumptions

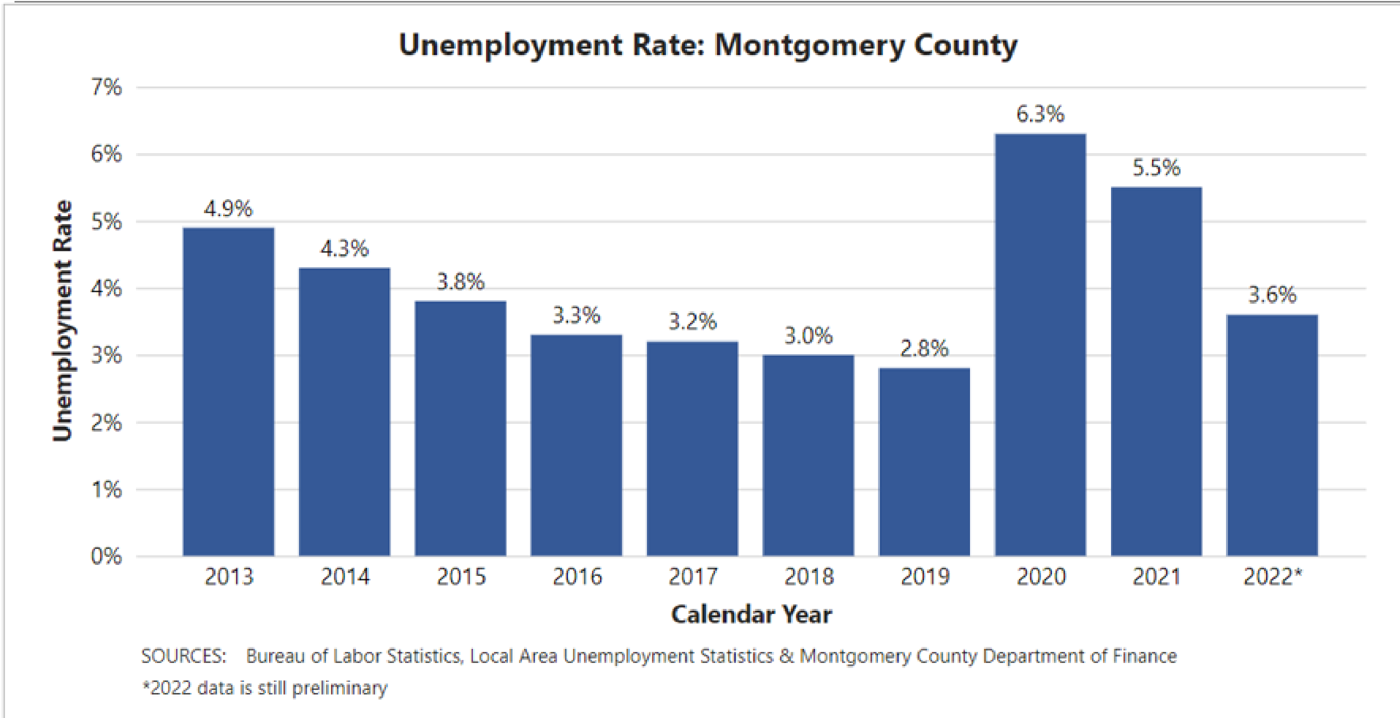
Revenue projections depend on the current and projected indicators of the national, regional, and local economy. National indicators include short-term interest rates, mortgage interest rates, and the stock market. Local economic indicators include residential (labor force survey) and payroll (establishment survey) employment, residential and nonresidential construction, housing sales, and inflation. The assumptions for each of those indicators will affect the revenue projections over the six-year horizon. Such projections are dependent on a number of factors - fiscal and monetary policy, real estate, employment, consumer and business confidence, the stock market, mortgage interest rates, and geopolitical risks.

Montgomery County's economy continued to experience mixed economic performance during calendar (CY) 2022, with strong employment and income growth, but a sharp decline in home sales and reduced construction of residential housing and non-residential projects. The pace of growth of home values moderated from prior years, but prices did not decline despite the sharp drop in sales volume, indicating continued demand to live in Montgomery County.

Resident Employment

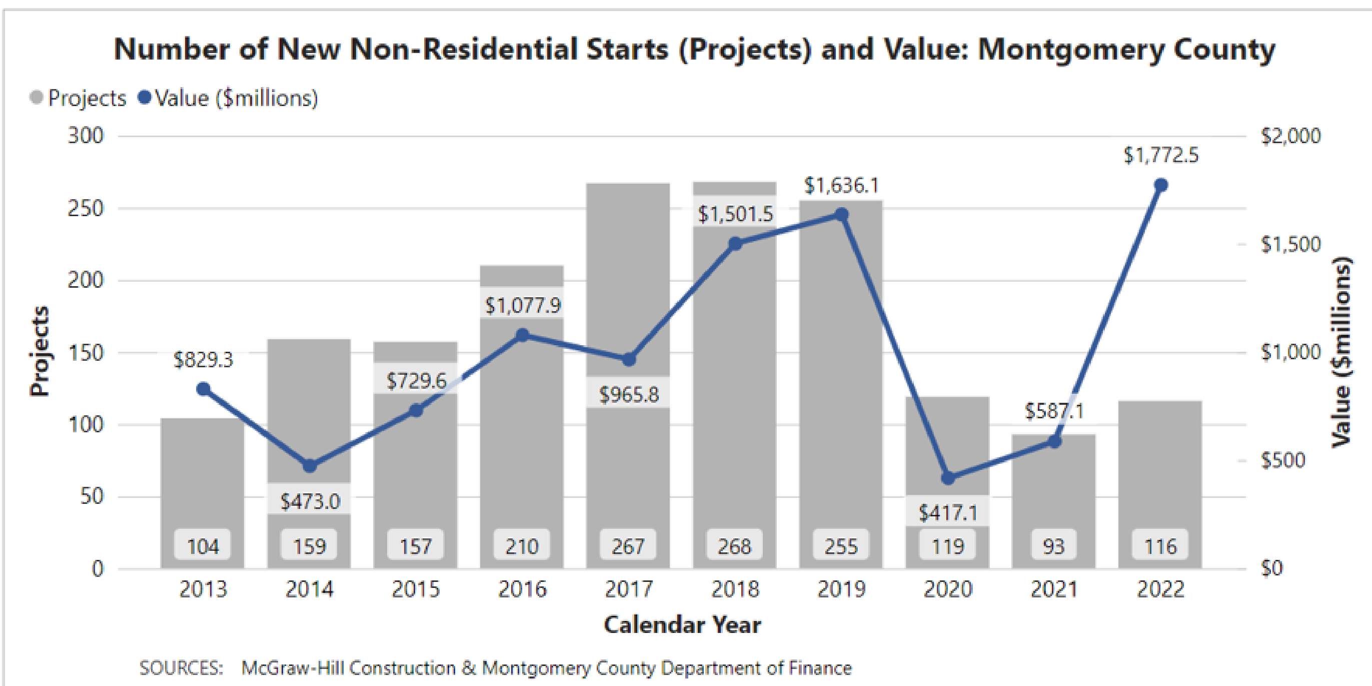
Based on data from the Maryland Department of Labor, Licensing and Regulation (DLLR) and the Bureau of Labor Statistics, U.S. Department of Labor, resident employment (labor force series and not seasonally adjusted) in CY22 grew, increasing by 13,630 from CY21 (2.63 percent). This followed declines of 4,470 from CY20 to CY21 (0.86 percent) and a drop of 37,288 from CY19 to CY20 (6.67 percent). The County's unemployment rate came down from 5.5 percent in 2021 to 3.6 percent in 2022 attributed to a greater increase in employment (2.63 percent) than the increase in the labor force of 3,200 or 0.58 percent. The unemployment rate in CY22 remains higher than the pre-pandemic rate of 2.8% in CY19.

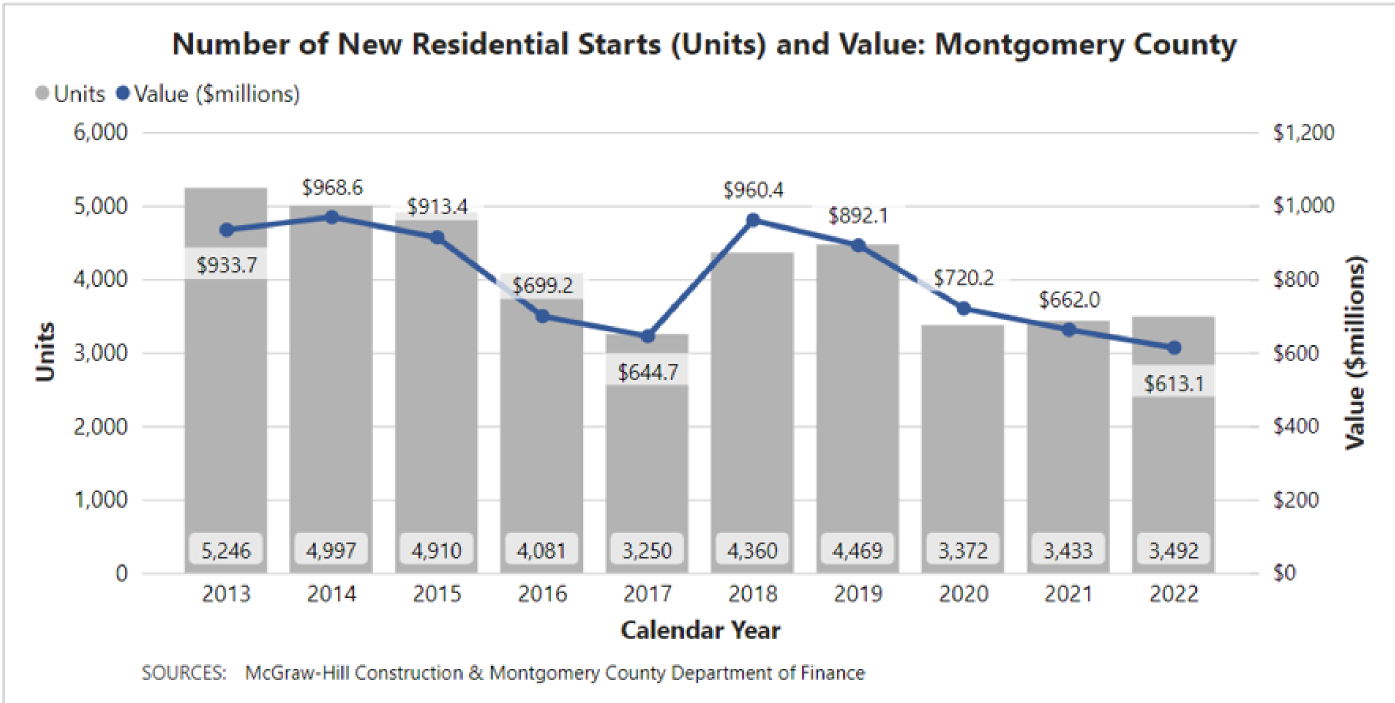




Construction Activity

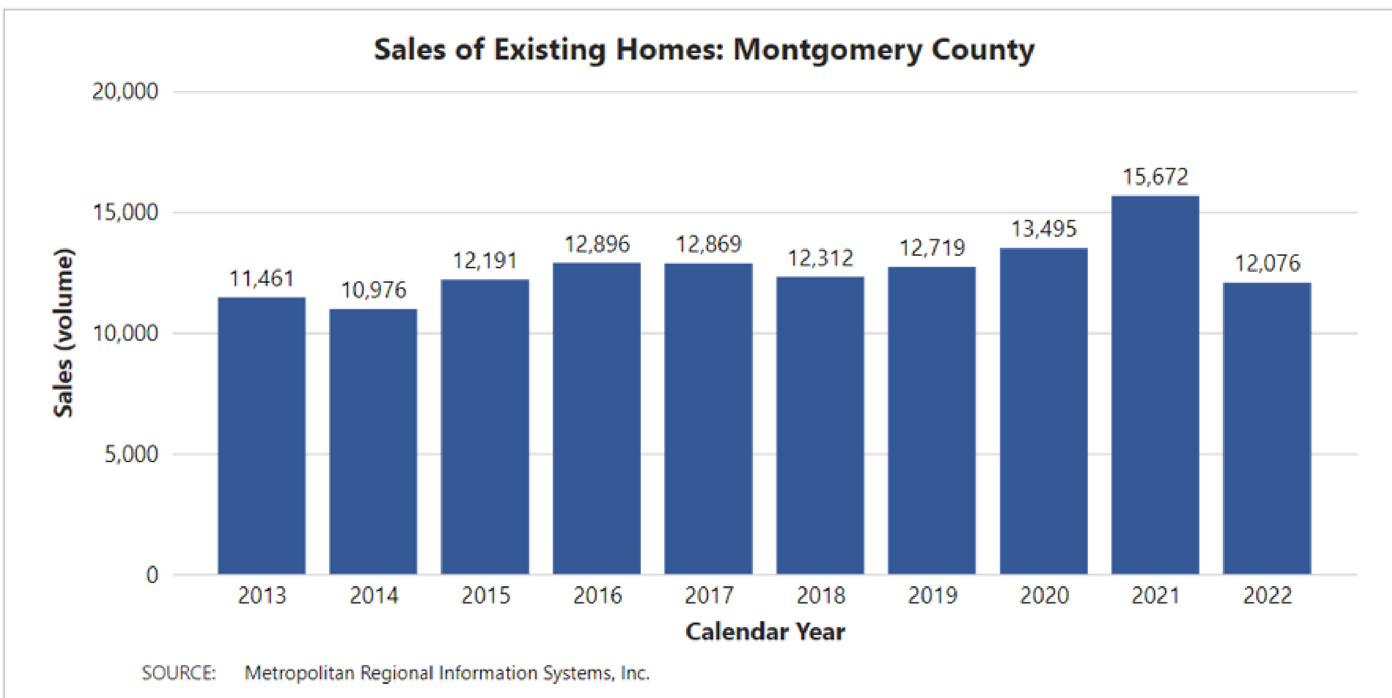
Despite the increase in interest and mortgage rates depressing housing demand, the construction of new residential units was virtually unchanged in CY22 as compared to CY21 and CY20. However, total value added from new residential units decreased from $662.0 million in CY21 to $613.1 million in CY22 (7.4 percent). The total value added from non-residential projects increased back to levels attained between CY17 and CY19. Non-residential project value went from $587.0 million in CY21 to $1,772.5 million (201.9 percent) in CY22.

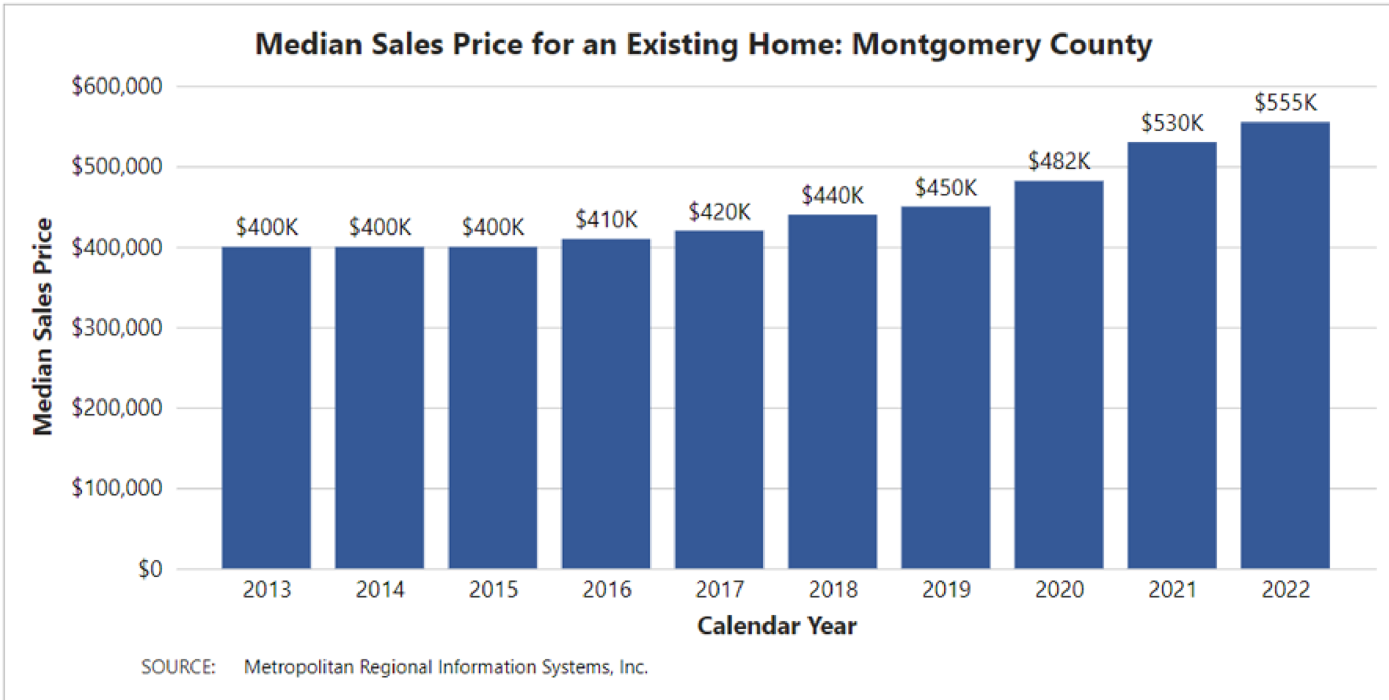




Residential Real Estate

The Federal Reserve raised the federal funds rate a total of 8 times since March 2022 a total of 4.25% to its current target range of 4.50%-4.75% which caused a sharp increase in mortgage rates. This increase in mortgage rates depressed demand for existing homes, with total sales declining by 22.9 percent in CY22. Despite reduced activity, median sales price for existing homes climbed another 4.72 percent in CY 22 after increasing by 9.9 percent in CY21 and 7.1 percent in CY20.

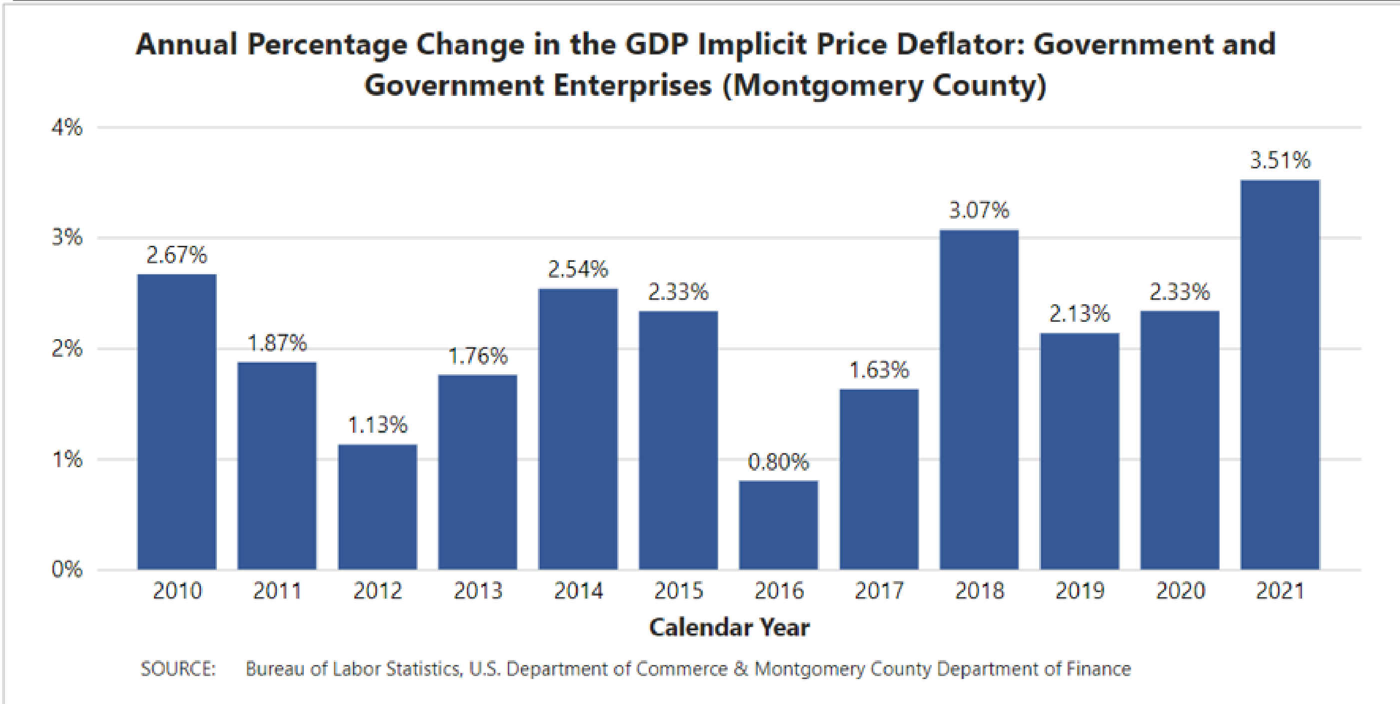




GDP Implicit Price Deflator - Government consumption expenditures and gross investment: State and local (implicit price deflator): Montgomery County

Government consumption expenditures and gross investment measures the portion of gross domestic product (GDP), or final expenditures, that is accounted for by the government sector. Government consumption expenditures consist of spending by government to produce services to the public such as public-school expenditures. Gross investment consists of spending by government for fixed assets that directly benefit the public such as highway construction, or that assist government agencies in their production activities such as purchasing vehicles and equipment.

The GDP implicit price deflator for state and local government consumption expenditures and gross investment was 3.5 percent for Montgomery County in CY21 (the latest year of available data). This was higher than any year since CY10 and indicates rising costs to operate municipal government.



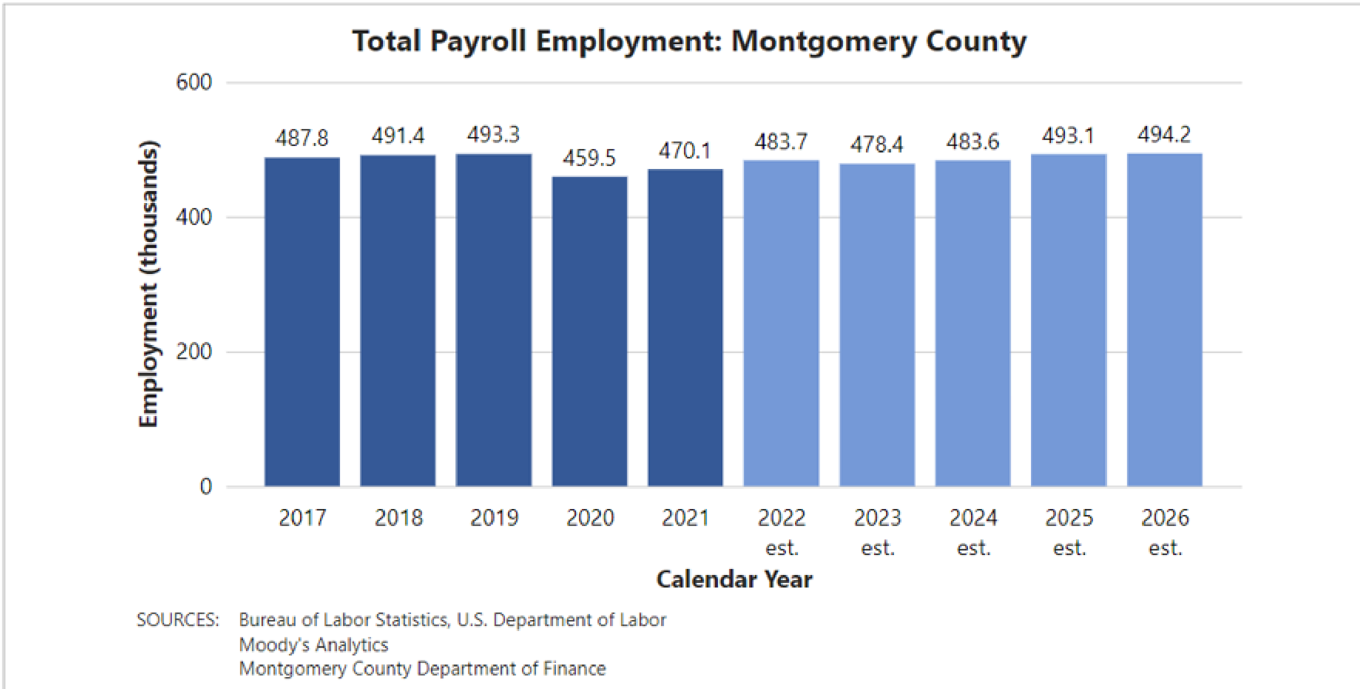
CONCLUSION

The employment, real estate, and government inflation economic indicators contain mixed signals regarding the County's economy during CY22 and the potential future trajectory. That performance included an improved labor market, continued production of new building space and housing units, but a sharp decline in residential real estate demand.

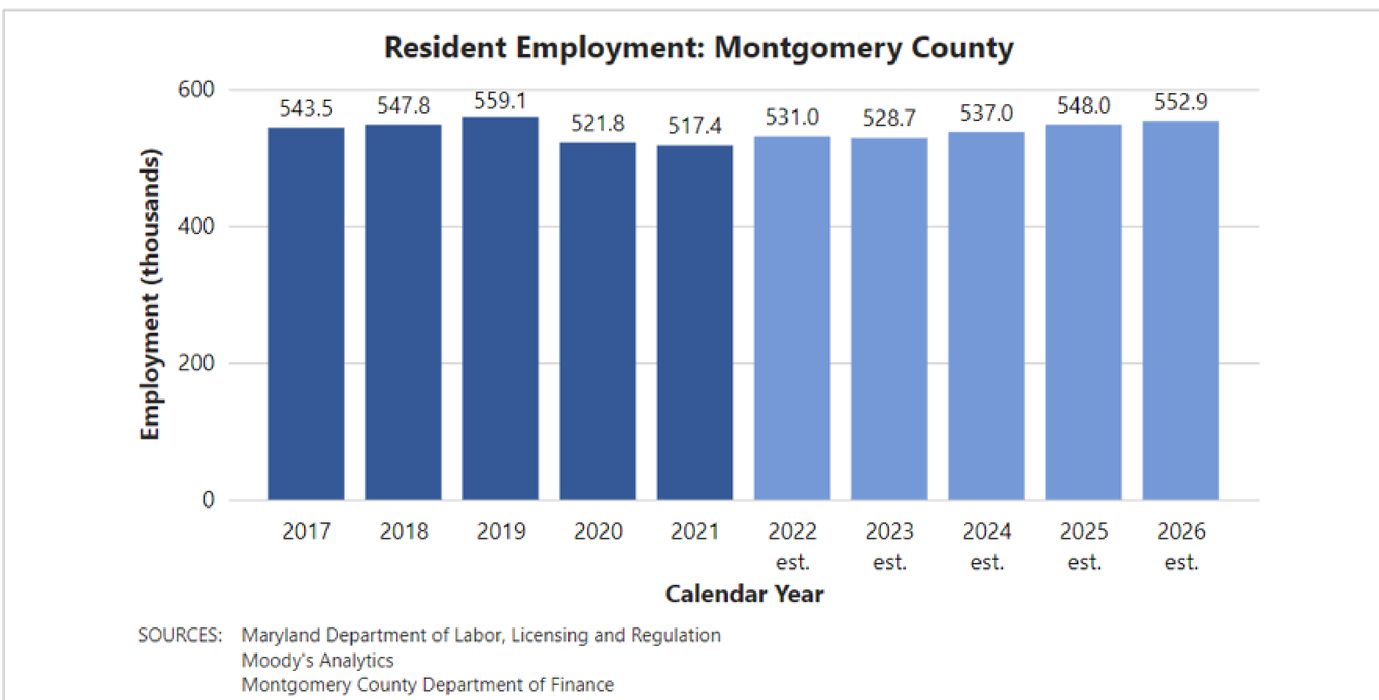
ECONOMIC OUTLOOK

Finance forecasts that Montgomery County may experience a mild recession during CY23 which will result in a slowdown in the labor market but will continue to see modest growth in total personal income. The mild pullback in labor markets would be the result of the significant increase in interest rates depressing investment and job creation nationwide and in the County.

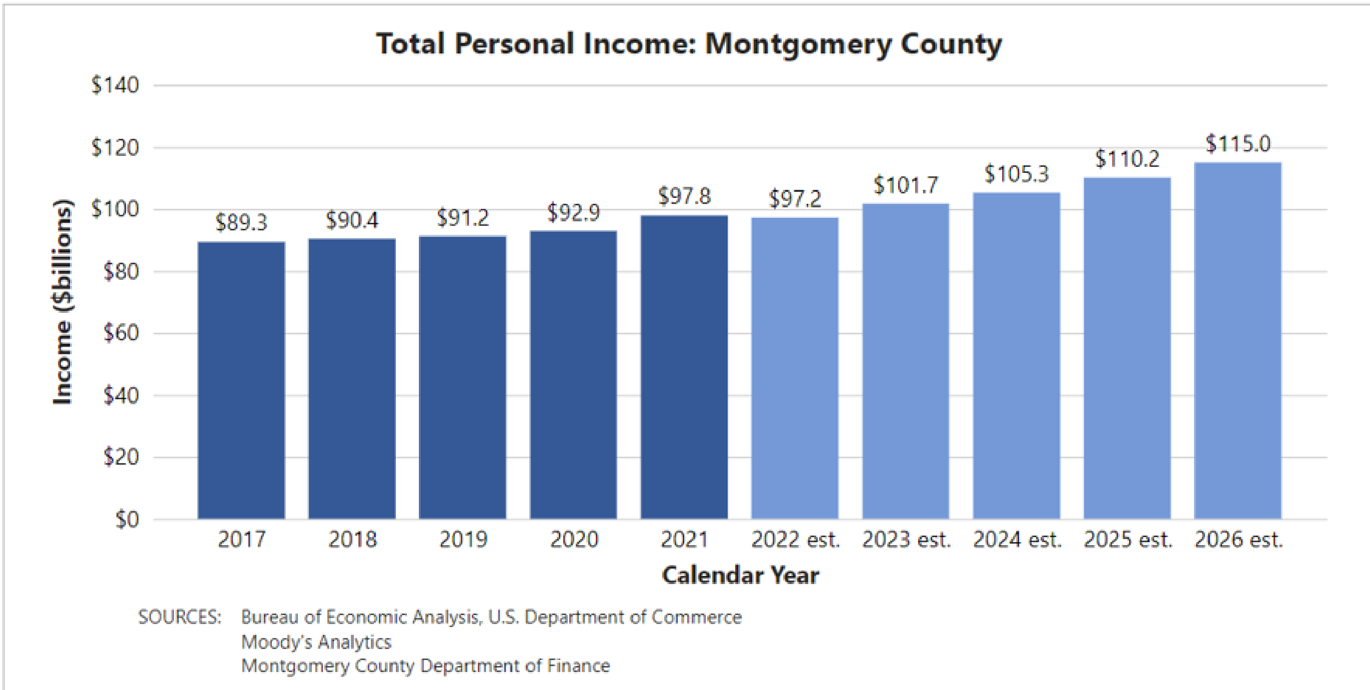
Employment. Based on payroll employment from Current Employment Statistics (CES) series from the Bureau of Labor Statistics (BLS) for the Silver Spring - Frederick - Rockville: MD metropolitan division and Moody's Analytics, Finance assumes that payroll employment will increase from CY21 to CY26 at an average annual rate of 1.0 percent, including a drop of 1.1 percent from CY22 to CY23. This is greater than the average annual rate of -0.9 percent experienced between CY17 and CY21 attributed to COVID. Finance assumes payroll employment will return to pre-pandemic levels by CY25.



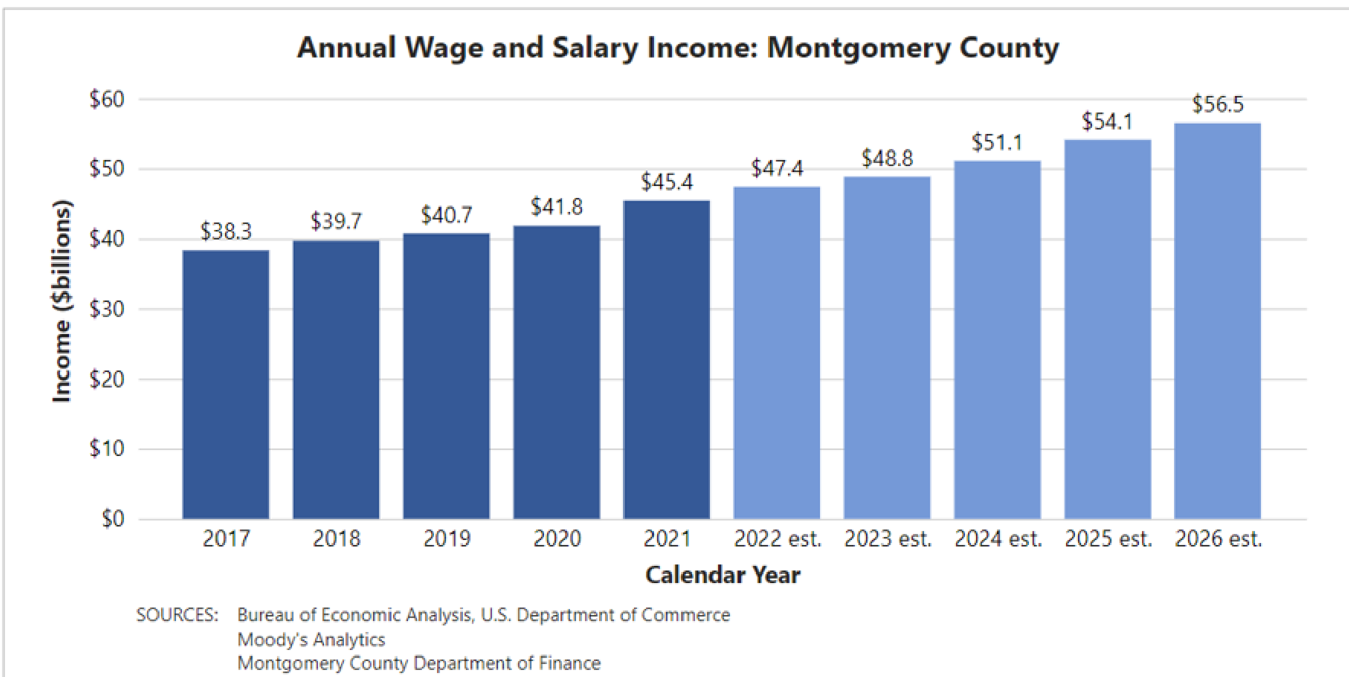
Finance assumes that resident employment will increase at an average annual rate of 1.3 percent from CY21 to CY26. That rate reverses the average annual rate of -1.2 percent between CY17 and CY21 which is primarily attributed to COVID-19 in CY20 and CY21. Even with the average annual increase of 1.3 percent from CY21 to CY26, Finance estimates that resident employment will not attain its pre-pandemic levels until after CY26.



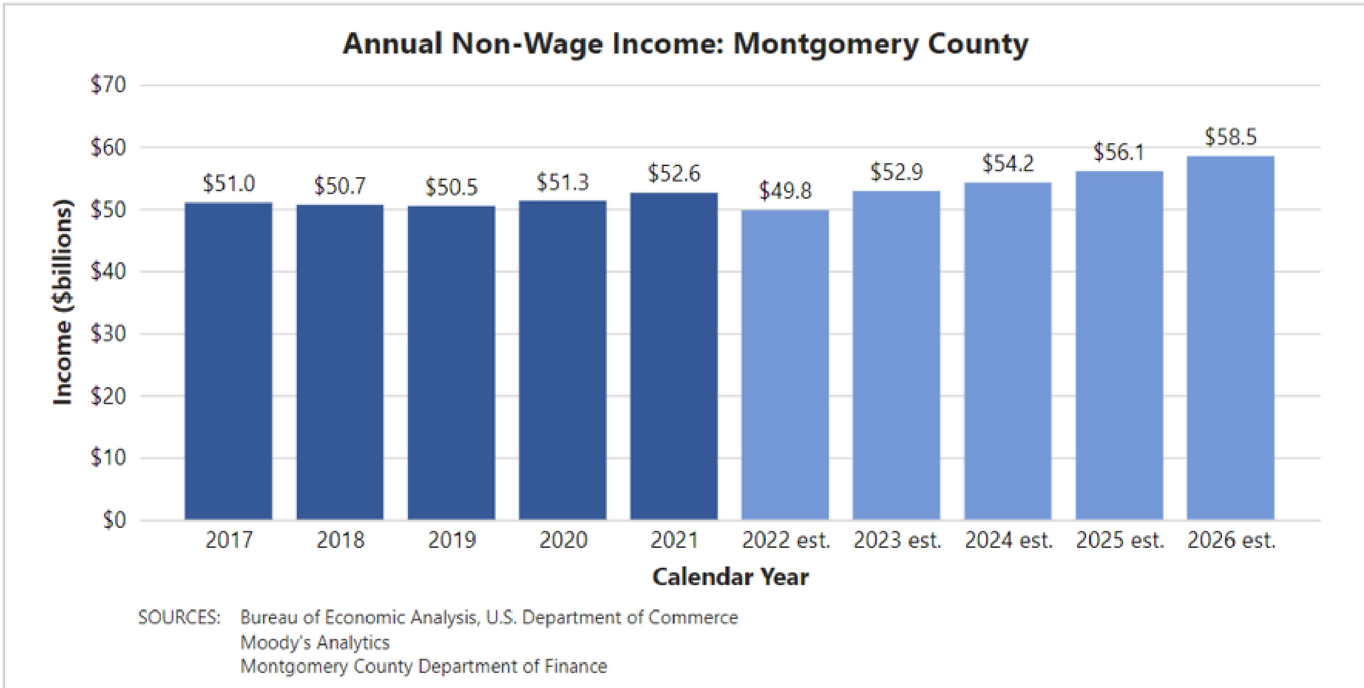
Personal Income. Finance assumes that total personal income in Montgomery County will increase at an average annual rate of 3.3 percent from CY21 to CY26 compared to an average annual growth rate of 2.3 percent from CY17 to CY21. The forecast indicates that personal income will continue growing despite a potential decline in employment in CY23, indicating continued growth in wages and non-wage income.



Wage and Salary Income. Finance assumes wage and salary income will continue growing as it has in the recent past, increasing at an average annual rate of 4.5 percent from CY21 to CY26. This compares to the average annual growth rate of 4.3 percent from CY17 to CY21.

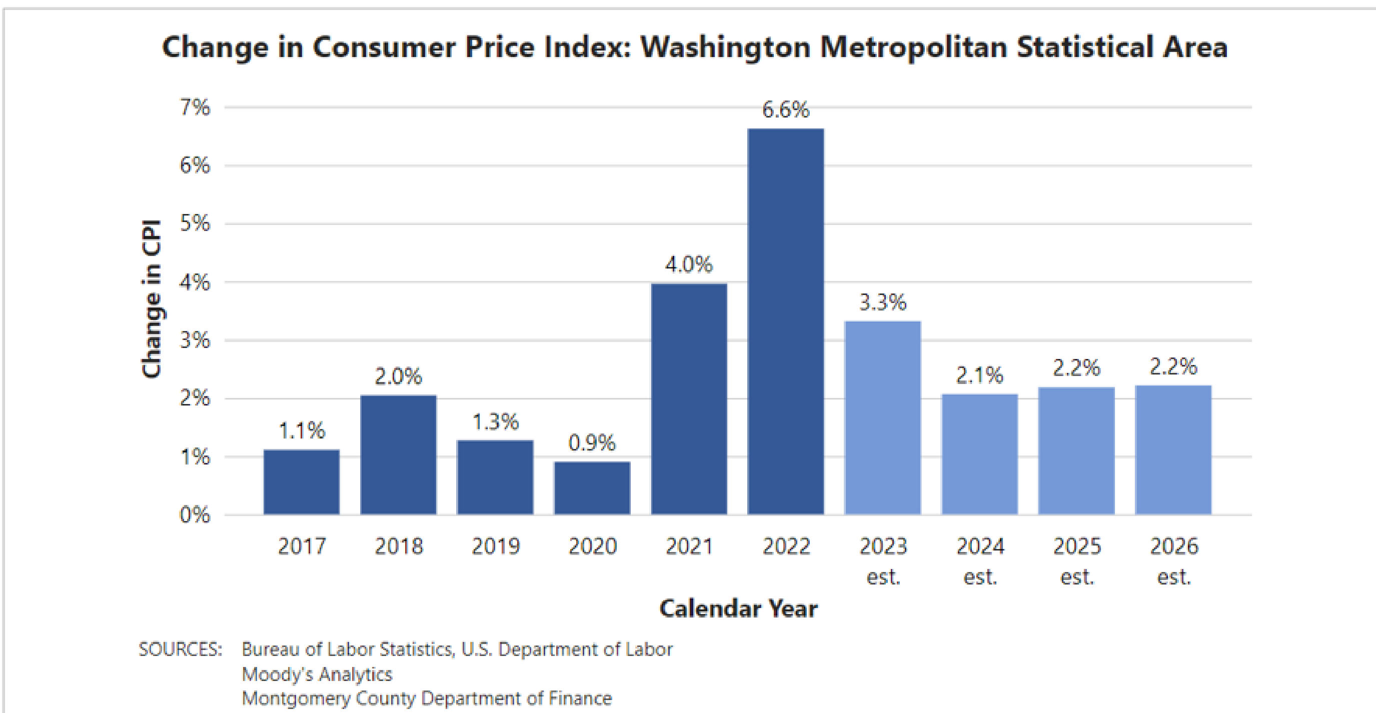


***Non-Wage Income*[1]** Finance assumes that non-wage income in Montgomery County will increase at an average annual rate of 2.2 percent from CY21 to CY26, following a decline of 5.3 percent from CY21 to CY22. This compares to the average annual growth rate of 0.8 percent from CY17 to CY21.

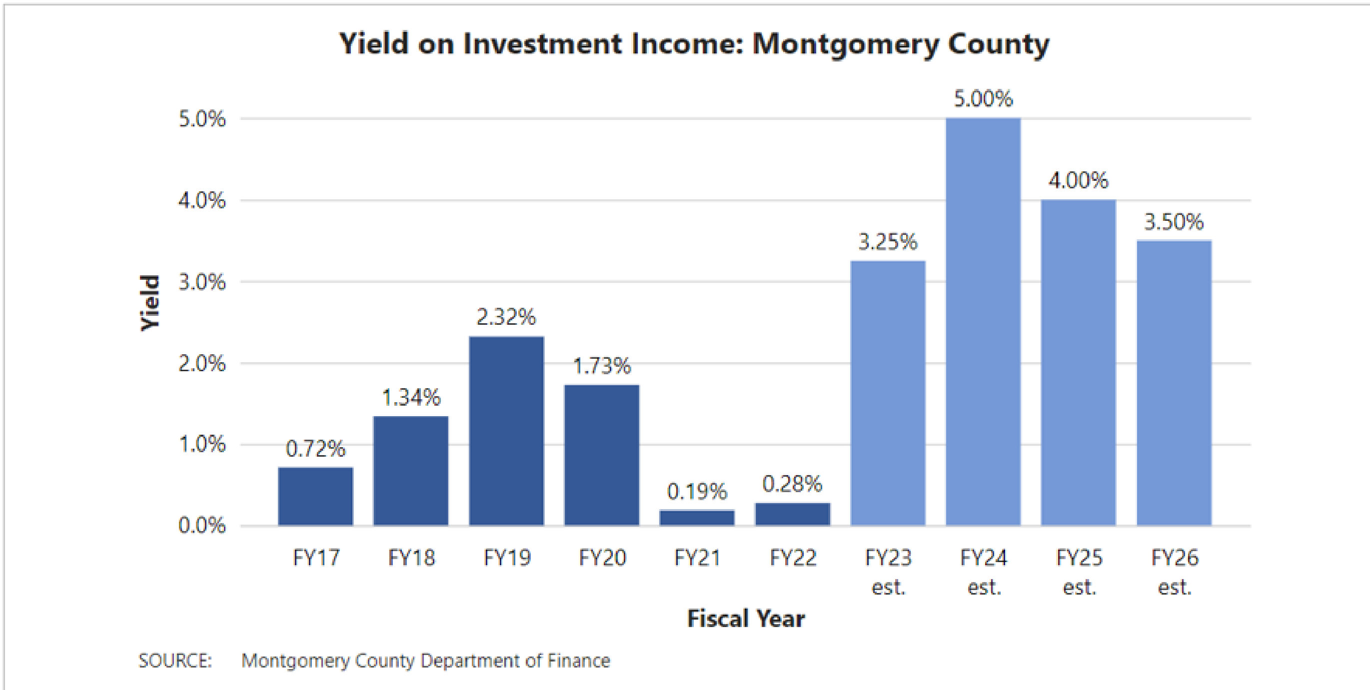


[1] Non-wage income is the sum of proprietor's income, supplements to wages and salaries, transfer receipts, dividends/interest /rents, adjustment for residence, less contributions for government social insurance.

Inflation (annual average). Finance assumes that the overall regional inflation index for the Washington-Arlington-Alexandria, DC-VA-MD-WV metropolitan statistical area will moderate from 6.6 percent in CY22 to 3.3 percent in CY23 and will then approach the more long-term trend of 2.1-2.2 percent annual inflation in CY24 through CY26.



Interest Rates. Since the yield on the County's short-term investments is highly correlated with the federal funds rate, the County earned an average of 0.33 percent in investment income on its short-term portfolio for fiscal year (FY) 2022. Rate increases to the targeted federal funds rate by the Federal Open Market Committee of the Board of Governors of the Federal Reserve System in response to inflation pressures has increased yields, rising to 3.25 percent in FY23 and then to 5.00 percent in FY24.



REVENUE SOURCES

The major revenue sources for all County funds of the Operating Budget and the Public Services Program (PSP) are described below. Revenue sources which fund department and agency budgets are included in the respective budget presentations. Six-year projections of revenues and resources available for allocation are made for all County funds. This section displays projections of total revenues available for the tax supported portion of the program. Tax supported funds are those funds subject to the Spending Affordability Guideline (SAG) limitations. The SAG limitations are intended to ensure that the tax burden on residents is affordable. The County Council has based the guidelines on inflation and personal income of County residents.

The PSP also includes multi-year projections of non-tax supported funds. These funds represent another type of financial burden on households and businesses and, therefore, should be considered in determining the "affordability" of all services that affect most of the County's population. Projections for non-tax supported funds within County government are presented in the budget section for each of those funds.

IMPACT ON REVENUES AND THE CAPITAL BUDGET

The use of resources represented in this section includes appropriations to the operating funds of the various agencies of the County as well as other resource requirements, such as current revenue funding of the Capital Budget, debt service, and fund balance. These other uses, commonly called "Non-Agency Uses of Resources," affect the total level of resources available for allocation to agency programs. Some of these factors are determined by County policy or law; others depend, in part, on actual revenue receipts and expenditure patterns.

The level of PSP-related spending indirectly impacts the local economy and, hence, the level of County revenues. However, the effect on revenues from expenditures of the Executive's Recommended Operating Budget and PSP are expected to be minimal. The PSP also impacts revenues available to fund the Capital Budget. The revenue projections included in this section subtract projected uses of current revenues for both debt eligible and non-debt eligible capital investments. Therefore, the Executive's Recommended Operating Budget and PSP provide the allocations of annual resources to the Capital Budget as planned for in the County Executive's Recommended Amended FY23-28 CIP (as of January 17, 2023). Anticipated current revenue adjustments to the County Executive's Recommended Amended FY23-28 CIP have been made as part of the Executive's Recommended Operating Budget.

Prior Year Fund Balance

The prior year fund balance for the previous fiscal year is the audited FY22 closing fund balance for all tax supported funds. The current year fund balance results from an analysis of revenues and expenditures for the balance of the fiscal year. Prior year fund balance for future fiscal years is assumed to equal the fund balance for the preceding year.

Net Transfers

Net transfers are the net of transfers in and transfers out between all tax supported and non-tax supported funds in all agencies. The largest single transfer to the General Fund is the earnings transfer from the Liquor Control Fund to the General Fund. The transfer from the General Fund to Montgomery Housing Initiative to support the Executive's housing policy is the largest transfer to a non-tax supported fund. The payment from the General Fund to the Solid Waste Disposal Fund for disposal of solid waste collected at County facilities is the next largest transfer to a non-tax supported fund. The level of transfers is an estimate based on individual estimates of component transfers.

Debt Service Obligations

Debt service estimates are those made to support the County Executive's Recommended Amended FY23-28 CIP (as of January 17, 2023). Debt service obligations over the six years are based on servicing debt issued to fund planned capital projects, as well as amounts necessary for short-term and long-term leases. Debt service requirements have the single largest impact on the Operating Budget/Public Services Program by the CIP. The Charter-required CIP contains a plan or schedule of project expenditures for schools, transportation, and infrastructure modernization. Approximately 33.7 percent of the CIP is funded with General Obligation (G.O.) bonds. Each G.O. bond issue used to fund the CIP translates to a draw against the Operating Budget each year for 20 years. Debt requirements for past and future G.O. bond issues are calculated each fiscal year, and provision for the payment of Debt Service is included as part of the annual estimation of resources available for other Operating Budget requirements. As Debt Service grows over the years, increased pressures are placed on other PSP programs competing for scarce resources.

The State authorizes borrowing of funds and issuance of bonds up to a maximum of 6.0 percent of the assessed valuation of all real property and 15.0 percent of the assessed value of all personal property within the County. The County's outstanding G.O. debt plus short-term commercial paper as of June 30, 2022, is 1.71 percent of assessed value, well within the legal debt limit and safely within the County's financial capabilities.

Capital Improvements Program (CIP) Current Revenue and PAYGO

Estimates of transfers of current revenue and PAYGO to the CIP are based on the most recent County Executive recommendations for the Capital Budget and CIP. These estimates are based on programmed current revenue and PAYGO funding in the six years, as well as additional current revenue amounts allocated to the CIP for future projects and inflation.

Revenue Stabilization

On June 29, 2010, the Montgomery County Council enacted Bill 36-10 amending the Montgomery County Code (Chapter 20, Finance, Article XII) that repealed the limit on the size of the Revenue Stabilization Fund (Fund), modified the requirement for mandatory County contributions to the Fund, and amended the law governing the Fund. Mandatory contributions to the Fund are the greater of 50 percent of any excess revenue, or an amount equal to the lesser of 0.5 percent of the Adjusted Governmental Revenues (AGR) or the amount needed to obtain a total reserve of 10 percent of the Adjusted Governmental Revenues. Adjusted Governmental Revenues include tax supported County Governmental revenues plus revenues of the County Grants Fund and County Capital Projects Fund; tax supported revenues of the Montgomery County Public Schools, not including the County's local contribution; tax supported revenues of Montgomery College, not including the County's local contribution; and tax supported revenues of the Montgomery County portion of the Maryland-National Capital Park and Planning Commission. All interest earned on the Fund must be added to the Fund. For FY22 and FY23, funds received by the County to broadly respond to the COVID-19 pandemic under H.R. 748, the Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, and H.R.1319 the American Rescue Plan Act (ARPA) are excluded from the calculation of Adjusted Government Revenues for the purposes of calculating the mandatory contribution to the Fund. The FY24 Recommended Budget estimates that the Revenue Stabilization Fund balance will be $603.9 million in FY23 and the balance is estimated to increase to $630.2 million in FY24.

Other Uses

This category is used to set aside funds for such items as possible legal settlement payments and other special circumstances such as set-aside of revenues to fund future years.

Reserves

The County may maintain an unrestricted General Fund balance of up to five percent of prior year's General Fund revenues (pursuant to Charter § 310) and a combined unrestricted General Fund balance plus the Revenue Stabilization Fund balance of 10% of AGR. This budget satisfies the County's policy to maintain the budgeted total reserve of the unrestricted General Fund and Revenue Stabilization Fund at 10 percent of Adjusted Governmental Revenues after utilizing reserves in excess of the policy level to bridge FY24 forecasted mild recession and maintain services.

REVENUE ASSUMPTIONS

Projections for revenues are included in six-year schedules for County Government Special Funds and for Montgomery College, M-NCPPC, and WSSC in the relevant sections of this document. See the MCPS Budget Document for six-year projections of MCPS funds. Projections for revenues funding County government appropriations are provided to the Council and public as fiscal projections. Such projections are based on estimates of County income from its own sources such as taxes, user fees, charges, and fines, as well as expectations of other assistance from the State and Federal government. The most likely economic, demographic, and governmental policy assumptions that will cause a change in revenue projections are included in this section.

TAX SUPPORTED REVENUES

Tax supported revenues come from a number of sources including but not limited to property and income taxes, real estate transfer and recordation taxes, excise taxes, intergovernmental revenues, service charges, fees and licenses, college tuition, and investment income. In order of magnitude, however, the property tax and the income tax are the most important with 47.3 percent and 42.7 percent, respectively, of the estimated total tax revenues in FY24. The third category is the energy tax estimated for the General Fund with 4.3 percent share. In fact, these three revenue sources represent 94.3 percent of total tax revenues. Of the total tax-supported revenues, property tax and income tax are also the most important with 36.5 percent and 32.9 percent, respectively. The third category is intergovernmental revenues with a 19.3 percent share of the estimated total tax supported revenues in FY24. Income and transfer and recordation taxes are the most sensitive to economic and, increasingly, financial market conditions. By contrast, the property tax exhibits the least volatility because of the three-year re-assessment phase-in and the ten percent "homestead tax credit" that spreads out changes evenly over several years.

Property Tax

Using proposed tax rates (levy year 2023) and a recommended $692 Income Tax Offset Credit (ITOC), total estimated FY24 tax supported property tax revenues of $2,225.4 million are 15.2 percent above the revised FY23 estimate. The general countywide rate for FY24 (Levy Year 2023) is $0.7700 per $100 of assessed real property, while a rate of $1.9250 is levied on personal property. In addition to the general countywide tax rate, there are special district area tax rates. The weighted average real property tax rate for FY24 (Levy Year 2023) is $1.0785 $100 of assessed real property. The weighted average tax rate for FY24 includes a $0.10 general fund property tax increases for school purposes pursuant to Maryland Code, Education § 5-104 (d)(1). In November 2020, County residents voted to amend Section 305 of the County Charter "to prohibit the County Council from adopting a tax rate on real property that exceeds the tax rate on real property approved the previous year, unless all current Councilmembers vote affirmatively for the increase." The proposed $0.10 property tax increase dedicated to school funding is not included in the charter limit pursuant to § 5-104 of the State Education Article, which allows a county to set a property tax rate greater than would otherwise be allowed under the county's charter limit and may be approved by a majority of the number of councilmembers.

The countywide total property taxable assessment is estimated to increase approximately 2.9 percent from a revised $212.0 billion in FY23 to $218.1 billion in FY24. The total property taxable assessment is comprised of i) real property and ii) personal property. For FY24, the Department of Finance estimates a real property taxable assessment of approximately $213.8 billion, an increase of 3.0 percent from FY23, with the remaining $4.3 billion from personal property. This is an increase in total property taxable assessments after a decrease in FY22 attributed to a decrease in personal property of 9.4 percent.

The real property base is divided into three groups based on their geographic location in the County. Each group is reassessed triennially by the State Department of Assessments and Taxation (SDAT), which has the responsibility for assessing properties in

Maryland. The amount of the change in the established market value (full cash value) of one-third of the properties reassessed each year is phased in over a three-year period. Declines in assessed values, however, are effective in the first year. The triennial residential property reassessment for Group 3 increased 6.6 percent and commercial property increased 14.4 percent for levy year 2021 (FY22) followed by the triennial residential property reassessment for Group 1 that increased 11.3 percent and commercial property increased 10.1 percent for levy year 2022 (FY23). Based on data from SDAT the triennial reassessment for real property is estimated to increase 19.8 percent for residential properties in Group 2 and is estimated to increase 19.4 percent for commercial property for levy year 2023 (FY24).

Income Tax

The base for Montgomery County's income tax is Maryland net taxable income (NTI). NTI is federal adjusted gross income, as determined by the Internal Revenue Code, with Maryland-specific adjustments, both positive and negative, and the subtraction of Maryland standard or itemized deductions and personal exemptions, all as determined by Maryland law. The Maryland Comptroller's Office administers the local income tax as part of the state income tax. Local income tax revenues are collected along with state income tax revenues through employer withholding on a periodic basis, estimated payments and final payments and refunds. The County receives its income tax revenues largely through quarterly distributions from the State of withholding and estimated payments (an average of 82 percent of annual receipts) with additional distributions to reconcile the quarterly distributions for a tax year as tax returns are processed and for delinquent payments, interest and penalties and other unallocated collections.

Estimated FY24 income tax revenues of 1,925.1 million are 1.2 percent below the revised FY23 estimate. The FY23 estimate has been revised from $1,947.9 million in the December Fiscal Plan to $1,925.1 million due to the February quarterly income tax distribution and expected reconciling income tax due to the Comptrollers review of tax records for taxpayers who had filed for extensions for tax year ('TY') 2021. Recent tax years have had substantial variation in the level of income tax reconciling distributions due to amendments to state and federal tax law influencing the timing and amount of tax payments specifically related to pass-through-entities (PTEs).

On May 8, 2020, the Maryland General Assembly enacted SB523 that amended Article II, Section 17(c), of the Maryland Constitution - Chapter 641. At that time, the State of Maryland was one of nine states that enacted a pass-through-entity tax. Specifically, the bill authorized a PTE to elect to be taxed at the entity level for the income tax. Also, "an individual or corporation may claim a tax credit against the State income tax equal to the tax paid by the PTE on the member's share of the PTE's taxable income." According to the Maryland Comptroller, PTEs are partnerships, limited liability companies, S-corporations, and business trusts. Because of this option to pay at the entity level and noted by the Maryland Comptroller's office, the impact of state law regarding PTEs could impact the growth of estimated and final payments. This option may have resulted in the substantial variation in the County's reconciling distributions in the past 2 years.

Transfer and Recordation Taxes

Estimated FY24 revenues for the General Fund of $174.6 million, which excludes the School Capital Improvement Program (CIP) portion, condominium conversions, and the tax premium, are 0.3 percent below the revised FY23 estimate. This reflects a FY24 estimate of $118.1 million in the transfer tax and $56.5 million in the General Fund portion of the recordation tax. Residential transfer tax revenues follow the trends in real estate sales for existing and new homes. Real estate sales, in turn, are highly correlated with specific economic indicators such as growth in employment and wage and salary income, formation of households, mortgage lending conditions, and mortgage interest rates. The same holds true for the commercial sector, which is equally affected by business activity and investment, office vacancy rates, property values, and financing costs. Based on the activity in the real estate markets described in the economic assumptions section above and the forecast from Moody's Analytics, Finance estimates the sales of existing homes in the County will decrease 22.6 percent in CY23 but increase 14.8 percent in CY24. Over the same two years, median sales prices will decrease 5.1 percent in CY23 and another decrease of 3.6 percent in CY24.

Energy Tax

Estimated FY24 revenues of $193.1 million are 4.6 percent above the revised FY23 estimate. The fuel-energy tax is imposed on persons or entities transmitting, distributing, manufacturing, producing, or supplying electricity, gas, steam, coal, fuel oil, or liquefied petroleum gas. Different rates apply to residential and nonresidential consumption and to the various types of energy. Since the rates per unit of energy consumed are fixed, collections change only with shifts in energy consumption and not with changes in the price of the energy product. Because of the impacts of COVID-19, non-residential tax collections declined considerably in FY21 from FY20 while residential tax collections' share increased almost 99 percent in FY21 from FY20. However, as the effects of COVID have subsided through FY22 and the first half of FY23, non-residential tax collections have returned back to their historic share of roughly 65 percent of collections. Employees transitioning back to the office have stabilized energy tax estimates from their weaker than normal outlier values during the depths of the pandemic.

Telephone Tax

Estimated FY24 revenues of $55.6 million are 0.6 percent above the revised FY23 estimate. The telephone tax is levied as a fixed amount per landline, wireless communications, and other communication devices. The tax on a traditional landline is $2.00 per month, while multiple business lines (Centrex) are taxed at $0.20 per month. The tax rate on wireless communications is $3.50 per month. Revenues from this tax are driven primarily by modest growth in wireless communications such as cell phones and by voice-over internet protocol. Over the past decade, approximately 80 percent of the gross telephone tax is attributed to growth in the cellular wireless component, which has moderated over the past couple of years.

Hotel/Motel Tax

Estimated FY24 revenues of $22.1 million are 1.8 percent above the revised FY23 estimate attributed to a significant increase in the occupancy rate and increases in room rates. The hotel/motel tax is levied as a percentage of the hotel bill including online room rental organizations such as AirBnb; the current tax rate is 7.0 percent. Occupancy rates in the County are generally the highest in the spring (April and May) and autumn (September and October) as tourists and schools visit the nation's capital for such events as the Cherry Blossom Festival and school trips, while organizations often schedule conferences and events during such periods. During peak periods, many visitors to Washington, D.C. use hotels in the County, especially those in the lower county. Business and conference travel has lagged the rebound in tourist travel following the COVID pandemic lows, which leaves the County's hotel industry and tax revenues at a level below the FY19 peak. Because of the recovery from the worst impacts of COVID-19, tax collections from the hotel/motel tax are estimated to increase 28.6 percent in FY23 and continue to rebound from the pandemic lows in FY21 with more stable growth rates going forward.

Admissions/Amusement Tax

Estimated FY24 revenues of $3.0 million are 3.0 percent above the revised FY23 estimate. Admissions and amusement taxes are State- administered local taxes on the gross receipts of various categories of amusement, recreation, and sports activities. Taxpayers are required to file a return and pay the tax monthly while the County receives quarterly distributions of the receipts from the State. Montgomery County levies a 7 percent tax, except for categories subject to State sales and use tax, where the County rate would be lower. Such categories include rentals of athletic equipment, boats, golf carts, skates, skis, horses, and sales related to entertainment. Gross receipts are exempt from the County tax when a Municipal admissions and amusement tax is in effect. The estimated increase in FY24 revenues is attributed to a rebound in the growth in attendance.

E-Cigarettes Tax

Estimated FY24 revenues from the E-Cigarettes tax of $1.1 million are 6.3 percent above the revised FY23 estimate. On March 31, 2020, the Montgomery County Council enacted legislation that prohibited an electronic devices manufacturer from distributing flavored electronic cigarettes to certain retail stores in the County. As such, FY24 revenues are estimated to be 21.4 percent lower than the peak of $1.4 million in FY20.

OTHER TAX SUPPORTED REVENUES

Non-tax revenues throughout all tax supported funds (excluding Enterprise Funds, such as Permitting Services, Parking Districts, Solid Waste Disposal, and Solid Waste Collection Funds) are estimated at $1.343 billion in FY24. This is a $74.6 million increase, or 5.9 percent, from the revised FY23 estimate. Non-tax revenues include intergovernmental revenues, investment income, licenses and permits, charges for services, fines, and forfeitures, and miscellaneous revenues.

General Intergovernmental Revenues

Intergovernmental revenues are received from the State or Federal governments as general aid for certain purposes, not tied, like grants, to particular expenditures. The majority of this money comes from the State based on particular formulas set in law. Total aid is specified in the Governor's annual budget. Since the final results are not known until the General Assembly session is completed and the State budget is adopted, estimates in the March 15 County Executive's Recommended Public Services Program are generally based on the Governor's budget estimates for FY24. If additional information on the State budget is available to the County Executive, this information will be incorporated into the budgeted projection of State aid. The County Executive's Recommended Budget for FY24 assumes a $62.0 million, or 5.8 percent, increase in intergovernmental revenues from the revised FY23 estimate, of which 82.4 percent of the $1.131 billion in revenues would be allocated to the Montgomery County Public Schools, 5.5 percent to other intergovernmental, 5.1 percent to Montgomery Community College, and 3.6 percent to Mass Transit.

Licenses and Permits

Licenses and permits include General Fund business licenses (primarily public health, traders, and liquor licenses) and non-business licenses (primarily marriage licenses and Clerk of the Court business licenses). Licenses and permits in the Permitting Services Enterprise Fund, which include building, electrical, and sediment control permits, are Enterprise Funds and thus not included in tax supported projections. The Recommended Budget for FY24 assumes a 2.1percent increase over the revised estimates for FY23, resulting in $12.7 million in available resources in FY24.

Charges for Services

Excluding intergovernmental revenues to Montgomery County Public Schools and Montgomery College, and College tuition, charges for services, or user fees, are revenues collected that come primarily from fees imposed on the recipients of certain County services including mass transit, human services, use of facilities, and recreation services and are included in the tax supported funds. The Recommended Budget for FY24 assumes an increase of 9.0 percent over the revised estimates for FY23, resulting in $54.8 million in available resources in FY24.

Fines and Forfeitures

Revenues from fines and forfeitures relate primarily to photo red light and speed camera citations, and library and parking fines (excluding the County's four Parking Districts). The Recommended Budget for F243 assumes that fines and forfeitures will decrease 0.4 percent from the revised estimates for FY23, resulting in $30.2 million in available resources in FY24.

College Tuition

Although College tuition is not included in the County Council's Spending Affordability Guideline Limits (SAG), it remains in the tax supported College Current Fund. Calculation of the aggregate operating budget is under the SAG Limits. Tuition revenue depends on the number of registered students and the tuition rate. The Recommended Budget for FY24 assumes a 5.6 percent increase in tuition from $58.47 million in FY23 to $61.7 million in FY24.

Investment Income

Investment income includes the County's pooled investment and non-pooled investment and interest income of other County agencies and funds. The County operates an investment pool directed by an investment manager who invests all County funds using an approved, prudent County Council adopted investment policy. The pool includes funds from tax supported funds as well as from Enterprise Funds, municipal taxing districts, and other governmental agencies. Two major factors determine pooled investment income: (1) the average daily investment balance which is affected by the level of revenues and expenditures, fund balances, and the timing of bond and commercial paper issues; and (2) the average yield percentage which reflects short-term interest rates and may vary considerably during the year.

The revised FY23 tax-supported investment income estimate of $23.3 million assumes a yield of 3.25 percent and an average daily portfolio balance of $1.850 billion. The FY24 projected estimate of tax-supported investment income of $36.5 million assumes a yield of 5.00 percent and an average daily portfolio balance of $1.900 billion. The Federal Open Market Committee (FOMC) began increasing the targeted federal funds rate starting on March 17, 2022, in response to the rapid growth in the rate of inflation and increased the effective federal funds rate a total of eight times reaching an effective rate of 4.57 percent by March 7, 2023 The estimated investment income for FY23 and FY24 will reflect the actions by the FOMC and the County's average daily portfolio balance.

Other Miscellaneous

The County receives miscellaneous revenues from a variety of sources. For the Recommended Budget for FY24, miscellaneous revenues will decrease 3.2 percent from the revised estimates for FY23, resulting in $15.5 million in available resources in FY24.

PSP Fiscal Policy

INTRODUCTION

Definition and Purpose of Fiscal Policy

Fiscal policy corresponds to the combined practices of government with respect to revenues, expenditures, and debt management. Fiscal planning, generally done within the context of the Public Services Program (PSP)/Operating Budget and the Capital Improvements Program (CIP)/Capital Budget, reflects and helps shape fiscal policy.

The budget process not only reflects those fiscal policies currently in force but is itself a major vehicle for determining and implementing such policies. The fiscal policy statements presented on the following pages are not static. They evolve as the economy and fiscal environment change and as the County's population and requirements for government programs and services change.

The purposes of fiscal policy for the PSP/Operating Budget are:

- **Fiscal Planning for Public Expenditures and Revenues.** Fiscal policy provides guidance for good public practice in the planning of expenditures, revenues, and funding arrangements for public services. It provides a framework within which budget, tax, and fee decisions should be made. Fiscal policy provides guidance towards a balance between program expenditure requirements and available sources of revenue to fund them. Fiscal planning considers long-term trends and projections in addition to annual budget planning.
- **Setting Priorities Among Programs.** Clearly defined and quantified fiscal limits encourage setting priorities by government managers and elected officials, thus helping to ensure that the most important programs receive the appropriate level of funding.
- **Assuring Fiscal Controls.** Fiscal policies relating to County procurement of goods and services, payment of salaries and benefits, debt service, and other expenditures are all essential to maintaining control over government costs over time.

Organization of this Section

Following are the major fiscal policies currently applied to the PSP/Operating Budget and financial management of Montgomery County (see the Recommended CIP Budget for more detailed policies that relate more directly to the CIP). Numerous other fiscal policies that relate to particular programs or issues are not included here but are believed to be consistent with the guiding principles expressed below.

The presentation of fiscal policies is in the following order:

- Framework for fiscal policy
- Policies for fiscal control
- Policies for expenditures and allocation of costs
- Short-term fiscal and service policies
- Current CIP fiscal policies
- Policies for governmental management
- Policies for revenues and program funding
- Fiscal policies for user fees and charges

FRAMEWORK FOR FISCAL POLICY

Legal Framework

Fiscal policy is developed and amended, as necessary, according to:

- Federal law and regulation;
- Maryland law and regulation;
- Montgomery County Charter; and
- Montgomery County law and regulation.

Fiscal Planning Projections and Assumptions

Various trends and economic indicators are projected and analyzed for their impacts on County programs and services and for their impact on fiscal policy as applied to annual Operating Budgets. Among these are:

- Inflation, as measured by change in the Consumer Price Index (CPI) for the Washington-Arlington-Alexandria,DC-VA-MD-WV area, is an important indicator of future costs of government goods and services, including anticipated wage and salary adjustments.
- Growth of population and jobs, which are principal indicators of requirements for new or expanded programs and services.
- Demographic change in the numbers or location within the County of specific age groups or other special groups, which provides an indication of the requirements and costs of various government programs and services.
- The assessable property tax base of the County which is the principal indicator of anticipated property tax collections, a major source of general revenues.
- Personal income earned by County residents, which is a principal basis for projecting income tax revenues as one of the County's major revenue sources, as well as being a basis for determining income eligibility status for certain government programs.
- Employment growth and unemployment rates within the County, as indicators of personal income growth as a revenue source, as well as being indicators of various service or program needs, such as day care or public welfare assistance.

Generally Accepted Accounting Principles (GAAP)

The application of fiscal policy in the financial management of annual operating expenditures must be in conformity with GAAPstandards. This involves the separate identification of, and accounting for, the various operating funds; adherence to required procedures such as transfers between funds and agencies; and regular audits of general County operations and special financial transactions such as the disbursement of Federal grants.

Credit Markets and Credit Reviews

The County's ability to borrow cost-effectively depends upon its credit standing as assessed by the three major credit rating agencies: Moody's, Standard and Poor's, and Fitch. While key aspects of maintaining the highest credit rating are related to the management of the County's Capital Improvements Program (CIP), others are directly applicable to the annual Operating Budget:

- Maintenance of positive fund balances (reserves) to ensure continued County liquidity for debt repayment; and
- Assurances through County law and practice of an absolute commitment to timely repayment of debt and other obligations.

Intergovernmental Agreements

Fiscal policy for operating budgets must provide guidance for, and be applied within, the context of agreements made between the County and other jurisdictions or levels of government relative to program or service provision. Examples include agreements with:

- Incorporated municipalities or special tax districts for reimbursement of the costs of various services provided by those units for their residents which would otherwise have to be expended by the County;

- State agencies for shared costs of various social service programs and for participation in various grant and loan programs;
- Federal agencies to obtain support to meet mutual program objectives through programs such as the Community Development Block Grant; and
- Prince George's County on the annual approval of the budgets of the Washington Suburban Sanitary Commission and the Maryland-National Capital Park and Planning Commission.

FISCAL CONTROL POLICIES

Structurally Balanced Budget

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

Reserves

The County has a goal of maintaining an unrestricted General Fund balance of five percent of the prior year's General Fund revenues (which is the maximum allowed per Section 310 of the Montgomery County Charter) and a total reserve of ten percent of revenues including the Revenue Stabilization Fund, as defined in the Revenue Stabilization Fund law (Section 20-65, Montgomery County Code). The County had originally planned to achieve the 10 percent target by FY20, but the COVID pandemic negatively impacted reserves and the 10 percent target was not achieved until FY21.

Reserves exceeded the County's 10 percent target in FY21 and FY22. Reserves for FY23 were budgeted at 10.2 percent but due to strong tax revenue growth they are projected to further increase in FY23 to 14%. Due to significantly increased costs for services caused by high inflation and a mild recession forecast to occur during 2023, this budget utilizes a portion of reserves to fund programs and one-time costs to bridge the forecasted recession. Reserves are forecast to remain over 11% at the end of FY24.

On March 2, 2021, the County Council approved a revised Reserve and Select Fiscal Policies Resolution (No. 19-753) to improve the County's long-term fiscal management. Regarding the use of budgeted reserves during economic recessions or national emergencies, the resolution states that the County Executive and County Council will collaboratively identify targeted budget reductions that will minimize impact on the County's service delivery to reduce the need to use County Government Reserves. Resolution 19-753 does not address the current situation of a forecasted mild recession where resources are needed to support essential services and reserves exceed our policy target. Utilizing reserves in excess of policy levels will bridge a mild recession.

The Reserve and Select Fiscal Policies Resolution further states that following a decrease in County Government Reserves during an economic recession or national emergency, the County must replenish the County Government Reserves to its policy goal within the following three fiscal years as outlined in the County's six-year fiscal plan. The County's replenishment plan should not defer all replenishment until the third year of the plan.

Use of One-Time Revenues

One-time revenues and revenues in excess of 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 contribution required by law will be applied in the following order until the policy goal is met, or the resources are fully utilized: 1) Reserves to policy goal; 2) Retiree health benefits (OPEB) more than the annual actuarial pre-funding contribution and/or pension pre-funding more than the annual actuarial goal, if unfunded liabilities exist; and then 3) Other unfunded liabilities and/or other non-recurring expenditures and/or PAYGO for the CIP in excess of the County's targeted goal.

PAYGO

The County should allocate to the CIP each fiscal year as PAYGO at least ten percent of the amount of general obligation bonds planned for issuance that year. While a 10 percent PAYGO cash allocation is the intended policy goal, during times of extreme financial duress such as those experienced from COVID during FY21 and FY22, the PAYGO allocations were temporarily reduced or suspended. An additional $13.1 million above the 10 percent PAYGO policy has been assumed in the FY23-FY28 Capital Improvements Program.

COMPENSATION SUSTAINABILITY POLICY

As stipulated in Resolution 19-753, 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: 1) 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.

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 resources. The fiscal plan should also separately display reserves at both policy level and excess reserves, including additions to reserves to reach policy-level goals.

Budgetary Control

The County will exercise budgetary control (maximum spending authority) over Montgomery County Government through County Council approval of appropriation authority within each department and special fund in two categories: Personnel Costs and Operating Expenses; over the Montgomery County Public Schools and Montgomery College through appropriations in categories set forth by the State; over the County's portion of the Maryland-National Capital Park and Planning Commission (M-NCPPC) activities through approval of work programs and budgets; and over the Washington Suburban Transit Commission through appropriation of an operating contribution.

Budgetary control over the WSSC Water (Washington Suburban Sanitary Commission) is exercised following joint review with Prince George's County through approval of Operating and Capital Budgets, with recommended changes in sewer usage charges and rates for water consumption.

Budgetary control over the Housing Opportunities Commission (HOC) and the Montgomery County Revenue Authority is limited to approval of their capital improvements programs and to appropriation of an operating contribution to the Housing Opportunities Commission.

Financial Management

The County will manage and account for its Operating and Capital Budgets in accordance with Generally Accepted Accounting Principles (GAAP) as set forth by the Governmental Accounting Standards Board (GASB).

Basis of Budgeting/Accounting Method

The County's basis of accounting used in the preparation and presentation of its Annual Comprehensive Financial Report is consistent with GAAP for governments.

The County maintains its accounting records for tax supported budgets (the General Fund, special revenue funds, and Capital Projects Fund supported by general tax revenues) and permanent funds on a modified accrual basis, with revenues recorded when available and measurable, and expenditures recorded when the services or goods are received and the liabilities are incurred.

Accounting records for proprietary funds and fiduciary funds, including private-purpose trust funds, are maintained on the accrual basis, with all revenues recorded when earned and expenses recorded at the time liabilities are incurred, without regard to receipt or payment of cash. Custodial funds are also accounted for on the full accrual basis of accounting.

The County's basis of budgeting for tax-supported and proprietary and trust fund budgets is consistent with the existing accounting principles except as noted below:

- The County does not legally adopt budgets for trust funds.
- The County legally adopts the budgets for all enterprise funds.
- For the Motor Pool and Central Duplicating Internal Service Funds, the appropriated budgets for those funds are reflected in the appropriated budgets of the operating funds (General Fund, special revenue funds, etc.) that are charged back for such services, and in a reappropriation of the prior year's Internal Service Fund fund balance. For the Liability and Property Coverage Self-Insurance and Employee Health Benefits Self-Insurance Internal Service Funds, appropriation exists both in a separate legally adopted budget for each fund, and in the appropriated budgets of the operating departments that are charged back for such services.
- For the Urban Districts, Economic Development Fund, and Revenue Stabilization Fund, which are included with the General Fund for financial reporting purposes, separate budgets are legally adopted.
- Encumbrances outstanding are charged to budgetary appropriations and considered budgetary expenditures of the current period; any cancellations of such encumbrances in a subsequent year are classified with miscellaneous revenue for budgetary purposes;
- Debt service payments, lease payments, and capital outlay are included in the operating budgets of proprietary funds.
- Proprietary fund budgets do not include depreciation and amortization. Instead, capital outlay and construction costs, as applicable, are budgeted in the operating and capital funds, respectively, at the time of purchase and/or encumbrance.
- The County does not budget for the retirement of Commercial Paper Bond Anticipation Notes (BANs). The outstanding balance of any BANS issued are retired with the issuance of General Obligation Bonds.
- Certain proceeds and expenditures related to lease and subscription-based information technology arrangements (SBITA) activities are not budgeted.
- Certain amounts, such as those relating to the purchase of new fleet vehicles and certain inter-fund services such as permitting and solid waste services, are budgeted as fund expenditures but are reclassified to inter-fund transfers for accounting purposes.
- Mortgages and loans made and related repayments are generally budgeted for as expenditures and revenues, respectively.
- Year-end GAAP incurred but not reported (IBNR) adjustment amounts in the self-insurance internal service funds are not budgeted; any such adjustments to IBNR claims reserve as of year-end are incorporated into the budget preparation process of the following fiscal year.
- Proprietary fund budgets include any annual required contribution to pre-fund retiree health insurance benefit costs; however, certain pre-funded retiree health insurance-related costs in the proprietary funds and General Fund may be reclassified for accounting purposes.
- Proceeds from debt issued specifically for Montgomery Housing Initiative (MHI) affordable housing/property acquisition is classified as a resource in the MHI fund.
- The County does not budget for the annual change in fair market value of its investments, which is included in revenue for accounting purposes.
- The County does not budget for bad debt expenses.
- The County does not budget for the operating results of the Montgomery County Conference Center, owned by the County and administered by a third party; instead, the budget includes cash distributions between the parties that represent distribution of net operating revenues and reimbursement for net operating losses.

Internal Accounting Controls

The County will develop and manage its accounting system to provide reasonable assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. "Reasonable assurance" recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

Audits

The County will ensure the conduct of timely, effective, and periodic audit coverage of all financial records and actions of the County, its officials, and employees in compliance with local, state, and federal law.

POLICIES FOR EXPENDITURES AND ALLOCATION OF COSTS

Content of Budgets

The County will include in the Operating Budget all programs and facilities which are not included in the Capital Improvements Program. There are three major impacts of the Capital Improvements Program (CIP) on Operating Budgets: debt service; current revenues applied to the CIP for debt avoidance or for projects which are not debt-eligible; and presumed costs of operating newly opened facilities. Please refer to the Capital Improvements Program (CIP) section in this document for more detail.

Expenditure Growth

The County Charter (Section 305) requires that the County Council annually adopt and review spending affordability guidelines for the Operating Budget, including guidelines for the aggregate Operating Budget. The aggregate Operating Budget excludes Operating Budgets for: enterprise funds; grants; tuition and tuition-related charges of Montgomery College; and the Washington Suburban Sanitary Commission. County law implementing the Charter requires that the Council set expenditure limits for each agency, as well as for the total, to provide more effective guidance to the agencies in the preparation of their budget requests.

Spending affordability guidelines for the Capital Budget and Capital Improvements Program are adopted in odd-numbered calendar years. They have been interpreted in subsequent County law to be limits on the amount of General Obligation Debt and Park and Planning debt that may be approved for expenditure for the first and second years of the CIP and for the entire six years of the CIP.

Any aggregate budget that exceeds the guidelines then in effect requires the affirmative vote of eight of the eleven Council members for approval.

The Executive advises the Council on prudent spending affordability limits and makes budget recommendations for all agencies consistent with realistic prospects for the community's ability to pay, both in the upcoming fiscal year and in the ensuing years.

Consistent with the Charter (Section 302) requirement for a six-year Public Services Program, the Executive continues to improve long-range displays for operating programs.

Allocation of Costs

The County will balance the financial burden of programs and facilities as fairly as possible between the general taxpayers and those who benefit directly, recognizing the common good that flows from many public expenditures, the inability of some residents to pay the full costs of certain benefits, and the difficulty of measuring the relationship between public costs and public or private benefits of some services.

Tax Duplication Avoidance

In accordance with law, the County will reimburse those municipalities and special taxing districts which provide public services that would otherwise be provided by the County.

Expenditure Reduction

The County will seek expenditure reductions whenever possible through efficiencies, reorganization of services, and through the reduction or elimination of programs, policies, and practices which have outlived their usefulness. The County will seek interagency opportunities to improve productivity.

Shared Provision of Service

The County will encourage, through matching grants, subsidies, and other funding assistance, the participation of private organizations in the provision of desirable public services when public objectives can be more effectively met through private activity and expertise and where permitted by law.

Public Investment in Infrastructure

The County will, within available funds, plan and budget for the facilities and infrastructure necessary to support its economy and public programs determined to be necessary for the quality of life desired by its residents.

Cost Avoidance

The County will, within available funds, consider investment in equipment, land or facilities, and other expenditure actions, in the present, to reduce or avoid costs in the future.

Procurement

The County will make direct or indirect purchases through a competitive process, except when an alternative method of procurement is specifically authorized by law, is in the County's best interest, or is the most cost-effective means of procuring goods and services.

Use of Restricted Funds

In order to align costs with designated resources for specific programs or services, the County will generally first charge expenses against a restricted revenue source prior to using general funds. The County may defer the use of restricted funds based on a review of the specific transaction.

SHORT-TERM FISCAL AND SERVICE POLICIES

Short-term policies are specific to the budget year. They address key issues and concerns that frame the task of preparing a balanced budget that achieves the County Executive's priorities within the context of current and expected economic realities.

Due to the impact of State and Federal aid and the underlying strength of the local economy, the dire predictions for our regional economy because of the COVID-19 pandemic did not materialize. Like the State of Maryland, the County's revenue streams have outperformed our fiscally prudent revenue projections for both FY22 and FY23 based on year-to-date collections. As a result, we are projecting that the County will end FY23 with reserves of $842.0 million, or $239.8 million more than needed to meet the County's policy of maintaining 10 percent of adjusted governmental revenues in reserve.

In looking ahead to FY24, the County has assumed a mild recession in revenue forecasts for FY23 and FY24 with lower growth rates or decreases in several key tax revenues compared to previous forecasts. For example, income taxes are expected to experience a modest FY24 decrease from FY23 estimates, reflecting solid but slowing growth in withholding revenue and a decrease in income tax from capital gains activity due to the weak equity and asset markets in 2022. Transfer and recordation taxes have experienced significant declines in FY23 due to reductions in real estate transaction activity caused by a dramatic decrease in home sales attributed to increased mortgage rates, housing prices, and low inventory. This declining trend is forecast to continue in FY24 albeit at a much slower rate and then to begin gradually recovering in FY25. Fortunately, assessable base property values plus new construction and personal property are increasing, resulting in a year over year increase in property tax revenues.

Expenditure pressures facing the County generally fall into three categories - 1) inflationary cost increases; 2) increased school funding to maintain adequate staffing and core services while supporting state-mandated educational program improvements; and 3) a desire to maintain a number of COVID-era safety net programs during the expected recession.

Inflationary pressures for utilities, fuel, contracts, and other operating costs are affecting all areas of the County's operations. Inflation-related increases in our labor contracts have added significantly to the County's costs, but with a tight labor market and high vacancies, these increases are essential to attracting a high-quality workforce. In some cases, such as police officers and transit operators, the County has had to offer signing bonuses and mid-year pay scale adjustments to effectively recruit and retain employees.

The Montgomery County Public Schools budget faced similar cost pressures. The labor market - particularly for teachers - is very competitive, and salary increases will be needed to attract and retain top talent. Enrollment growth, the opening of a new school, student technology device needs, and cost increases for fuel, supplies, and contracts resulted in additional cost increases. MCPS' requested budget increase is anticipated to support the State-mandated Blueprint for Maryland's Future services and initiatives - including preschool programs, college and career readiness, special education and English as a Second Language services, and teacher career tracks and salaries.

During COVID, the County used federal funds to enhance safety net services to protect our most vulnerable residents. These services included increased rental assistance, eviction prevention, food distribution, guaranteed housing for homeless persons, service coordination through the County's Service Hubs, and an increased local match for the federal Earned Income Tax Credit. As we head into a recession, the County is now choosing to use its own funds to maintain availability of these services.

In order to mitigate the short-term impact of the recession, the FY24 budget assumes the one-time use of $159.3 million in surplus tax-supported reserves, beyond the County's 10% policy level, to provide needed services and to remain competitive in the local labor market. In addition, we expect that some of the FY24 safety net investments can be reduced, transfer and recordation taxes will rebound, and inflationary pressures will ease as the economy rebounds from this mild recession so that this type of use of reserves will not be necessary in the future. Even with this use of surplus reserves, we estimate that the County will end FY24 with $715.4 million in reserves, 11.4 percent or $86.0 million more than required to meet the County's fund balance policy.

To fund budget increases related to recruiting and retaining high quality teachers, and funding enrollment and system growth while supporting State-mandated Blueprint for Maryland's Future service requirements, the Recommended budget assumes a $0.10 property tax increase which is dedicated solely to cost increases for MCPS.

It has become clear that the County's financial policies need to be updated to reflect the County's progress in the past decade in strengthening its financial position - particularly with regard to exceeding the reserve policy and continuously funding the Health Benefits Trust to provide for other post-employment benefits (OPEB).

The County's reserves policies require that the County's goal would be to budget for and maintain an unrestricted General Fund balance of five percent of the prior year's General Fund revenues and the Revenue Stabilization Fund which together will represent 10 percent of Adjusted Governmental Revenues - except during a period of economic recession or national emergency. Contributions of at least 0.5 percent of Adjusted Governmental Revenues up to the 10 percent total reserve target must be made to the Revenue Stabilization Fund. If greater than 10 percent total reserve, then 50 percent of certain excess revenues must be transferred to the Fund. Revenue Stabilization Funds were not to be used unless appropriations became unfunded due to revenue shortfalls.

After establishing the reserves policy, the County committed to a multi-year plan to achieve the 10 percent target. For a number of years, the County made progress toward achieving the 10 percent reserves target. During the pandemic, the County revised its policy to specify that if the total reserves fell below the 10 percent goal, that the County must replenish the reserves to its policy goal within three fiscal years.

While the County's reserve policy was successful in providing an adequate reserve to weather the financial implications of recessions, storms, and a pandemic, it did not adequately anticipate how the reserves should be managed once the 10 percent goal was achieved. For instance, a sustainable fund balance policy has a mix of funding in both undesignated reserves, which may be used to pay for unanticipated expenditures throughout the fiscal year, and our Revenue Stabilization Fund (RSF), which is used only in the case of appropriated revenue shortfalls. Under current fiscal conditions, if we were to only have 10 percent of adjusted governmental revenues in reserve, all of that would be locked away in the RSF and would not allow the Council to have the flexibility to provide mid-year budget amendments. Now that the County has exceeded the 10 percent fund balance target for three years, the County Executive has asked the Department of Finance, the Office of Management and Budget, and the Office of the County Attorney staff to work with the County Council to update the policy and the Revenue Stabilization Fund law to better reflect our current circumstances as we strive to balance fiscal prudence with residents' needs and a desire to limit unnecessary taxation.

Regarding OPEB expenses, the County has determined that the Actuarially Determined Contribution (ADC) amount, as well as the overall level of assets in the OPEB Trust, requires a shift from the current policy of solely building the Trust to a policy that allows for continued growth, utilization, and maintenance of the Trust. In FY23 and FY24, the actuarial analysis assumed a utilization of Trust assets of $12.6 million and $17.4 million, respectively, to pay for a portion of retiree health care expenses based on the funded status of the plan. The County did not utilize any Trust assets in FY23, resulting in total funding to the OPEB Trust that exceeded the ADC by $12.6 million. In FY24, the County will provide total funding to the OPEB Trust that exceeds the ADC by $17.4 million. The County Executive will continue to work with the County Council to finalize a long-term OPEB funding and utilization policy that ensures the fund's sustainability to fulfill the Trust's purpose of paying a portion or all of retiree health care expenses.

The Office of Management and Budget coordinated with the Office of Racial Equity and Social Justice to incorporate racial equity considerations into the budgeting process, systems, and meetings, and into the decision-making process. Departments were asked to consider how their programs considered racial/ethnic disparities and/or disproportionalities in their outcomes; how programs sought to address identified inequities; potential programmatic disproportionate effects on communities of color and low-income communities and how those effects could be mitigated; and how programs could build capacity to engage with marginalized communities. A chapter on Racial Equity later in this publication provides more details on the process and outcomes of this effort.

The Office of Management and Budget also incorporated climate change considerations into the budgeting process, systems, meetings and decision-making process. For example, departments were asked if their programs reduce greenhouse gas emissions, increase the resiliency of County infrastructure to withstand future impacts of climate change, sequester carbon, or provide other environmental benefits related to climate change. A chapter on Climate Change later in this publication provides more details on the process and outcomes of this effort.

To develop the Recommended Amended FY23-28 Capital Improvements Program (CIP), the County prioritized increased investments in schools, affordable housing, early care centers for young children, facilities to address barriers to residents' well-being, and maintenance of core infrastructure. Priority was given to projects that advanced racial equity, social justice, and efforts to counter climate change and its impacts.

Regarding County debt limits, generally, the County continues to reduce the amount of annual General Obligation debt issued to limit the impact to the operating budget. In FY24 and FY25, the Recommended Amended CIP assumes an additional $20 million a year ($40 million total) in General Obligation debt to address construction cost inflation and to ensure that the County is able to commit State Built to Learn funding for school construction before interest rate increases further erode the amount of available school construction funds. After this modest increase, the County Recommended Amended CIP assumes a return to the gradual reduction in debt that had previously been assumed. The County is aggressively pursuing State and Federal funding to support school construction, economic development-oriented transportation projects, and public health and corrections facilities as a strategy to provide needed infrastructure without an undue tax burden. Increases in non-County funding sources have helped the County mitigate the impact of construction cost increases and increase funding for PAYGO above the 10 percent policy level. It was also necessary to defer some previously approved projects for fiscal reasons.

Together with the long-term policies described elsewhere in this chapter, the short-term policies described here have allowed the County to construct a balanced, fiscally responsible FY24 budget consistent with current economic and fiscal realities while achieving the County Executive's key priority outcomes.

CURRENT CIP FISCAL POLICIES

Policy on Eligibility for Inclusion in the CIP

Capital expenditures included as projects in the CIP should:

- Have a reasonably long useful life, add to the physical infrastructure and capital assets of the County, or enhance the productive capacity of County services. Examples are roads, utilities, buildings, and parks. Such projects are normally eligible for debt financing.
- Generally have a defined beginning and end, as differentiated from ongoing programs in the PSP.
- Be related to current or potential infrastructure projects. Examples include facility planning or major studies. Generally, such projects are funded with current revenues.
- Be carefully planned to enable decision makers to evaluate the project based on complete and accurate information. In

order to permit projects to proceed to enter the CIP once satisfactory planning is complete, a portion of "programmable expenditures" (as used in the Bond Adjustment Chart) is deliberately left available in a set-aside for future needs.

Policy on Funding CIP with Debt

Much of the CIP should be funded with debt. Capital projects usually have a long useful life and will serve future taxpayers as well as current taxpayers. It would be inequitable and an unreasonable fiscal burden to make current taxpayers pay for many projects out of current tax revenues. Bond issues, retired over approximately 20 years, are both necessary and equitable.

Projects deemed to be debt eligible should:

- Have a useful life at least approximately as long as the debt issue with which they are funded.
- Not be able to be funded entirely from other potential revenue sources, such as intergovernmental aid or private contributions.
- Special Note: With a trend towards more public/private partnerships, especially regarding projects aimed at the revitalization or redevelopment of the County's central business districts, there are more instances when public monies leverage private funds. These instances, however, generally bring with them the "private activity" or private benefit (to the County's partners) that make it necessary for the County to use current revenue or taxable debt as its funding source. It is County fiscal policy that financing in partnership situations ensures that tax-exempt debt is issued only for those improvements that meet the IRS requirements for the use of tax-exempt bond proceeds.

Policy on General Obligation Debt Limits

General Obligation Debt usually takes the form of bond issues, and pledges general tax revenue for repayment. Paying principal and interest on General Obligation Debt is the first claim on County revenues. By virtue of prudent financial management and the long-term strength of the local economy, Montgomery County has maintained the highest quality rating of its General Obligation Bonds, AAA. This top rating by Wall Street rating agencies assures Montgomery County of a ready market for its bonds and the lowest available interest rates on that debt.

Debt Capacity

To maintain our AAA rating, the County considers the following guidelines in deciding how much additional County General Obligation Debt may be issued in the six-year CIP period:

Overall Debt as a Percentage of Assessed Valuation. This ratio measures debt levels against the property tax base, which generates the tax revenues that are the main source of debt repayment. Total debt, both existing and proposed, should be kept at about 1.5 percent of full market value (substantially the same as assessed value) of taxable real property in the County.

Debt Service as a Percentage of the General Fund. This ratio reflects the County's budgetary flexibility to adapt spending levels and respond to economic condition changes. Required annual debt service expenditures should be kept at about ten percent of the County's total General Fund revenues. The General Fund excludes other special revenue tax supported funds.

Overall Debt per Capita. This ratio measures the burden of debt placed on the population supporting the debt and is widely used as a measure of an issuer's ability to repay debt. Total debt outstanding and annual amounts issued, when adjusted for inflation, should not cause real debt per capita (i.e., after eliminating the effects of inflation) to rise significantly.

Ten Year Payout Ratio. This ratio reflects the amortization of the County's outstanding debt. A faster payout is considered a positive credit attribute. The rate of repayment of bond principal should be kept at existing high levels and in the 60-75 percent range during any ten-year period.

Per Capita Debt to Per Capita Income. This ratio reflects a community's economic strength as an indicator of income levels relative to debt. Total debt outstanding and annual amounts proposed should not cause the ratio of per capita debt to per capita income to rise significantly above about 3.5 percent.

These ratios will be calculated and reported each year in conjunction with the capital budget process, the annual financial audit and as needed for fiscal analysis.

Policy on Terms for General Obligation Bond Issues

Bonds are normally issued in a 20-year series, with 5 percent of the series retired each year. This practice produces equal annual payments of principal over the life of the bond issue, which means declining annual payments of interest on the outstanding bonds, positively affecting the pay-out ratio (see Debt Limits, above). Thus, annual debt service on each bond issue is higher at the beginning and lower at the end. When bond market conditions warrant, or when a specific project would have a shorter useful life, different repayment terms may be used. General Obligation Bonds are secured by the unlimited taxing authority pledge of the County.

Policy on Other Forms of General Obligation Debt

The County may issue other forms of debt as appropriate and authorized by law. From time to time, the County issues Commercial Paper/Bond Anticipation Notes (BANs) for interim financing to take advantage of favorable interest rates within rules established by the Internal Revenue Service.

Policy on Use of Revenue Bonds

Revenue bonds are secured by the pledge of particular revenues to their repayment in contrast to general obligation debt, which pledges general tax revenues. The revenues pledged may be those of a Special Revenue fund, or they may be derived from the funds or revenues received from or in connection with a project. Amounts of revenue debt to be issued should be limited to ensure that debt service coverage ratios shall be sufficient to ensure ratings at least equal to or higher than ratings on outstanding parity debt. Such coverage ratios shall be maintained during the life of any bonds secured by that revenue stream.

Policy on Use of Appropriation-Backed Debt

Various forms of appropriation-backed debt may be used to fund capital improvements, facilities, or equipment issued directly by the County or using the Montgomery County Revenue Authority or another entity as a conduit issuer. Under such an arrangement, the County enters into a long-term lease or funding agreement with the conduit issuer and the County lease or funding agreement payments pay the debt service on the bonds. Appropriation-backed debt is useful in situations where a separate revenue stream is available to partially offset the lease payments, thereby differentiating the project from those typically funded with General Obligation Debt. Because these long-term leases constitute an obligation of the County similar to general debt, the value of the leases is included in debt capacity calculations.

Policy on Issuance of Taxable Debt

Issuance of taxable debt may be useful in situations where private activity or other considerations make tax-exempt debt disadvantageous or ineligible due to tax code requirements or other considerations. The cost of taxable debt will generally be higher because investors may have to pay taxes on the interest. Taxable debt may be issued in instances where the additional cost of taxable debt, including legal, marketing, and other up-front costs and the interest cost over the life of the bonds is outweighed by the advantages in relation to the financing objectives to be achieved.

Policy on Use of Interim Financing

Interim Financing may be useful in situations where project expenditures are eligible for long-term debt, but permanent financing is delayed for specific reasons, other than affordability. Interim Financing should have an identified ultimate funding source and should be repaid within the short-term. An example for interim financing would be in a situation where an offsetting revenue, such as land sale proceeds, will be available in the future to pay off a portion of the amounts borrowed, but the exact amounts and timing of the repayment are uncertain.

Policy on Use of Short-Term Financing

Short-term financing (terms of ten years or less) may be appropriate for certain types of equipment or system financings, where the term of the financing correlates to the useful life of the asset acquired, or in other cases where the expected useful life is long, but due to the nature of the system, upgrades are frequent and long-term financing is not appropriate.

Policy on Use of Current Revenues

Use of current revenues to fund capital projects is desirable as it constitutes "pay-as-you-go" financing and, when applied to debt-eligible projects, reduces the debt burden of the County. Decisions to use current revenue funding within the CIP have immediate impacts on resources available to annual operating budgets and require recognition that certain costs of public facilities should be supported on a current basis rather than paid for over time.

Current revenues from the General Fund are used for designated projects which have broad public use and which fall outside any of the specialized funds. Current revenues from the Special and Enterprise Funds are used if the project is associated with the particular function for which these funds have been established.

The County has the following policies on the use of current revenues in the CIP:

- Current revenues must be used for any CIP projects not eligible for debt financing by virtue of limited useful life.
- Current revenues should be used for CIP projects consisting of limited renovations of facilities, for renovations of facilities which are not owned by the County, and for planning and feasibility studies.
- Current revenues may be used when the requirements for capital expenditures press the limits of bonding capacity.
- Except for excess revenues which must go to the Revenue Stabilization Fund, the County will, whenever possible after funding pension and OPEB contributions above the annual actuarial goal (if unfunded liabilities exist), use one-time revenues for the funding of PAYGO above the County's 10% goal or other nonrecurring expenditures so as not to incur ongoing expenditure obligations for which revenues may not be adequate in future years.

Policy on Use of Federal and State Grants and Other Contributions

Grants and other contributions should be sought and used to fund capital projects whenever they are available on terms that are to the County's long-term fiscal advantage. Such revenues should be used as current revenues for debt avoidance and not for debt service.

Policy on Minimum Allocation of PAYGO

PAYGO is current revenue set aside in the operating budget, but not appropriated, and is used to replace bonds for debt-eligible expenditures. To reduce the impact of capital programs on future years, the County will fund a portion of its CIP on a pay-as-you-go basis. Pay-as-you-go funding will save money by eliminating interest expense on the funded projects. Pay-as-you-go capital appropriations improve financial flexibility in the event of sudden revenue shortfalls or emergency spending. It is the County's policy to allocate to the CIP each fiscal year as PAYGO at least ten percent of the amount of general obligation bonds planned for issue that year. During FY21 and FY22, COVID-related budget pressures resulted, respectively, in suspended and reduced PAYGO funding. In the FY23 - FY28 CIP, additional PAYGO has been recommended to help compensate for the FY21 and FY22 reductions.

Policy on Operating Budget Impacts

In the development of capital projects, the County evaluates the impact of a project on the operating budget and displays such impacts on the project description form. The County shall not incur debt or otherwise construct or acquire a public facility if it is unable to adequately provide for the subsequent annual operation and maintenance costs of the facility.

Policy on Taxing New Private Sector Development

As part of a fair and balanced tax system, new development of housing, commercial, office, and other structures should contribute directly toward the cost of new and improved transportation and other infrastructure required to serve that development. To implement this policy, the County has established the following taxes:

Impact Tax - Transportation. In November 2020, the County Council approved the 2020-2024 Growth and Infrastructure

Policy (formerly known as the Subdivision Staging Policy). The new policy continued existing rates but modified geographic boundaries of the Red Policy Areas to include certain Metro stations. These taxes are levied at four zone rate schedules: transit-oriented and urban Red Policy Areas (former Metro Station Policy Areas); mixed urban/suburban Orange Policy Areas (formerly part of the general impact district); suburban Yellow Policy Areas (formerly part of the general impact tax district); and rural Green Policy areas (e.g., agricultural reserve). The new policy required that non-exempt dwelling units in a development with at least 25% affordable units must pay a discounted tax rate by housing type applicable in the Red Policy Area. Except for a development located in the City of Rockville, a discounted rate is also applied to development in a Desired Growth and Investment Area within an Orange or Yellow Policy Area. The impact tax exemption is expanded to include development located in a Qualified Opportunity Zone certified by the U.S. Treasury Department.

Impact Tax - Schools. Most residential development in Montgomery County is subject to an impact tax for certain school facilities. The Growth and Infrastructure Policy eliminated residential development moratoria and designated neighborhoods by two School Impact Areas - Infill and Turnover - for the school impact taxes that vary by housing, commensurate with the average student generation rates of that type of residential development. Non-exempt dwelling units in a development with at least 25% affordable units must pay a discounted rate by housing type applicable in the Infill School Impact Area. A discounted rate is applied to residential development with multi-family dwelling units or in a Desired Growth and Investment Area. Exemption of school impact tax is applied to development in a Qualified Opportunity Zone.

Utilization Premium Payments. The Growth and Infrastructure Policy also required developers of new housing to make Utilization Premium Payments (UPP) in areas with overcrowded schools, effective March 9, 2021. Three utilization thresholds for residential development at the individual school level were established; however, the UPP is exempt if any development plan was filed prior to February 26, 2021 that includes 25% affordable units, under a government regulation or binding agreement, or in a former Enterprise Zone that was filed and accepted before January 1, 2021.

School Facilities Payment. A school facilities payment is applied at subdivision review to residential development projects located in a school cluster where enrollment exceeds adopted standards. The school facilities payment is made on a per-student basis, based upon standard student generation rates of that type of residential development. As of March 1, 2017, the School Facilities Payment only applies to development projects that were included in a preliminary plan of subdivision prior to this date.

Development Districts. Legislation enacted in 1994 established a procedure by which the Council may create a development district. The creation of such a special taxing district allows the County to issue low-interest, tax-exempt bonds that are used to finance the infrastructure improvements needed to allow the development to proceed. Taxes or other assessments are levied on property within the district, the revenues from which are used to pay the debt service on the bonds. Development is, therefore, allowed to proceed, and improvements are built in a timely manner. Only the additional special tax revenues from the development district are pledged to repayment of the bonds. The County's general tax revenues are not pledged. The construction of improvements funded with development district bonds is required by law to follow the County's usual process for constructing capital improvements and, thus, must be included in the Capital Improvements Program.

Systems Development Charge (SDC). This charge, enacted by the 1993 Maryland General Assembly, authorized WSSC to assess charges based on the number and type of plumbing fixtures in new construction, effective July 19, 1993. SDC revenues may only be spent on new water and sewerage treatment, transmission, and collection facilities.

GOVERNMENTAL MANAGEMENT POLICIES

Productivity

The County will seek continuous improvement in the productivity of County programs in terms of quantity of services relative to resources expended, through all possible strategies.

Employee Involvement

The County will actively encourage and make use of the experience and expertise of its workforce for optimum program effectiveness and cost-efficiency of public service delivery through training, teamwork, employee empowerment, and other precepts of quality management.

Intergovernmental Program Efforts

The County will seek program efficiencies and cost savings through cooperative agreements and joint program efforts with other County agencies, municipalities, regional organizations, and the State and Federal governments. The County will also actively seek funding from other governmental sources to further mutual policy goals.

Alternative Service Delivery

The County will consider obtaining public service delivery through private or non-profit sectors via contract or service agreement, rather than through governmental programs and employees, when permitted by law, cost-effective, and consistent with other public objectives and policies.

Risk Management

The County will control its exposure to financial loss through a combination of commercial and self-insurance; self-insure against all but the highest cost risks; and aggressively control its future exposure through a risk management program that allocates premium shares among agencies based on loss history.

Employee Compensation

The County will seek to provide total compensation (pay plus employee benefits) that is comparable to jobs in the private sector; comparable among similar jobs in County departments and agencies; and comparable between employees in collective bargaining units and those outside such units.

The government will act to contain the growth of compensation costs using various strategies including organizational efficiencies within its departments and agencies, management efficiencies within its operations and service delivery, and productivity improvements within its workforce.

Pension Funds

The County will, to assure the security of benefits for current and future retirees and the solvency of the Employee Retirement System of Montgomery County, provide for the judicious management and investment of the fund's assets through the Board of Investment Trustees (BIT), and strive to increase the funding ratio of assets to accrued liability. The BIT also selects the service providers and investment options available for employees participating in the Retirement Savings Plan and the Deferred Compensation Plan. The Montgomery County Union Employees Deferred Compensation Plan is administered by the three unions representing Montgomery County employees.

Retiree Health Benefits Trust

The County phased-in full pre-funding of its Actuarially Determined Contribution (ADC), from the previous pay-as-you-go approach, beginning with contributions to one or more trust funds established for that purpose, over an eight-year period beginning with FY08. This approach allows the County to use a discount rate higher than its operating investment rate for accounting and budgeting purposes, which will result in lower costs and liabilities than if the County did not have a Trust in place. In FY15, full pre-funding was reached, and the County applied a policy of contributing the full ADC in each budget. The full ADC is budgeted as two types of expenses - pay-as-you-go costs and pre-funding contributions. The actuarial valuation for FY23 and FY24 assumed a utilization of Trust assets due to the funded status of the plan, with an ADC lower than the projected pay-as-you-go costs. In FY23, the approved budget included full pay-as-you-go costs, with no utilization of trust assets, resulting in total funding in excess of the County's policy of funding the ADC. The FY24 budget will also result in funding in excess of the County's policy of funding the ADC. It is anticipated that the County will conclude efforts to amend the policy from one intended solely to build the Trust to one that continues to grow, utilize, and maintain the Trust in time for inclusion in the actuarial valuation process for the FY25 budget.

Surplus Property

The County will maximize the residual value of land parcels or buildings declared excess to current public needs through public reuse, lease to appropriate private organizations, or sale, in order to return them to the tax base of the County. Disposition of goods which have become obsolete, unusable, or surplus to the needs of the County will be accomplished through bid, auction, or other lawful method to the purchaser offering the highest price except under circumstances as specified by law.

Fiscal Impact Reviews

The County will review proposed local and State legislation, regulations, and master plans for specific findings and recommendations relative to financial and budgetary impacts and any continuing and potential long-term effects on the operations of government.

Economic Impact Statements

The County will review proposed local and State legislation, and regulations for specific findings and recommendations relative to economic impacts for any continuing and potential long-term effects on the economic well-being of the County.

Resource Management

The County will seek continued improvement in its budgetary and financial management capacity in order to reach the best possible decisions on resource allocation and the most effective use of budgeted resources.

POLICIES FOR REVENUES AND PROGRAM FUNDING

Diversification of Revenues

The County will establish the broadest possible base of revenues and seek alternative revenues to fund its programs and services, in order to:

- Decrease reliance on general taxation for discretionary but desirable programs and services and rely more on user fees and charges;
- Decrease the vulnerability of programs and services to reductions in tax revenues as a result of economic fluctuations; and
- Increase the level of self-support for new program initiatives and enhancements.

Revenue Projections

The County will estimate revenues in a realistic and conservative manner in order to minimize the risk of a funding shortfall.

Property Tax

The County will, to the fullest extent possible, establish property tax rates in such a way as to:

- Limit annual levies so that tax revenues are held at or below the rate of inflation, or justify exceeding those levels if extraordinary circumstances require higher rates;
- Avoid wide annual fluctuations in property tax revenue as economic and fiscal conditions change; and
- Fully and equitably obtain revenues from new construction and changes in land or property use.

A November 2020 amendment to the County Charter (Section 305), prohibits the County Council from adopting a tax rate on real property that exceeds the weighted average tax rate on real property approved for the previous year, unless all current Councilmembers vote affirmatively for the increase.

In addition, §5-104 of the State Education Article allows a county to set a property tax rate greater than what would otherwise be allowed under that county's charter limit. The revenue generated by the proposed FY24 10 cent property tax rate increase will be dedicated to funding schools and pursuant to this State law, will not be subject to the County's property tax limit.

County Income Tax

The County will maintain the rate for the local personal income tax within the limits specified in the Maryland Annotated Code, Tax-General Article, Section 10-106.

Special Districts

The County has established special districts within which extra services, generally not performed countywide, are provided and funded from revenues generated within those districts. Examples are the Urban, Recreation, and Parking Lot Districts. The County will also abolish special districts when the conditions which led to their creation have changed.

Most special districts have a property tax to pay all or part of the district expenses although some of the existing special districts do not currently impose a tax. Such property taxes are included in the overall limit set on annual real property tax revenue increases by Section 305 of the County Charter.

Special Funds

The revenues and expenditures of special districts are accounted for in special revenue funds or, in the case of Parking Lot Districts, in enterprise funds. As a general principle, these special funds pay an overhead charge to the General Fund to cover the management and support services provided by General Fund departments to these special fund programs.

When the fund balances of special funds grow to exceed mandated or otherwise appropriate levels relative to district public purposes, the County may consider transferring part of the fund balance to support other programs, as allowed by law. For example, a portion of the parking lot districts' fee revenue is transferred to the Urban Districts.

Enterprise Funds

The County will, through pricing, inventory control, and other management practices, ensure appropriate fund balances for its enterprise funds while obtaining full cost recovery for direct and indirect government support, as well as optimal levels of revenue transfer for General Fund purposes.

One-Time Revenues

One-time revenues and revenues in excess of projections must be prioritized first to restoring reserves to policy levels or as required by law. Existing policy has been that if the County determines that reserves have been fully funded, then one-time revenues should be applied to non-recurring expenditures which are one-time in nature in the following priority order: OPEB more than the annual actuarial pre-funding contribution and/or pension prefunding more than the annual actuarial goal, if unfunded liabilities exist and then for other unfunded liabilities and/or other non-recurring expenditures and/or PAYGO for the CIP in excess of the County's targeted PAYGO goal. This assumes that excess revenues which must go to the Revenue Stabilization Fund (see below) have already been allocated to the RSF. The County is currently reviewing its OPEB policies to determine what level of unfunded liabilities are reasonable given a structured approach that balances the needs of current and future taxpayers to cover health costs for retirees.

Intergovernmental Revenues

The County will aggressively seek a fair share of available State and Federal financial support unless conditions attached to that assistance are contrary to the County's interest. Where possible, Federal or State funding for the full cost of a program will be requested, including any indirect costs of administering a grant-funded program. For reasons of fiscal prudence, the County may choose not to solicit grants that will require an undeclared fiscal commitment beyond the term of the grant.

User Fees and Charges

The County will charge users directly for certain services and use of facilities where there is immediate and direct benefit to those users, as well as a high element of personal choice or individual discretion involved, rather than fund them through general taxation. Such charges include licenses, permits, user fees, charges for services, rents, tuition, and sales of goods. This policy will also be applied to fines and forfeitures. See also: "Policies for User Fees and Charges," later in this Fiscal Policy section.

Cash Management and Investments

The objective of the County's cash management and investment program is to achieve maximum financial return on available funds while assuring a high level of safety. Cash will be pooled and invested on a daily basis reflecting the investment objective priorities of capital preservation, liquidity, and yield.

Reserves and Revenue Stabilization

The County's goal will be to budget for and maintain an unrestricted General Fund balance of five percent of the prior year's General Fund revenues, consistent with the County Charter Section 302 limitation, along with the Revenue Stabilization Fund which together, will represent 10 percent of Adjusted Governmental Revenues, except during a period of economic recession or national emergency. As defined in the Revenue Stabilization Fund law, Adjusted Governmental Revenues include the tax supported revenues of the County government, Montgomery County Public Schools (less the County's local contribution), Montgomery College (less the County's local contribution), and Maryland-National Capital Park and Planning Commission, plus the revenues of the County Government's grant fund and capital projects fund.

The County's Revenue Stabilization Fund was established to accumulate funds during periods of strong economic growth in order to provide budgetary flexibility during times of funding shortfalls. Contributions must equal the greater of a) 50% of any excess revenue or b) an annual amount equal to the lesser of 0.5% of Adjusted Governmental Revenues or the amount needed to obtain a total reserve of 10% of Adjusted Governmental Revenues. By an affirmative vote of seven Councilmembers, the Council may transfer any amount from the Fund to the General Fund to support appropriations which have become unfunded.

The County's goal is to identify targeted budget reductions to reduce the use of reserves during an economic recession or national emergency. In the event that total reserves fall below 10 percent of Adjusted Gross Revenues, the County must replenish the County Government Reserves to its policy goal within three fiscal years following the decrease, which must be included in the County's six-year fiscal plan. Reserves for FY23 were budgeted at 10.2 percent but due to strong tax revenue growth they are projected to further increase in FY23 to 14%. Due to significantly increased costs for services caused by high inflation and a mild recession forecast to occur during 2023, this budget utilizes a portion of reserves to fund programs and one-time costs to bridge the forecasted recession. Reserves are forecast to remain over 11% at the end of FY24.

The budgeted reserve levels for non-tax supported funds are established by each government agency and vary based on the particular fiscal requirements and business functions of the fund as well as any relevant laws, policies, or bond covenants.

The table at the end of this chapter displays the projected ending fund balance for each major fund in the County's operating budget and includes an explanation of changes greater than ten percent.

POLICIES FOR USER FEES AND CHARGES

To control the growth of property taxation as the County's principal revenue source, there is a need to closely allocate certain costs to those who most use or directly benefit from specific government programs and services. Fees and charges are those amounts received from consumers of government services or users of facilities on the basis of personal consumption or private benefit rather than individual income, wealth, or property values. Significant government revenues are and should be obtained from licenses, permits, user fees, charges for services, transit fares, rents, tuition, sales, and fines. The terms "fee" and "charge" are used here interchangeably to include each of these types of charges.

Purpose of User Fee Policy

Access to programs and services. The imposition of and level of fees and charges should be set generally to ensure economic and physical access by all residents to all programs and services provided by the government. Exceptions to this basic public policy are: the pricing of public goods (such as parking facilities) in order to attain other public policy objectives (such as public use and support of mass transit); and using a charge to enforce compliance with laws and regulations, such as fines for parking violations.

Fairness. User fees and charges are based on the principle of equity in the distribution of costs for government programs and services, with the objective of sharing those costs with the individual user when there is individual choice in the kind or amount of use, and of adjusting charges in accordance with individual ability to pay when there is no choice.

Diversification of revenue sources. User fees and charges enhance the government's ability to equitably provide programs and services which serve specific individuals and groups and for which there is no other alternative provider available. The policy objective is to decrease reliance on general revenues for those programs and services which produce direct private benefits and to fund such programs and services through revenues directly related to their costs and individual consumption.

Goals

Goals for the imposition of user fees and charges include:

- Recovery of all, or part, of government costs for the provision of certain programs and services to the extent that they directly benefit private individuals or constituencies rather than the public at large;
- Most efficient allocation of available public resources to those programs meeting the broadest public need or demand;
- More effective planning and alternative choices for future programs, services, and facilities through "market" information from actual user demand;
- Improved cost-effectiveness and accountability for the spending of public funds by allowing individual citizens to choose their level of use from among those programs, services, and facilities where individual choice may be exercised; and
- Ensuring dedicated sources of funds to cover the costs of programs and services of direct benefit to designated special areas or user groups rather than the County as a whole.

Criteria

Within these goals, government officials must consider a variety of factors in deciding whether to employ fees and charges and what rates to charge. Each proposal for a new or increased fee is evaluated according to these criteria.

Public benefit. Many programs benefit the public as a whole as well as those who directly use the service. By definition, all programs offered by government have some public benefit or they should not be undertaken. However, the rate set must balance the private benefit with the public good so that there is maximum overall benefit to the community, and the costs are fairly allocated.

This balance may be achieved either by specifying a percentage of cost recovery (from users) or by a tax subsidy for each service (from the general public). The greater the public benefit, the lower the percentage of cost recovery that is appropriate. On one end of the scale, public utilities such as water and sewer should be paid for almost entirely on the basis of individual consumption, with full cost recovery from consumer-users; on the other, public education and public safety (police and fire service) are required for the overall public good and so are almost entirely supported through general taxation.

In between are services such as public health inspections or clinic services which protect the public at large but which are provided to specific businesses or individuals; facilities such as parks which are available to and used by everyone; and playing fields, golf courses, or tennis courts which serve only special recreational interests. Services that have private benefit for only a limited number of persons (such as public housing, rent or fuel subsidies) should not be "free" unless they meet very stringent tests of public good, or some related criteria such as essential human needs.

Ability to pay. Meeting essential human needs is considered a basic function of government, and for this reason programs or services assisting the very poor are considered a "public good" even though the benefit may be entirely to individuals. Whether to assess fees and how much to charge, depends on the ability to pay by those who need and make use of programs and services provided by government.

Without adjustment, fees are "regressive" because rates do not relate to wealth or income. For this reason, services intended mainly for low-income persons may charge less than otherwise would be the case. Policies related to fee scales or waivers should be consistent within similar services or as applied to similar categories of users. Implementation of fee waivers or reductions requires a means for establishing eligibility that is fair and consistent among programs. The eligibility method also must preserve the privacy and dignity of the individual.

User discretion. Fees and charges are particularly appropriate if the user has a choice about whether or not to use a particular program or service. Individuals have choices as to: forming a business that requires a license; use of particular recreational facilities; obtaining post-secondary education; or in transportation and related facilities. When fines represent a penalty to enforce public law or regulation, citizens can avoid the charge by compliance; fines should be set at a point sufficient to deter non-compliant behavior. The rates for fines and licenses may exceed the government cost of providing the related "service" when either deterrence or rationing the special "benefit" is desired as a matter of public policy.

Market demand. Services which are fee-supported often compete for customer demand with similar services offered by private firms or by other public jurisdictions. Fees for publicly-provided goods cannot be raised above a competitive level without loss of patronage and potential reduction in cost-effectiveness. Transit fares, as a user charge, will compete with the individual's real or perceived cost of alternative choices such as the use of a private automobile. In certain cases, it may be advisable to accept a loss of volume if net revenue increases, while in others it may be desirable to set the fee to encourage use of some other public alternative.

Specialized demand. Programs with a narrow or specialized demand are particularly suitable for fees. The fee level or scale may be set to control the expansion of services or programs in which most of the public does not need or elect to participate. Services that have limitations on their availability may use fee structures as a means of rationing available capacity or distributing use over specific time periods. Examples include golf courses, parking fees, and transit fares, all of which have differentiated levels related to time of use. Even programs or services which benefit all or most residents may appropriately charge fees if their benefits are measurable but unequal among individuals. Charges based on consumption, such as water and sewer provision, are examples. In addition, because they do not pay taxes, non-residents may be charged higher rates than residents (as with community college tuition), or they may be charged a fee even if a program is entirely tax supported for County residents.

Legal constraints. State law may require, prohibit, regulate, or preempt certain existing or proposed user charges. In general, local government has no authority to tax unless specifically authorized by State law. Localities are generally able to charge for services if those charges are authorized by local ordinance and not prohibited, regulated, or preempted by State law. If a proposed fee is legally construed as a tax, then the fee may be invalidated until authorized as a tax by the State. Federal or State law may also prohibit or limit the use of charges for certain grant programs, and other Federal or State assistance may require the local authority to "match" certain amounts through imposition of charges. It should be noted that law on such issues is frequently in dispute; particular fees, or the level of charge, may be subject to legal challenge.

Program cost. The cost of a program or service is an important factor in setting user charges. Costs may include not only the direct personnel and other costs of operating a program, but also indirect costs such as overhead for government support services. In addition, a fee may be set to recover all or part of facilities construction or debt service costs attributable to a program.

Recovery of any part of the costs of programs benefiting specific individuals should identify and consider the full cost of such programs or services to acknowledge the cost share which will be borne by the public at large.

Reimbursement. A decision on whether to use fees is influenced by the possibility of reimbursement or shifting of real costs that can lower the net cost to the resident. For example, some County taxes are partially deductible from Federal or State income tax, while fees and charges may not be deducted. Hence, the same revenue to the County may cost less to the resident if it is a tax rather than a fee. Charges may also be reimbursed to (shifted from) the paying individual from (or to) other sources, either governmental or private. For example, ambulance transport charges may be payable under health insurance. In general, the County will use fees to minimize the real cost to residents, within the context of equity and other criteria noted.

Administrative cost. The government incurs administrative costs to measure, bill, and collect fee revenues. In general, it is less expensive to collect tax revenue. If a potential user fee revenue will cost more to collect than it will produce, it may not be appropriate to assess a fee even if otherwise desirable and appropriate. It is important to develop ways to measure the use of services which do not cost more than the usefulness or fairness of doing the measurement. For example, "front footage" has been used as a measurement basis for assessing certain charges related to road improvements and supply of water and sewer, to avoid the administrative cost of precisely measuring benefit. Similarly, the cost of effective collection enforcement must be weighed against total benefits of the charge, including the value of deterrence if the charge is punitive.

Preserving the real value of the charge. During the period when a fee has been in effect, costs have usually risen, and inflation has cut the real value of revenue produced by the fee. In some instances, adjustments to user charges have either not been imposed or have lagged behind inflation. The rate of the charge should be increased regularly to restore the former value of the revenue involved. Most fees and charges should be indexed so that their per unit revenues will keep up with inflation.

CIP Fiscal Policy

DEFINITION AND PURPOSE OF FISCAL POLICY

Fiscal policy is the combined practices of government with respect to revenues, expenditures, and debt management. Fiscal policy for the Capital Improvements Program (CIP) focuses on the acquisition, construction, and renovation of public facilities and on the funding of such activities, with special attention to both long-term borrowing, and increasingly, short-term debt.

The purposes of the CIP fiscal policy are:

- to encourage careful and timely decisions on the relative priority of programs and projects;
- to encourage cost effectiveness in the type, design, and construction of capital improvements;
- to ensure that the County may borrow readily for essential public improvements; and
- to keep the cost of debt service and other impacts of capital projects at levels affordable in the operating budget.

The County Charter (Article 3, Sections 302 and 303) provides that the County Executive shall submit to the Council, not later than January 15 of each even-numbered calendar year, a comprehensive six-year program for capital improvements. This biennial Capital Improvements Program takes effect for the six-year period which begins in each odd-numbered fiscal year. The Charter provides that the County Executive shall submit a Capital Budget to the Council, not later than January 15 of each year.

The County Executive must also submit to the Council, not later than March 15 of each year, a proposed operating budget, along with comprehensive six-year programs for public services and fiscal policy. The Public Services Program (PSP)/Operating Budget and Capital Improvements Program (CIP)/Capital Budget constitute major elements in the County's fiscal planning for the next six years. Fiscal policies for the PSP and CIP are parts of a single consistent County fiscal policy.

In November 1990, the County's voters approved an amendment to Section 305 of the Charter to require that the Council annually adopt spending affordability guidelines for the capital and operating budgets. Spending affordability guidelines for the CIP are interpreted in subsequent County law to be limits on the amount of general obligation debt and Park and Planning debt that may be approved for expenditure for the first year and the second year of the CIP, and for the entire six years of the CIP. Spending affordability guidelines are adopted in odd-numbered calendar years. Since 1994, the Council, in conjunction with the Prince George's County Council, adopted one-year spending limits for WSSC. These spending control limits include guidelines for new debt and annual debt service.

In March 2021, pursuant to Bill 6-21, Section 20-84 was added to the County Code establishing a Revenue Estimating Group to review and forecast revenues. The Revenue Estimating Group develops revenue forecasts and any revisions to those forecasts, develops a methodology to forecast revenues, and provides quarterly reports on revenue projections to the Executive and Council each year on February 15, May 15, September 15, and December 15.

CURRENT CIP FISCAL POLICIES

The fiscal policies followed by the County Executive and County Council are relatively stable, but not static. They evolve in response to changes in the local economy, revenues and funding tools available, and requirements for public services. Also, policies are not absolute; policies may conflict and must be balanced in their application. Presented here are the CIP fiscal policies currently in use by the County Executive.

Policy on Eligibility for Inclusion in the CIP

Capital expenditures included as projects in the CIP should:

- Have a reasonably long useful life, or add to the physical infrastructure and capital assets of the County, or enhance the productive capacity of County services. Examples are roads, utilities, buildings, and parks. Such projects are normally eligible for debt financing.

- Generally have a defined beginning and end, as differentiated from ongoing programs in the PSP.
- Be related to current or potential infrastructure projects. Examples include facility planning or major studies. Generally, such projects are funded with current revenues.
- Be carefully planned to enable decision makers to evaluate the project based on complete and accurate information. In order to permit projects to proceed to enter the CIP once satisfactory planning is complete, a portion of "programmable expenditures" (as used in the Bond Adjustment Chart) is deliberately left available for future needs.

Policy on Funding CIP with Debt

Much of the CIP should be funded with debt. Capital projects usually have a long useful life and will serve future taxpayers as well as current taxpayers. It would be inequitable and an unreasonable fiscal burden to make current taxpayers pay for many projects out of current tax revenues. Bond issues, retired over approximately 20 years, are both necessary and equitable.

Projects deemed to be debt eligible should:

- Have an approximate useful life at least as long as the debt issue with which they are funded.
- Not be able to be funded entirely from other potential revenue sources, such as intergovernmental aid or private contributions.
- Special Note: With a trend towards more public/private partnerships, especially regarding projects aimed at the revitalization or redevelopment of the County's central business districts, there are more instances when public monies leverage private funds. These instances, however, generally bring with them the "private activity" or private benefit (to the County's partners) that make it necessary for the County to use current revenue or taxable debt as its funding source. It is County fiscal policy that when financing in public-private partnership situations, that tax-exempt debt will be issued only for those improvements that meet the IRS requirements for the use of tax-exempt bond proceeds.

Policy on General Obligation Debt Limits

General obligation debt usually takes the form of bond issues, and pledges general tax revenue for repayment. Paying principal and interest on general obligation debt is the first claim on County revenues. By virtue of prudent financial management and the long-term strength of the local economy, Montgomery County has maintained the highest quality rating of its general obligation bonds, AAA. This top rating by Wall Street rating agencies, assures Montgomery County of a ready market for its bonds and the lowest available interest rates on that debt.

Debt Capacity

To maintain the AAA rating, the County uses the following guidelines in deciding how much additional County general obligation debt may be issued in the six-year CIP period:

<u>Overall Debt as a Percentage of Assessed Valuation</u>- This ratio measures debt levels against the property tax base, which generates the tax revenues that are the main source of debt repayment. Total debt, both existing and proposed, should be kept at about 1.5 percent of full market value (substantially the same as assessed value) of taxable real property in the County.

<u>Debt Service as a Percentage of the General Fund</u> - This ratio reflects the County's budgetary flexibility to adapt spending levels and respond to economic condition changes. Required annual debt service expenditures should be kept at about ten percent of the County's total General Fund.

<u>Overall Debt per Capita</u> - This ratio measures the burden of debt placed on the population supporting the debt and is widely used as a measure of an issuers' ability to repay debt. Total debt outstanding and annual amounts issued, when adjusted for inflation, should not cause real debt per capita (i.e., after eliminating the effects of inflation) to rise significantly.

<u>Ten-year Payout Ratio</u> - This ratio reflects the amortization of the County's outstanding debt. A faster payout is considered a positive credit attribute. The rate of repayment of bond principal should be kept at existing high levels and in the 60-75 percent range during any ten-year period.

<u>Per Capita Debt to Per Capita Income</u> - This ratio reflects a community's economic strength as an indicator of income levels relative to debt. Total debt outstanding and annual amounts proposed should not cause the ratio of per capita debt to per capita income to rise significantly above about 3.5 percent.

These ratios will be calculated and reported each year in conjunction with the spending affordability and capital budget process, the annual financial audit, and as needed for fiscal analysis.

Policy on Terms for General Obligation Bond Issues

Bonds are normally issued in a 20-year series, with five percent of the series retired each year. This practice produces equal annual payments of principal over the life of the bond issue, which means declining annual payments of interest on the outstanding bonds, positively affecting the pay-out ratio. Thus annual debt service on each bond issue is higher at the beginning and lower at the end. When bond market conditions warrant, or when a specific project would have a shorter useful life, then different repayment terms may be used.

Policy on Other Forms of General Obligation Debt

The County may issue other forms of debt as appropriate and authorized by law. From time to time, the County issues Commercial Paper/Bond Anticipation Notes (BANs) for interim financing to take advantage of favorable interest rates within rules established by the Internal Revenue Service.

Policy on Use of Revenue Bonds

Revenue bonds are secured by the pledge of particular revenues to their repayment in contrast to general obligation debt, which pledges general tax revenues. The revenues pledged may be those of a Special Revenue or Enterprise funds, or they may be derived from the funds or revenues received from or in connection with a project. Amounts of revenue debt to be issued should be limited to ensure that debt service coverage ratios shall be sufficient to ensure ratings at least equal to or higher than ratings on outstanding parity debt. Such coverage ratios shall be maintained during the life of any bonds secured by that revenue stream.

Policy on Use of Appropriation-Backed Debt

Various forms of appropriation-backed debt may be used to fund capital improvements, facilities, or equipment issued directly by the County or using the Montgomery County Revenue Authority or another entity as a conduit issuer. Under such an arrangement, the County enters into a long-term lease with the conduit issuer and the County lease payments fund the debt service on the bonds. Appropriation-backed debt is useful in situations where a separate revenue stream is available to partially offset the lease payments, thereby differentiating the project from those typically funded with general obligation debt. Because these long-term leases constitute an obligation of the County similar to general debt, the value of the leases is included in debt capacity calculations.

Policy on Issuance of Taxable Debt

Issuance of taxable debt may be useful in situations where private activity or other considerations make tax-exempt debt disadvantageous or ineligible due to tax code requirements or other considerations. The cost of taxable debt will generally be higher because investors are not able to deduct interest earnings from taxable income. Taxable debt may be issued in instances where the additional cost of taxable debt, including legal, marketing, and other up-front costs and the interest cost over the life of the bonds, is outweighed by the advantages in relation to the financing objectives to be achieved.

Policy on Use of Interim Financing

Interim Financing may be used in exceptional circumstances where project expenditures are eligible for long term debt, but permanent financing is delayed for specific reasons, other than affordability. Interim Financing should have an identified and reliable ultimate funding source, and should be repaid within the short term. An example for interim financing would be in a situation where an offsetting revenue will be available in the future to pay off a portion of the amounts borrowed, but the exact amounts and timing of the repayment are uncertain.

Policy on Use of Short Term Financing

Short term financing (terms of ten years of less) may be appropriate for certain types of equipment or system financings, where the term of the financing correlates to the useful life of the asset acquired, or in other cases where the expected useful life is long, but due to the nature of the system, upgrades are frequent and long term financing is not appropriate.

Policy on Use of Current Revenues

Use of current revenues to fund capital projects is desirable as it constitutes "pay-as-you-go" (PAYGO) financing and, when applied to debt-eligible projects, reduces the debt burden of the County. Decisions to use current revenue funding within the CIP have immediate impacts on resources available to annual operating budgets and require recognition that certain costs of public facilities should be supported on a current basis rather than paid for over time.

Current revenues from the General Fund are used for designated projects which have broad public use and which fall outside any of the specialized funds. Current revenues from the Special Revenue and Enterprise Funds are used if the project is associated with the particular function for which these funds have been established.

The County has the following policies on the use of current revenues in the CIP:

- Current revenues must be used for any CIP projects not eligible for debt financing by virtue of limited useful life.
- Current revenues should be used for CIP projects consisting of limited renovations of facilities, for renovations of facilities which are not owned by the County, and for planning and feasibility studies.
- Current revenues may be used when the requirements for capital expenditures press the limits of bonding capacity.
- Except for excess revenues which must go to the Revenue Stabilization Fund, the County will, according to Resolution 19-753, use one-time revenues from any source in this order: reserves to the policy goal; OPEB/Pension Prefunding; and other unfunded liabilities and/or other non-recurring expenditures and/or PAYGO for the CIP more than the County's target goal.

Policy on Use of Federal and State Grants and Other Contributions

Grants and other contributions should be sought and used to fund capital projects whenever they are available on terms that are to the County's long-term fiscal advantage. Such revenues should be used as current revenues for debt avoidance and not for debt service.

Policy on Minimum Allocation of PAYGO

PAYGO is current revenue set aside in the operating budget, but not appropriated, and is used to replace bonds for debt eligible expenditures. To reduce the impact of capital programs on future years, the County will fund a portion of its CIP on a pay-as-you-go basis. Pay-as-you-go funding will save money by eliminating interest expense on the funded projects. Pay-as-you-go capital appropriations improve financial flexibility in the event of sudden revenue shortfalls or emergency spending. It is the County's policy to allocate to the CIP each fiscal year as PAYGO at least ten percent of the amount of general obligation bonds planned for issue that year.

Policy on Operating Budget Impacts

In the development of capital projects, the County evaluates the impact of a project on the operating budget and displays such impacts on the project description form. The County shall not incur debt or otherwise construct or acquire a public facility if it is unable to adequately provide for the subsequent annual operation and maintenance costs of the facility.

Policy on Taxing New Private Sector Development

As part of a fair and balanced tax system, new development of housing, commercial, office, and other structures should contribute directly toward the cost of the new and improved transportation and other facilities required to serve that development. To implement this policy, the County has established the following taxes:

Transportation Impact Tax The County Council established new rates and geographical boundaries for transportation impact taxes in November 2020 and enacted a White Flint impact tax district in 2010. These taxes are levied at rate schedules based on the classification of an area relative to transit service and accessibility . The "Red" policy areas replaced the prior Metro Station Policy Areas (MSPAs). "Orange" policy areas are corridor cities (but not MSPAs), town centers, and emerging transit-oriented development areas where transitways such as the Purple Line and Bus Rapid Transit lines are planned. "Yellow" policy areas are lower density residential neighborhoods with community-serving commercial areas; and "Green" policy areas are the Agricultural Reserve and other rural areas. In prior actions, the County Council also adjusted impact tax rates to replace lost revenue from eliminated transportation mitigation payments. Transportation Impact Taxes are also assessed for projects within the boundaries of Rockville and Gaithersburg. These impact taxes can only be used for projects listed in a Council-approved Memorandum of Understanding with the individual municipalities.

Schools Impact Tax Most residential development in Montgomery County is subject to an impact tax for certain school facilities. The rates are the same Countywide but vary by housing and community type, commensurate with the average student generation rates of that type of residential development. In November, 2020, the County Council identified two different types of communities that had very different student generation rates and incorporated that analysis into the impact tax rate structure. During their 2020 Subdivision Staging Policy (aka Growth and Infrastructure Policy) review, the County also expanded the number of impact tax waivers and added an additional Utilization Premium Payment (UPP). A UPP is calculated as a percent of the applicable impact tax rate and is necessary when school overcrowding in the impacted community is more severe. Previously, in November, 2016, the County Council increased school impact tax rates to replace revenues lost when they eliminated School Facilities Payments and to account for land costs which had previously not been considered when calculating impact tax rates.

School Facilities Payment Prior to County Code changes approved in 2016, a school facilities payment was applied at subdivision review to residential development projects located in a school cluster where enrollment exceeds adopted standards. The school facilities payment was made on a per-student basis, based upon standard student generation rates of that type of residential development. While School Facility Payments will not provide additional future capital budget funding, payments collected prior to the change in the law are still programmed in several MCPS projects in the FY19-24 capital budget.

Development Approval Payment (DAP) In November 1993, the Council created an alternative voluntary review procedure for Metro station policy areas as well as limited residential development. The DAP permitted development projects to proceed in certain areas subject to development restrictions. Due to the voluntary nature of this payment, DAP revenue is an unpredictable funding source and is not programmed for specific transportation improvements until after the revenue has been collected. In October 2003, the County Council revised the Annual Growth Policy to replace the Development Approval Payment with an alternative payment mechanism based upon impact tax rates. While the DAP payments are no longer being collected, they are reported in some active projects based on past allocations.

Development Districts Legislation enacted in 1994 established a procedure by which the Council may create a development district. The creation of such a special taxing district allows the County to issue low-interest, tax-exempt bonds that are used to finance the infrastructure improvements needed to allow the development to proceed. Taxes or other assessments are levied on property within the district, the revenues from which are used to pay the debt service on the bonds.

Development is, therefore, allowed to proceed, and improvements are built in a timely manner. Only the additional special tax revenues from the development district are pledged to repayment of the bonds. The County's general tax revenues are not pledged. The construction of improvements funded with development district bonds is required by law to follow the County's usual process for constructing capital improvements and, thus, must be included in the Capital Improvements Program.

Transportation Improvement (Loophole) Credits Under certain conditions, a developer may choose to pay a transportation improvement credit in lieu of funding or constructing transportation improvements required in order to obtain development approval. These funds are used to offset the cost of needed improvements in the area from which they are paid.

Systems Development Charge (SDC) This charge, enacted by the 1993 Maryland General Assembly, authorized Washington Suburban Sanitation Commission (WSSC) to assess charges based on the number and type of plumbing fixtures in new construction, effective July 19, 1993. SDC revenues may only be spent on new water and sewerage treatment, transmission, and collection facilities.

Utilization Premium Payment (UPP) As part of the County Council's November 2020 action on the Growth and Infrastructure policy, the County Council established Utilization Premium Payments as a means to charge higher fees to developers wanting to move forward with projects in communities where there was already significant school overcrowding. UPP rates are calculated as a percent of the relevant impact tax based on how many school levels (elementary, middle, and high school) meet overcrowding standards.

DETAILED DESCRIPTION OF CIP FUNDING SOURCES

Within each individual capital project, the funding sources for all expenditures are identified. There are three major types of funding for the Capital Improvements Program: current revenues (including PAYGO); proceeds from bonds and other debt instruments; and grants, contributions, reimbursements, or other funds from intergovernmental and other sources.

Current Revenues

Cash contributions used to support the CIP include: transfers from general revenues, special revenues, and enterprise funds;

investment income on working capital or bond proceeds; recordation taxes; proceeds from the sale of surplus land; impact taxes, development approval payments, systems development charges, and the expedited development approval excise tax; and developer contributions. The source and application of each are discussed below.

Current Revenue Transfers. When this source is used for a capital project, cash is allocated to the capital project directly from the General, Special, or Enterprise Funds to finance direct payment of some or all of the costs of the project. The General Fund is the general operating fund of the County and is used to account for all financial resources except those required to be accounted for in another fund. The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed primarily through user charges.

Use of current revenues is desirable as it constitutes "pay-as-you-go" financing and, when applied to debt-eligible projects, limits the increase in the debt burden of the County. Decisions to use current revenue funding within the CIP have immediate impacts on resources available to annual operating budgets, and require recognition that certain costs of public facilities should be supported on a current basis rather than paid for over time. Current revenues from the General Fund are used for designated projects which involve broad public use and which fall outside any of the specialized funds. Current revenues from the Special Revenue and Enterprise Funds are used if the project is associated with the particular function for which these funds have been established.

PAYGO is current revenue set aside in the operating budget, but not appropriated. PAYGO is used to replace bonds for debt-eligible expenditures. PAYGO is planned to be ten percent of general obligation bonds planned for issue.

Recordation Tax Starting in FY03, the County raised the recordation tax rate and earmarked revenues generated from the increase to the Montgomery County Public Schools (MCPS) capital budget and Montgomery College information technology projects. In 2008, the County enacted an additional rate premium with revenues generated from half of that premium allocated to Montgomery County Government capital projects. (The other half of the recordation tax premium is used for rental assistance in the operating budget.) Effective September 2016, the recordation tax was modified resulting in a lower tax rate for the General Fund, but a higher tax rate for MCPS CIP. At the same time, the Premium tax rate increased with 50 percent of the Premium revenues earmarked for the County Government CIP.

Proceeds from the Sale of Public Property. When the County sells surplus land or other real property, proceeds from the sales are deposited into the Land Sale account, and are then used to fund projects in the CIP. By law, 25 percent of the revenue from land sales must be directed to the Montgomery Housing Initiative (MHI) Fund to promote a broad range of housing opportunities in the County. Properties may be excluded from the 25 percent requirement if they are within an area designated as urban renewal or by a waiver from the County Executive. Generally, land sale proceeds are not programmed in the capital budget until they are received; however, in some instances where signed land sale agreements have been executed, future land sale proceeds may be programmed. Land sale proceeds can also be used to repay interim financing if that was assumed in approved projects.

Impact Taxes are specific charges to developers to help fund improvements to transportation and public school infrastructure. School impact taxes are charged one rate Countywide for each type of housing. There are various rates for the transportation impact tax based on the classification of an area relative to transit service and accessibility as previously described.

All new development (residential or commercial) within the designated areas is subject to payment of applicable impact taxes as a condition to receiving building permits. The tax rates are set by law to be calculated at the time a developer pays the tax. This payment would occur by the earlier of two dates - either at the time of final inspection or within six or twelve months after the building permit was issued depending on the type of development.

Since revenues to be obtained from impact taxes may not be paid for a number of years, other funding is sometimes required for funding project construction, predicated on eventual repayment from impact taxes.

Contributions are amounts provided to the County by interested parties such as real estate developers in order to support particular capital projects. Contributions are sometimes made as a way of solving a problem which is delaying development approval. A project such as a road widening or connecting road that specifically supports a particular new development may be fully funded (and sometimes built) by the developer. Other projects may have agreed-upon cost-sharing arrangements predicated on the relationship between public and private benefit that will exist as a result of the project. For stormwater management projects, developer contributions are assessed in the form of fees in lieu of on-site construction of required facilities. These fees are applied to the construction of stormwater facilities within the County.

Bond Issues and Other Public Agency Debt

The County government and four of its Agencies are authorized by State law and/or County Charter to issue debt to finance CIP projects. This debt may be either general obligation or self-supporting debt. General obligation debt is characterized in credit analyses as being either "direct" or "overlapping." Direct debt is the sum of total bonded debt and any unfunded debt (such as short-term notes) of the government, and constitutes the direct obligations of the County government which impact its taxpayers. Overlapping debt includes all other borrowing of County agencies or incorporated municipalities within the County's geographic limits, which may impact those County taxpayers who are residents of those municipalities or those County taxpayers who are ratepayers or users of public utilities. More broadly, overlapping debt can help reveal the degree to which the total economy is being asked to support long-term fixed commitments for government facilities.

Direct General Obligation Debt is incurred by the issuance of bonds by the County government and the Maryland-National Capital Park and Planning Commission (M-NCPPC). Payment of some bonded debt issued by the Washington Suburban Sanitary Commission (WSSC) and the Housing Opportunities Commission (HOC) is also guaranteed by the County government.

County government general obligation bonds are issued for a wide variety of functions such as transportation, public schools, community college, public safety, and other programs. These bonds are legally-binding general obligations of the County and constitute an irrevocable pledge of its full faith and credit and unlimited taxing power. The County Code provides for a maximum term of 30 years, with repayment in annual serial installments. Typically, County bond issues have been structured for repayment with level annual payments of principal. Bonds are commonly issued for 20 years. The money to repay general obligation debt comes primarily from general revenues, except that debt service on general obligation bonds, if any, issued for projects of Parking Districts, Liquor, or Solid Waste funds is supported from the revenues of those enterprises.

M-NCPPC is authorized to issue general obligation bonds, also known as Park and Planning bonds, for the acquisition and development of local and certain special parks and advance land acquisition, with debt limited to that supportable within mandatory tax rates established for the Commission. Issuance is infrequent, and because repayment is guaranteed by the County, it is considered a form of direct debt. Debt for regional, conservation, and special park facilities is included within County government general obligation bond issues, with debt service included within the County government's annual operating budget.

HOC bonds which support County housing initiatives such as the acquisition of low/moderate-income rental properties may be guaranteed by the County to an aggregate amount not to exceed $50 million, when individually authorized by the County and, as such, are considered direct debt of the County. The HOC itself has no taxing authority, and its projects are considered to be financed through self-supporting debt as noted below.

Overlapping debt is the debt of other governmental entities in the County that is payable in whole or in part by taxpayers of the County.

WSSC General Construction Bonds finance small diameter water distribution and sewage collection lines and required support facilities. They are considered general obligation bonds because they are payable from unlimited ad valorem taxes upon all the assessable property in the WSSC district. They are actually paid through assessments on properties being provided service and are considered to be overlapping debt rather than direct debt of the County government.

WSSC Water Supply and Sewage Disposal Bonds, which finance major system improvements, including large diameter water distribution and sewage collection lines, are paid from non-tax sources including user charges collected through water and sewer rates, which also cover all system operating costs. They are backed by unlimited ad valorem taxes upon all the assessable property within the WSSC district in addition to mandated rates, fees, and charges sufficient to cover debt service.

Self-Supporting Debt is authorized for the financing of CIP projects by the County government and its Agencies as follows:

County Revenue Bonds are bonds authorized by the County to finance specific projects such as parking garages and stormwater management and solid waste facilities, with debt service to be paid from pledged revenues received in connection with the projects. Proceeds from revenue bonds may be applied only to costs of projects for which they are authorized. They are considered separate from general obligation debt and do not constitute a pledge of the full faith and credit or unlimited taxing power of the County.

County revenue bonds have been used in the Bethesda and Silver Spring Parking Districts, supported by parking fees and fines together with parking district property taxes. County revenue bonds have also been issued for County Solid Waste Management facilities, supported with the revenues of the Solid Waste Disposal system.

HOC Mortgage Revenue Bonds are issued to support HOC project initiatives and are paid through mortgages and rents. HOC revenue bonds, including mortgage purchase bonds for single family housing, are considered fully self-supporting and do not add to either direct or overlapping debt of the County.

The Montgomery County Revenue Authority has authority to issue revenue bonds and to otherwise finance projects through notes and mortgages with land and improvements thereon serving as collateral. These are paid through revenues of the Authority's several enterprises, which include golf courses, the Montgomery County Airpark, and the Crossvines custom winery and vineyard.

The County has also used the Revenue Authority as a conduit for alternative CIP funding arrangements. For example, swim centers, a building to house County and State Health and Human Services functions, and the construction of the Montgomery County Conference Center are financed through revenue bonds issued by the Revenue Authority. The County has entered into long-term leases with the Revenue Authority, and the County lease payments fund the debt service on these Revenue Authority bonds. Because these long-term leases constitute an obligation of the County similar to general debt, the value of the leases is included in debt capacity calculations.

Intergovernmental Revenues

CIP projects may be funded in whole or in part through grants, matching funds, or cost sharing agreements with the Federal government, the State of Maryland, regional bodies such as Washington Metropolitan Area Transit Authority (WMATA), or the County's incorporated municipalities.

Federal Aid. Major projects that involve Federal aid include Metro, commuter rail, interstate highway interchanges and bridges (noted within the CIP Transportation program), and various environmental construction or planning grants under WSSC projects in the Sanitation program. Most Federal aid is provided directly to the State, for redistribution to local jurisdictions.

Community Development Block Grant (CDBG). CDBG funds are a particular category of Federal aid received through annual formula allocations from the U.S. Department of Housing and Urban Development in response to a County application and are identified as CIP revenues in the Housing and Community Development program. The County has programmed eligible projects for CDBG funding since 1976, with expenditures programmed within both capital and operating budgets. CDBG funds are used to assist in the costs of neighborhood improvements and facilities in areas where there is significant building deterioration, economic disadvantage, or other need for public intervention in the cycles of urban growth and change. In addition, CDBG funding is used as "seed money" for innovative project initiatives, including redevelopment and rehabilitation loans toward preserving and enhancing older residential and commercial areas and low/moderate-income housing stock. Beginning in FY15, CDBG funds were shifted from the capital budget to the operating budget for ease of administration. Once CDBG-funded projects are closed out, CDBG funding will be eliminated from the capital budget funding sources.

State Aid. This funding source includes grants, matching funds, and reimbursements for eligible County expenditures for local projects in public safety, environmental protection, courts and criminal justice, transportation, libraries, parkland acquisition and development, mental health, community college, and K-12 public education, notably in school construction.

State Aid consistently falls short of funding needs predicated on State mandates or commitments. Although the State of Maryland is specifically responsible for the construction and maintenance of its numbered highways and for the construction and renovation of approved school projects, the County has in fact advance-funded projects in both categories either through cost-sharing agreements or in anticipation of at least partial reimbursements from the State. Because large County fiscal liabilities are taken on when assuming any or all project costs of State-mandated or obligated facilities, State reimbursement policies and formulas for allocation of funds are important to CIP fiscal planning.

State Aid for School Construction. State funding for school construction, initiated in FY72, is determined annually by the General Assembly on a Statewide basis.

State Aid for Higher Education. State Aid is also a source of formula matching funds for community college facilities design, construction, and renovation. Funds are applied for through the Higher Education Commission for inclusion in the State Bond Bill. Approved projects may get up to 50 percent State funding for eligible costs. The total amount of aid available for all projects Statewide is determined based on yearly allocations of available bond proceeds to all Maryland jurisdictions.

State Aid for Transportation. Within the Transportation program, State contributions fund the County's local share of WMATA capital costs for Metrorail and Metrobus, as well as traffic signals and projects related to interconnecting State and local roads.

Most State road construction is done under the State Consolidated Transportation Program and is not reflected in the CIP. Beginning in FY23, the CIP will include Op Lanes Maryland State transit funding. This funding is the portion of the State's planned I-495 and I-270 Phase I toll lane proceeds which the Maryland Department of Transportation pledged to fund high priority public transit projects in Montgomery County.

State Aid for Public Safety. Under Article 27, Sec. 705 of the Maryland Code, when the County makes improvements to detention and correctional centers resulting from the adoption of mandatory or approved standards, the State, through the Board of Public Works, pays for 50 percent of eligible costs of approved construction or improvements. In addition, financial assistance may be requested from the State for building or maintenance of regional detention centers, and, under 1986 legislation, the State will fund up to half the eligible costs to construct, expand, or equip local jails in need of additional capacity.

Municipal Financing. Some projects with specific benefits to an incorporated municipality within the County may include funding contributions or other financing assistance from that jurisdiction. These include road construction agreements such as with the City of Rockville, wherein the County and City share costs of interconnecting or overlapping road projects. Incorporated towns and municipalities within the County, specifically Rockville, Gaithersburg, and Poolesville, have their own capital improvements programs and may participate in County projects where there is shared benefit. The use of municipal funding in County CIP projects depends upon the following:

- execution of cost-sharing or other agreements between the County and the municipality, committing each jurisdiction to specific terms, including responsibilities, scheduling, and cost-shares for implementation and future operation or maintenance of the project;
- approval of appropriations for the project by the legislative body of each jurisdiction; and
- resolution of any planning or zoning issues affecting the project.

Other Revenue Sources

The use of other revenue sources to fund CIP projects are normally conditioned upon specific legislative authority or project approval, including approval of appropriations for the projects. Approval of a project may be contingent upon actual receipt of the revenues planned to fund it, as in the case of anticipated private contributions that are not subject to particular law or agreement. Other CIP funding sources and eligibility of projects for their use include:

Revolving funds including the revolving loan fund authorized to cover HOC construction loans until permanent financing is obtained. Funds are advanced from County current revenues and repaid at interest rates equivalent to those the County earns on its investments. The Advance Land Acquisition Revolving Fund (ALARF) is used to acquire land in advance of project implementation. Revolving fund appropriations are then normally repaid from the actual project after necessary appropriation is approved.

Agricultural land transfer tax receipts payable to the State but authorized to be retained by the County. These are used to cover local shares in the State purchase of agricultural land easements and for County purchase of or loan guarantees backed by transferable development rights (TDRs).

Private grants such as were provided under profit-sharing agreements with the County's Cable TV corporation, for use in developing public access facilities; and

Insurance or self-insurance proceeds for projects being renovated or replaced as a result of damage covered by the County's self-insurance system.

THE FRAMEWORK OF FISCAL POLICY

This section presents information on a variety of information sources and factors that are considered in developing and applying fiscal policy for the CIP.

Legal Mandates

State Law. The Annotated Code of Maryland provides the basis for fiscal policy related to debt, real property assessments, and other matters:

- The Local Government Article authorizes borrowing of funds and issuance of bonds up to a maximum of the sum of six percent of the assessed valuation of all real property and 15 percent of the assessed valuation of all personal property within the County and provides that obligations having a maturity not in excess of twelve months shall not be subject to, or be included in, computing the County's legal debt limitation. However, the County includes its BANs/Commercial Paper in the calculation because it intends to repay the notes with the proceeds of long-term debt to be issued in the near future.

- The Local Government Article requires that each local government adopt a debt policy and submit it to the State Treasurer. In October 2009 the County Council for Montgomery County adopted resolution 16-1173 outlining the County's debt policy.
- Section 8-103 of the Tax - Property Article provides for updated assessments of property in three-year (triennial) cycles. The amount of the change in the established market value of the one-third of the properties reassessed each year is phased in over a three-year period (although a decrease in value is reflected in the first year of the triennial cycle). State law also created a maximum ten percent assessment limitation tax credit (homestead credit) for owner occupied residential properties. This program provides an automatic credit against property taxes equal to the applicable tax rate (including the State rate) times that portion of the current assessment which exceeds the previous year's assessment increased by ten percent. This benefit only applies to owner-occupied- residential property. The homestead credit is ten percent for property taxes levied for the State of Maryland, Montgomery County, and all municipalities in Montgomery County (with the exception of the Town of Kensington which is five percent). Taxpayers have the ability to appeal their assessment through SDAT and the MD Tax Court which could lower the total assessable base and property tax revenues.
- Other provisions of State law mandate requirements for environmental review, permits, stormwater management, and controls for public facilities, such as solid waste disposal sites, affecting both the cost and scheduling of these facilities.
- State law mandates specific facility standards such as requirements for school classroom space to be provided by the County for its population and may also address funding allocations to support such requirements.State law provides for specific kinds of funding assistance for various CIP projects. In the area of public safety, for example, Article 27, Section 705 of the Maryland Code, provides for matching funds up to 50 percent of the cost of detention or correctional facilities.
- The Maryland Economic Growth Resource Protection and Planning Act requires the County to certify that all construction projects financed with any type of State funding are in compliance with local land use plans, including specific State-mandated environmental priorities.

County Law. Article 3 of the County Charter provides for the issuance of public debt for other than annual operating expenditures and imposes general requirements for fiscal policy:

- The capital improvements program must provide an estimate of costs, anticipated revenue sources, and an estimate of the impact of the program on County revenues and the operating budget.
- Bond issues may not be for longer than 30 years.
- Capital improvement projects which are estimated to cost in excess of an annually-established amount (for FY 23, $20,350,000) or which have unusual characteristics or importance, must be individually authorized by law, and are subject to referendum.
- In November 1990, County voters approved an amendment to the Montgomery County Charter, Section 305, to require that the County Council annually adopt spending affordability guidelines for the capital and operating budgets. Spending affordability guidelines for the CIP have been interpreted in subsequent County law to be limits on the amount of County general obligation debt which may be approved for the first and second years of the CIP and for the entire six-year period of the CIP. Similar provisions apply to debt of the Maryland-National Capital Park and Planning Commission (M-NCPPC). These limits may be overridden by a vote of seven of the nine Councilmembers . (Note: In December 2022, there will be 11 Councilmembers.)
- In April 1994, the Council adopted Resolution No. 12-1558 establishing a spending affordability process for WSSC. The process limits WSSC new debt, debt service, water/sewer operating expenses, and rate increases.
- Section 305 of the County Charter includes a limit on the annual increase in property tax revenues. An amendment approved in November 2020 prohibits the County Council from adopting a tax rate on real property that exceeds the tax rate on real property approved for the previous year unless all current Councilmembers vote affirmatively for the increase. This amendment replaces the previous limit that required an affirmative vote of all current Councilmembers to levy a tax on real property that would produce total revenue that exceeds the total revenue produced by the tax rate on real property the preceding fiscal year plus any increase in the Consumer Price Index for the Washing Metropolitan Statistical Area and exempts real property tax revenue derived from specific properties.
- Chapter 20 of the Montgomery County Code sets various financial guidelines in law such as the deposit of funds, the borrowing of money generally, the activities of the Department of Finance, revenue bonds, and spending affordability.

- In March of 2021, the County's Reserve and Selected Fiscal Policies was updated in Resolution 19-753, to provide priority order for the use of one-time revenues. It also states that, if reserves fall below the policy level due to an economic recession or a national emergency, that reserves must be replenished to the policy level within three fiscal years.

Federal Law. Policies of the Federal Government affect County fiscal policies relative to debt issuance, revenue expectations, and expenditure controls. Examples of Federal policies that impact County fiscal policy include:

- Internal Revenue Service rules under the Tax Reform Act of 1986, as amended, provide limits on the tax-exempt issuance of public debt, and limit the amount of interest the County can earn from investment of the bond proceeds.
- County shares of costs for some major projects, such as those relating to mass transit and highway interchanges, are dependent upon Federal appropriations and allocations.
- Federal Office of Management and Budget circular A-87 prescribes the nature of expenditures that may be charged to Federal grants.
- Federal legislation will influence the planning and expenditures of specific projects, such as requirements for environmental impact statements for Federally- assisted road projects and the Davis-Bacon Act, which requires local prevailing wage scales in contracts for Federally-assisted construction projects.
- The American Recovery and Reinvestment Act (ARRA) created a number of additional tax-advantaged forms of governmental debt. These forms of debt resulted in lower costs and therefore savings to taxpayers. The County utilized beneficial provisions of the act and issued these new forms of debt where appropriate and advantageous to the County. One example is a qualified energy conservation bond (QECB) that the County issued from 2013 to 2017 to take advantage of a federal tax credit that lowered the cost of debt service for an energy savings project on a county facility.

Fiscal Planning Projections and Assumptions

Several different kinds of trends and economic indicators are reviewed, projected, and analyzed each year for their impacts on County programs and services and for their impact on fiscal policy as applied to the Capital Improvements Program. Among these are:

Inflation, which is important as an indicator of future project costs or the costs of delaying capital expenditures;

Population growth, which provides an indicator of the size or scale of required facilities and services, as well as the timing of population-driven project requirements;

Demographic change in the numbers or location within the County of specific age groups or other special groups, which provides an indication of requirements and costs of specific public facilities;

Annual Growth Policy thresholds and other land use indicators, which are a determinant of major public investment in the infrastructure required to enable implementation of land use plans and authorized development within the County;

The assessable property tax base of the County, which is a major indicator for projections of revenue growth to support funding for public facilities and infrastructure;

Residential construction activity and related indicators, which provide early alerts to the specific location and timing of future public facilities requirements. It is also the most important base for projecting growth in the County's assessable property tax base and estimating property tax levels;

Nonresidential construction activity, which is the indicator of jobs, commuters, and requirements for housing and transit-related public investment. It is also one of the bases for projecting the growth of the County's assessable tax base and property tax revenues;

Employment and job growth within the County, which provide indicators for work-related public facilities and infrastructure;

Personal income earned within the County, which is the principal basis for projecting income tax revenues as one of the County's major revenue sources; and

Montgomery County Public Schools and Montgomery College Enrollment projections, which provide an indication of the size and scale of required facilities and services.

Generally Accepted Accounting Principles (GAAP)

The application of fiscal policy in the financial management of the CIP must be in conformity with GAAP standards. This involves the separate identification and accounting of the various funds which cover CIP expenditures; adherence to required procedures, such as transfers between funds and agencies; and regular audits of CIP transactions, such as the disbursement of bond proceeds and other funds to appropriate projects.

Credit Markets and Credit Reviews

The County's ability to borrow at the lowest cost of funds depends upon its credit standing as assessed by major credit rating agencies such as Moody's Investors Service, Standard & Poor's, and Fitch. Key aspects of the County's continued AAA credit ratings include:

- adherence to sound fiscal policy relative to expenditures and funding of the CIP;
- maintain debt at prudent and sustainable levels;
- maintain adequate fund balance to mitigate current and future risks (e.g., revenue shortfalls and unanticipated expenditures) ;
- appropriate levels of public investment in the facilities and infrastructure required for steady economic growth;
- effective production of the necessary revenues to fund CIP projects and support debt service generated by public borrowing;
- facility planning, management practices, and controls for cost containment and effective implementation of the capital program ;
- planning and programming of capital projects to allow affordable levels of borrowing;
- appropriate use and levels of revenues other than general obligation bond proceeds to fund the capital program;
- appropriate levels of CIP funding from annual current tax revenues in order to reduce borrowing needs; and
- assurances through County law and practice of an absolute commitment to timely repayment of debt and other obligations related to public facilities and infrastructure.

Intergovernmental Agreements

Fiscal policy for the CIP must provide guidance for and be applied within the context of agreements made between the County and other jurisdictions or levels of government. Examples include:

- agreements with municipalities for cost shares in the construction of inter-jurisdictional roads and bridges;
- agreements with adjacent jurisdictions related to mass transit or water supply and sewerage;
- agreements with the State of Maryland for cost shares in the construction of transportation and other vital inter-jurisdictional infrastructure; and
- agreements with Federal agencies involving projects related to Federal facilities within the County.

Compatibility with Other County Objectives

Fiscal policy, to be effective, must be compatible with other policy goals and objectives of government. For example:

- Growth management within the County reflects a complex balance among the rights of property owners; the cost of providing infrastructure and services to support new development; and the jobs, tax revenues, and benefits that County growth brings to its residents. Fiscal policy provides guidance for the allocation of public facility costs between the developer and the taxpayer, as well as for limits on debt-supported costs of development relative to increasing County revenues from a growing assessable tax base.
- Government program and service delivery objectives range from conveniently located libraries, recreation centers, and other amenities throughout the County to comprehensive transportation management and advanced waste management systems. Each of these involves differing kinds and mixes of funding and financing arrangements that must be within the limits of County resources as well as acceptable in terms of debt management.
- Planning policies of the County affect land use, zoning and special exceptions, and economic development, as well as the provision of public services. All are interrelated, and all have implications both in their fiscal impacts (cost/revenue effects on government finances) and in economic impacts (effects on the economy of the County as a whole).

- Capital improvement projects have a direct impact on the future operating budgets in the form of debt service and ongoing operating costs. As such, capital needs must be balanced with the need to fund vital services in the operating budget.
- Capital budget decisions can positively or negatively affect the County's racial equity and climate change goals.

INCORPORATING RACIAL EQUITY INTO THE CAPITAL BUDGET

During the FY23 capital budget development season, racial equity was part of all budget meetings to ensure that racial equity was considered as recommendations were developed and before budget decisions were made. As part of the budget development season, the Office of Management and Budget and the Office of Racial Equity and Social Justice created a budget equity tool to assist departments in applying a racial equity and social justice lens to the process and bring conscious attention to racial inequities before decisions are made. Departments were asked to:

- explain the project's potential racial equity impacts;
- identify racial inequities in the County that were considered in the project request;
- explain how the racial inequities were considered, provide the data sources identified by the department (including quantitative and qualitative data);
- explain ways the project aims to address or reduce the identified inequities;
- identify community residents that will potentially benefit the most or potentially be burdened the most by the project; and
- describe the potential disproportionate effects on communities of color and low-income communities as a result of the project and how those effects would be mitigated.

During the budget development season, the Office of Management and Budget carried out the following activities:

- prioritized projects serving the Washington Council of Government's Equity Emphasis Areas. These areas have high concentrations of residents with low-incomes and/or high concentrations of residents of color;
- sought to limit negative impacts of any fiscal delays or reductions on projects serving Equity Emphasis Areas;
- considered how departments determine what subprojects are chosen for level of effort projects and how racial equity could be incorporated into those decision-making processes;
- considered what population demographics tend to be served by different types of facilities when that data exists; and
- used mapping tools to analyze some of the issues above.

The County's fiscal policies and practices will be influenced by the Office of Racial Equity and Social Justice's as they:

- perform an equity assessment to identify policies that do not advance equity;
- train all Montgomery County employees on racial equity and social justice;
- guide County departments to examine policies, procedures, and practices to determine if they create or exacerbate racial disparities in the County; and
- develop metrics to measure the success of County government programs, short-term and long-term goals.

CLIMATE CHANGE CONSIDERATIONS IN THE CAPITAL BUDGET

During the FY23 capital budget development season, climate change was also part of County budget considerations. As part of the budget development season, the Office of Management and Budget., the County's Climate Change Officer, and the Department of Environmental Protection provided assistance to departments to bring conscious attention to climate change before budget decisions were made. Departments were asked to include the following in their budget submission:

- indicate the projects' impact on greenhouse gas emissions;
- identify how the project will increase the use or generation of renewable energy;
- identify aspects of the project that will help the County withstand future impacts of climate change (e.g., high heat days, severe storms, flooding, and high winds);
- indicate if the project is pursuing or has earned a green building certification (e.g,, International Green Construction Code (which includes a number of alternative compliance pathways, including LEED (Leadership, in Energy and Environmental Design); NDGS (National Green Building Standard); PHIUS+ (Passive House Institute US); BREEAM (Building Research Establishment Environmental Assessment Method); or Green Globes; and

- identify their department Climate Change Ambassador who will mobilize staff to green their department's day-to-day operations, build resiliency among vulnerable community members, and work as a team with other department Ambassadors to facilitate deep emission reductions across all departments.

Glossary

ACCRUAL - The accumulation or increase of something over time, especially payments or benefits.

ACTIVITY - A subdivision of a service. Some services require only one activity while other services require two or more activities.

ADEQUATE PUBLIC FACILITY (APF) - Any infrastructure improvement required by the Montgomery County Planning Board as a condition of approving a preliminary subdivision plan under the County's adequate public facilities ordinance.

ADJUSTED GOVERNMENTAL REVENUES (AGR) - Include the tax supported revenues of the County Government, Montgomery County Public Schools (less the County's local contribution), Montgomery College (less the County's local contribution), and the Montgomery County portion of the Maryland-National Capital Park and Planning Commission (M-NCPPC), plus the revenues of the County Government's grant fund and capital projects fund.

AGENCY - One of the major organizational components of government in Montgomery County; for example, Montgomery County Government (executive departments, legislative offices and boards, Circuit Court, and judicial offices); Montgomery County Public Schools (MCPS); Montgomery College (MC); Maryland-National Capital Park and Planning Commission (M-NCPPC); Washington Suburban Sanitary Commission (WSSC); Housing Opportunities Commission (HOC); and Montgomery County Revenue Authority.

AGENCY FUND - A fiduciary fund which accounts for assets received and held by the County in a purely custodial capacity. The County uses this type of fund to account for property taxes, recreation activities, and other miscellaneous resources held temporarily for disbursement to individuals, private organizations, or other governments.

AGGREGATE OPERATING BUDGET - The total Operating Budget, exclusive of enterprise funds, the budget of the WSSC, expenditures equal to tuition and tuition-related charges received by Montgomery College (MC), and grants. As prescribed in the Charter of Montgomery County, Maryland (Section 305), "An aggregate operating budget which exceeds the aggregate operating budget for the preceding fiscal year by a percentage increase greater than that of the Consumer Price Index for all urban consumers of the Washington metropolitan area for the 12 months preceding December first of each year requires the affirmative vote of six Councilmembers." See also, Spending Affordability Guideline or Net Budget.

AMENDMENTS TO THE CIP - Changes to project scope, schedule, or funding which require County Council action. Proposals must meet strict criteria to be considered for amendment. Six Councilmember votes are required to approve an amendment.

AMORTIZATION - The action or process of gradually writing off the initial cost of an asset.

APPROPRIATION - Authority to spend money within a specified dollar limit for an approved work program during the fiscal year. The County Council makes separate appropriations to each capital project and to Personnel Costs and Operating Expense for each County operating department.

APPROPRIATION CATEGORY - One of the expenditure groupings in the appropriation for a county department; that is, Personnel Costs or Operating Expenses.

ASSESSABLE BASE - The value of all real and personal property in the County, which is used as a basis for levying taxes. Tax-exempt property is excluded from the assessable base.

ASSESSED VALUATION - The value assigned to real estate or other property by the State through its Department of Assessment and Taxation. This value is multiplied by the tax rates set annually by the Council to determine taxes due. Assessed value is less than market value.

AUDIT - Conduct an official financial examination of (an individual's or organization's accounts).

AUTHORIZED POSITIONS - The number of positions allowed by the budget in the approved personnel complement.

BALANCED BUDGET - It is the fiscal policy of Montgomery County to balance the budget. A balanced budget has its funding sources (revenues, undesignated carryover, and other resources) equal to its funding uses (expenditures, reserves, and other allocations). No deficit may be planned or incurred.

BENCHMARK - A standard or point of reference against which things may be compared or assessed.

BIENNIAL CIP - See Capital Improvements Program.

BOND ANTICIPATION NOTES (BAN) - Short-term, interim financing techniques, such as variable rate notes and commercial paper, issued with the expectation that the principal amount will be refunded with long-term bonds.

BOND RATING - An evaluation by investor advisory services indicating the probability of timely repayment of principal and interest on bonded indebtedness. These ratings significantly influence the interest rate that a borrowing government must pay on its bond issues. Montgomery County bonds are rated by three major advisory services: Moody's, Standard and Poor's, and Fitch. The County continues to have the highest possible rating from each of these services.

BUDGET - An estimate of income and expenditure for a set period of time.

CAPITAL ASSETS - Assets of a long-term character which are intended to continue to be held or used. Examples of capital assets include items such as infrastructure, land, buildings, machinery, furniture, and other equipment.

CAPITAL BUDGET - The annual request for capital project appropriations. Project appropriations are normally for only that amount necessary to enable the implementation of the next year of the capital program expenditure plan. However, if contracted work is scheduled that will extend beyond the upcoming fiscal year, the entire contract appropriation is required, even if the work and expenditures will be spread over two or more fiscal years.

CAPITAL EXPENDITURE - Money spent by a business or organization on acquiring or maintaining fixed assets, such as land, buildings, and equipment.

CAPITAL IMPROVEMENTS PROGRAM (CIP) - The comprehensive presentation, submitted in even-numbered calendar years, of capital project expenditure estimates, funding requirements, capital budget requests, and program data for the construction of all public buildings, roads, and other facilities planned by County agencies over a six-year period. The CIP constitutes a fiscal plan for proposed project expenditures and funding, and includes the annual capital budget for appropriations to fund project activity during the next fiscal year of the plan.

CAPITAL LEASE - A long-term rental agreement which transfers substantial rights and obligations for the use of an asset to the lessee and, generally, ownership at the end of the lease. Similar to an installment purchase, a capital lease may also represent the purchase of a capital asset. A capital lease results in the incurrence of a long-term liability.

CAPITAL OUTLAY - An appropriation and expenditure category for government assessed with a value of $10,000 or more and a useful economic lifetime of more than one year.

CAPITAL PROJECT - A governmental effort involving expenditures and funding for the creation, expansion, renovation, or replacement of permanent facilities and other public assets having relatively long life. Expenditures within capital projects may include costs of planning, design, and construction management; land; site improvements; utilities; construction; and initial furnishings and equipment required to make a facility operational.

CARRYOVER - The process in which, at the end of one fiscal year, appropriation authority for previously-approved encumbrances and unexpended grant and capital funds are carried forward to the next fiscal year.

CHARGEBACKS / CHARGES TO OTHERS - In the budget presentation, costs which are chargeable to another agency or fund.

CHARTER - The Charter of Montgomery County is the constitution of this jurisdiction and sets out its governmental structure and powers. It was approved by the voters in 1968 and went into effect in 1970. The Charter provides for a County Council and Executive form of government.

CHARTER LIMIT - Limitations on the Operating Budget and on tax levies prescribed in the Charter of Montgomery County Maryland (Section 305). The affirmative votes of seven Councilmembers are required to exceed spending limits, and the unanimous vote of all nine members is needed to exceed the limit on tax levies. See also Spending Affordability Guideline (SAG).

COLLECTIVE BARGAINING AGREEMENT - A legal contract between the County Government or an agency as employer and a certified representative of a recognized bargaining unit of a public employee organization for specific terms and conditions of employment; for example, hours, working conditions, salaries, or employee benefits.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) - Annual funding from the Federal government for use in capital projects or operating programs such as neighborhood or business area revitalization, housing rehabilitation, and activities on behalf of older- and lower-income areas of the County.

COMPENSATION - Payment made to employees in return for services performed. Total compensation includes salaries, wages, employee benefits (Social Security, employer-paid insurance premiums, disability coverage, and retirement contributions), and other forms of remuneration when these have a stated value.

CONSTANT YIELD TAX RATE - A rate which, when applied to the coming year's assessable base, exclusive of the estimated assessed value of property appearing on the tax rolls for the first time (new construction), will produce tax revenue equal to that produced in the current tax year. State law prohibits local taxing authorities from levying a tax rate in excess of the Constant Yield Tax Rate, unless they advertise and hold public hearings on their intent to levy a higher rate.

CONSTITUENT RELATIONSHIP MANAGEMENT (CRM) / MONTGOMERY COUNTY (MC311) - An organizational philosophy that places emphasis on serving constituents by providing easy access to the information and service channels of the County Government. County residents are able to dial 311 for all non-emergency requests for information, service, or complaints.

CONSUMER PRICE INDEX-URBAN (CPI-U) - A commonly accepted indicator of inflation as it applies to consumer goods, including the supplies, materials, and services required by the County. When projecting costs in outyears, expenditures are estimated to grow at the rate of inflation as measured on a fiscal year basis using the CPI-U for the Washington-Baltimore Consolidated Metropolitan Statistical Area. For purposes of the Charter limitation on the property tax, the November to November CPI-U for the preceding year is used.

COSTS - Funding required to delivering the services described in the program.

COUNCIL TRANSFER OF APPROPRIATION - A transfer of unencumbered appropriation balance by the County Council between agencies or departments or to any new account, or between agency capital projects. The total cumulative transfer from any one appropriation may not exceed ten percent of the original appropriation.

COUNTYSTAT - An internal performance management and data analytics approach used to examine issues in detail by means of accurate and timely information. It seeks to improve performance by creating greater accountability, providing transparency into County operations, applying data analysis to decision making, and ensuring decisions are implemented.

CURRENT REVENUE - A funding source for the Capital Budget which is provided annually within the Operating Budget from general, special, or enterprise revenues. Current revenues are used for funding project appropriations that are not eligible for debt financing or to substitute for debt-eligible costs.

DEBT SERVICE - The annual payment of principal, interest, and issue costs for bonded indebtedness. Debt service is presented both in terms of specific bond allocations by category and fund and by sources of revenues used.

DEBT SERVICE FUND - A governmental fund used to account for the accumulation of resources for, and the payment of, general long-term debt, principal, and interest.

DEPARTMENT - A primary organizational unit within Montgomery County Government. For presentation purposes, "Department" includes the principal offices, boards, and commissions.

DEPRECIATION - The decline in value of a capital asset over a predetermined period of time attributable to wear and tear, deterioration, action of the physical elements, inadequacy, and obsolescence. Also, the portion of the cost of a capital asset charged as an expense during a particular period.

DEVELOPMENT DISTRICT - A special taxing district created to finance the costs of infrastructure improvements necessary for the development of land in areas of the County having a high priority for new development or redevelopment, especially in areas for which approved master plans recommend significant development.

DIVISION - A primary organizational unit within a government department or agency. Divisions are usually responsible for administering basic functions or major programs of a department.

EFFECTIVENESS - A type of performance measure used to track the quality, timeliness, and accuracy of service delivery.

EFFICIENCY - Outputs per unit of input, inputs per unit of output, and similar measures of how well resources are being used to produce goods and services.

EMINENT DOMAIN - The power of a government to acquire real property when the owner of that property is unwilling to negotiate a sale. The Maryland State Constitution delegates authority to the County and the County Code allows for the taking of private property by the County. The taking must serve a public purpose and the government must provide the owner with just compensation for the property taken. Any dispute regarding whether the taking will serve a public purpose or the amount of compensation is resolved by the courts.

EMPLOYEE BENEFITS - For budgeting purposes, employee (fringe) benefits are payments by the employer for Social Security, retirement, and group insurance.

EMPLOYEE - MERIT SYSTEM - Any person employed by Montgomery County Government who is subject to the provisions of the Merit System.

EMPLOYEE - TEMPORARY - An individual occupying a position required for a specific task for a period not to exceed 12 months or a position that is used intermittently on an as-needed basis (seasonal, substitute, etc.).

EMPLOYEE - TERM - An individual occupying a position created for a special term, project, or program. Any person acting in a term position also receives County benefits.

ENCUMBRANCE - An accounting commitment that reserves appropriated funds related to unperformed contracts for goods or services. The total of all expenditures and encumbrances for a department or agency in a fiscal year, or for a capital project, may not exceed its total appropriation.

ENTERPRISE FUND - A fund used to record the fiscal transactions of government activities financed and operated in a manner similar to private enterprise, with the intent that the costs of providing goods and services, including financing, are wholly recovered through charges to consumers or users. Examples include Alcohol Beverage Services (ABS), parking facilities, and solid waste activities.

ENTERPRISE RESOURCE PLANNING (ERP) - An integrated suite of software modules that support the management of the County's financial, procurement, human resources, and budgeting systems, and which streamlines business operations by using recognized best practices in each of those areas.

EXECUTIVE TRANSFER OF APPROPRIATION - A transfer of unencumbered appropriation balance by the County Executive between appropriation categories (for example, from Personnel Costs to Operating Expense) within the same department and fund, or between capital projects in the same category. The total cumulative transfers from any one appropriation may not exceed ten percent of the original appropriation as prescribed in the Charter of Montgomery County Maryland (Section 309).

EXPEDITED DEVELOPMENT APPROVAL EXCISE TAX (EDAET) - A tax assessed on a development project based on the intended use of the building, the square footage of the building, and whether the building is in a moratorium policy area. The purpose of the EDAET is to act as a stimulus to residential and commercial construction within the County by making the development approval process more certain.

EXPENDITURE - A decrease in the net financial resources of the County generally due to the purchase of goods and services, the incurrence of salaries and benefits, and the payment of debt service.

FEE - A charge for service to the user or beneficiary of the service. According to State law, charges must be related to the cost of providing the service. See the Fiscal Policy section for the Executive policy on user fees.

FIDUCIARY FUNDS - Assets held by the County in a trustee capacity or as an agent for individuals, private organizations, or other governmental units, and/or other funds. In Montgomery County, these include Agency Funds, Pension and Other Employee Benefit Trust Funds, Investment Trust Fund, and Private Purpose Trust Funds.

FINES/PENALTIES - Charges levied for violation of laws, regulations, or codes. They are established through Executive

Regulation as provided for in County law.

FISCAL PLAN - Estimates of revenues, based on recommended tax policy and moderate economic assumptions, and projections of currently known and recommended commitments for future uses of resources.

FISCAL POLICY - The County Government's policies with respect to revenues, expenditures, and debt management as these relate to County services, programs, and capital investments. Fiscal policy provides a set of principles for the planning and programming of budgets, uses of revenues, and financial management.

FISCAL YEAR - The 12-month period to which the annual operating and capital budgets and their appropriations apply. The Montgomery County fiscal year starts on July 1 and ends on June 30.

FIXED ASSETS - See Capital Assets.

FULL-TIME EQUIVALENT (FTE) - MONTGOMERY COLLEGE - A standardized measurement of student enrollment at the community college to account for attendance on less than a full-time basis. An FTE is defined as a course load of 15 credit hours per semester.

FULL-TIME EQUIVALENT (FTE) - PERSONNEL - An employment indicator that translates the total number of hours worked in a year by all employees, including part-time workers, to an equivalent number of work years. For example, 1.0 FTE equals 2,080 hours (or 2,496 hours for fire fighters) and .50 FTE equals 1,040 hours.

FUND - Resources segregated for the purpose of implementing specific activities or achieving certain objectives in accordance with special regulations, restrictions, or limitations, and constituting an independent fiscal and accounting entity.

FUND BALANCE - Undesignated reserves in a fund, or the amount by which assets exceed the obligations of the fund. Fund balance may be measured as a percentage of resources or expenditures.

GENERAL FUND - The principal operating fund for the County Government. It is used to account for all financial resources except those required by law, County policy, and Generally Accepted Accounting Principles (GAAP) to be accounted for in another fund.

GENERAL OBLIGATION (G.O.) DEBT - Bonded debt backed by the full faith and credit of the County to pay the scheduled retirement of principal and interest.

GENERAL REVENUES - Money received which may be used to fund general County expenditures such as education, public safety, public welfare, debt service, etc. Funds received which are restricted as to use (such as recreation) are not general revenues and are accounted for in other funds.

GENERAL WAGE ADJUSTMENT (GWA) - An increase in salaries other than seniority-based merit increases (increments). GWA has been referred to as Cost-of-Living Adjustment (COLA) in the past.

GOVERNMENTAL FUNDS - Funds generally used to account for tax-supported activities. There are five different types of governmental funds: The general fund, special revenue funds, debt service fund, capital projects fund, and permanent funds.

GRANT - A payment from one level of government to another or from a private organization to a government. Grants are made for specified purposes and must be spent only for that purpose. See also Grants to Others.

GRANTS TO OTHERS - A payment by the County to a public or private nonprofit organization for a specific purpose; generally, to provide services in support of, or compatible with, government program objectives.

GROSS BUDGET - The total cost of a department's operation (not necessarily equal to the appropriation), including those expenditures that are charged to and paid by other funds, departments, agencies, or CIP projects. See also Net Budget.

GROUP POSITIONS - Jobs filled by multiple incumbents used to streamline administrative processes for hiring staff for training or for seasonal or temporary positions. Examples include Police, Fire, and Sheriff Department recruits, substitute library assistants, and seasonal recreation employees.

GROWTH POLICY - A planning tool used by the County to manage the location and pace of private development and identify the need for public facilities that support private development. The growth policy tests the adequacy of transportation, schools, water and sewerage facilities, police, fire, and health services to guide subdivision approvals. See also Adequate Public Facility.

IMPACT TAXES - A tax charged to developers that varies depending on land use. The revenues are used to pay for the transportation and school construction projects necessary to serve new development.

IMPLEMENTATION RATE - The estimated average annual percentage of capital projects completed that is used to calculate available bond funding. This rate reflects both the County's actual experience in meeting project schedules and anticipated events that may affect construction in the future.

INDIRECT COSTS - That component of the total cost for a service which is provided by and budgeted within another department (for example, legal support and personnel). In Montgomery County, indirect costs are calculated as a percentage of the personnel costs of the organization receiving the service, according to a formula approved by the Department of Housing and Urban Development for Federal grants. For special revenue and enterprise funds, indirect costs are transferred to the General Fund. Indirect costs are charged to grants to cover the costs of administrative, financial, human resource, and legal support.

INITIATIVES - Results to be achieved through additional resources for new services or service enhancements for the next fiscal year directed toward achieving progress in one of the County Executive's priority outcome areas.

INPUT - Resources used to produce an output or outcome, such as work years or expenditures.

INTERFUND TRANSFER - A transfer of resources from one fund to another as required by law or appropriation. The funds are initially considered revenues of the source fund, not the receiving fund.

INTERGOVERNMENTAL REVENUE - Funds received from Federal, State, and other local government sources in the form of grants, shared taxes, reimbursements, payments in lieu of taxes, and formula funding.

INTERNAL SERVICE FUNDS - Proprietary funds used to record activity (primarily goods and services) provided by one department to other departments of the County government on a cost-reimbursable basis. The County uses this type of fund to account for Motor Pool, Central Duplicating, and Liability and Property Coverage Self-Insurance.

INVESTMENT TRUST FUND - A fiduciary fund that accounts for the external portion of the County's investment pool that belongs to legally separate entities and non-component units.

KEY INDICATOR - A measure which helps to quantify the achievement of an outcome on a population wide level. It is a benchmark which helps to quantify the achievement of a result and is used to track the progress of the County Executive's Seven Priority Outcomes.

LAPSE - The reduction of budgeted gross personnel costs by an amount believed unnecessary because of turnover, vacancies, and normal delays in filling positions. The amount of lapse will differ among departments and from year to year.

LEASE-PURCHASE AGREEMENT - A contractual agreement which, although termed a "lease," is in effect a purchase contract with payments made over time.

LEVEL OF SERVICE - The current services, programs, and facilities provided by a government to its citizens. The level of service may increase, decrease, or remain the same depending upon needs, alternatives, and available resources.

LICENSES AND PERMITS - Documents issued in order to regulate various kinds of businesses and other activities within the community. Inspection may accompany the issuance of a license or permit, as in the case of food vending licenses or building permits. In most instances, a fee is charged in conjunction with the issuance of a license or permit, generally to cover all or part of the related cost.

LOCAL EARNED INCOME TAX CREDIT - Low-income workers who qualify for the Federal earned income tax credit may also be entitled to a similar tax credit for their State of Maryland and Montgomery County income tax liabilities. Montgomery County matches the State credit for eligible residents.

MASTER PLAN - Each community within Montgomery County falls within a master plan area. Master plans include a comprehensive view of land-use trends and future development as they relate to community concerns such as housing, transportation, stormwater management, historic preservation, pedestrian and trail systems, environmental factors like air, water and noise pollution, and the preservation of agricultural lands. Plans outline recommended land uses, zoning, transportation facilities, and recommended general locations for such public facilities as schools, parks, libraries, and fire and police stations.

MISSION STATEMENT - The desired end result of an activity. Missions are generally broad and long range in nature compared to goals which are more specific and immediate. An example of a mission is: "To provide safe, reliable, and cost-efficient public transportation to the residents of Montgomery County." See also Program Mission.

MONTGOMERY COUNTY GOVERNMENT - The departments and offices included in the County's executive, legislative, and judicial branches, including related boards and commissions. It excludes Montgomery County Public Schools (MCPS), Montgomery College (MC), Maryland-National Capital Park and Planning Commission (M-NCPPC), Washington Suburban Sanitary Commission (WSSC), and other agencies. See also Agency.

NET ASSETS - See Fund Balance.

NET BUDGET - The legal appropriation requirement to finance a fund, department, account, agency, or CIP project. The net budget includes the funds required for charges from other funds, departments and agencies, or CIP projects for services rendered, but does not include charges made to other departments for services rendered. See also Gross Budget.

NON-DEPARTMENTAL ACCOUNT - A budget category used to account for resources used for County-funded activities that do not fall within the functional assignment of any department, or for expenditures related to more than one department.

NON-TAX SUPPORTED FUND - A fund supported by revenues other than taxes and not included in the Spending Affordability Guidelines. The exception is Parking Lot Districts that collect property taxes but, as Enterprise Funds, are not considered tax supported.

OPERATING AND CAPITAL EXPENSE - Those costs, other than expenditures for Personnel Costs, which are necessary to support the operation of the organization, such as charges for contractual services, telephones, printing, motor pool, office supplies, and government assets. See also Expenditure.

OPERATING BUDGET - A comprehensive plan by which the County's operating programs are funded for a single fiscal year. The Operating Budget includes descriptions of programs, appropriation authority, and estimated revenue sources, as well as related program data and information on the fiscal management of the County. See also Public Services Program (PSP).

OPERATING BUDGET IMPACT - The change in operating budget expenditures associated with the construction or improvement of government buildings or facilities. See the discussion of this subject in the CIP Planning chapter of the Recommended CIP for more information.

OTHER POST-EMPLOYMENT BENEFITS (OPEB) - Employee benefits, such as health and life insurance, associated with current and future retirees and their beneficiaries. See also Retirees Health Benefits Trust Fund.

OUTCOME BASED BUDGETING - A method of preparing budgets that moves away from a traditional, incremental way of allocating funds to a department to allocating funds for programs and services that will achieve desired results. When allocating resources under this approach, outcome based budgeting maximizes the value of the dollars that are spent.

OUTCOMES - The results of a program or program element on clients, users, or some other target group; the degree to which the program mission is achieved.

OUTPUT - The amount of services provided, units produced, or work accomplished.

PARTIAL CAPITALIZATION - The process of either expensing or transferring to capital assets the prior fiscal year expenditures for ongoing capital projects.

PAYGO - "Pay as you go" funding; that is, current revenue substituted for debt in capital projects that are debt eligible, or used in projects that are not debt eligible or qualified for tax-exempt financing.

PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS - The fiduciary fund used to account for all activities of the Employees' Retirement System of Montgomery County, Employees' Retirement Savings Plan, and Deferred Compensation Plan, including the accumulation of resources for, and payment of, retirement annuities and/or other benefits and administrative costs.

PERFORMANCE MEASURES - The quantitative means to know how well a program is working at providing services and improving the lives of those served. It provides the ability to make changes and determine whether those changes improved the program's performance, essentially improving the customer's quality of life.

PERMANENT FUNDS - These funds are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support government programs.

PERSONAL PROPERTY - Furniture, fixtures, office and industrial equipment, machinery, tools, supplies, inventory, and any other property not classified as real property. See also Real Property.

PERSONNEL COMPLEMENT - The full- and part-time positions, work years or full-time equivalents, and costs related to employees of the departments and agencies of the County.

PERSONNEL COSTS - Expenditures for salaries, wages, and benefits payable to County employees.

POSITIONS - Identified jobs into which persons may be hired on either a part- or full-time basis.

PRIORITY OUTCOME - A condition of well being for a population or subpopulation in a geographic area. Within this discussion, a Priority Outcome refers to a condition of well being for Montgomery County residents.

PRIVATE PURPOSE TRUST FUNDS - A fiduciary fund that involves trust arrangements under which the principal and income benefit individuals, private organizations, or other governments.

PRODUCTIVITY IMPROVEMENT - Increased quantity or improved quality of goods or services using the same or fewer resources. Productivity improvement can be achieved through cost efficiencies, alternative means of delivering services, streamlining organizational structures, making use of automation and other time- or labor-saving innovations, and eliminating unnecessary procedures or requirements.

PROGRAM - A primary service, function, or set of activities which address a specific responsibility or goal within an agency's or department's mission. A program encompasses all associated activities (services) directed toward the attainment of established objectives; for example, the School Health Program. A program will have clearly defined, attainable objectives, which may be short- or long-term in nature, and will have measurable outputs and outcomes. A program should be discrete enough to be able to be summed up in five or fewer performance measures.

PROGRAM PROPOSAL - A request for funding a program in the County's Outcome Based Budgeting process. It includes a description of how a program aligns with the County Executive's Seven Priority Outcomes and Key Indicators, evidence to support the service impact, performance measures, and an explanation of performance and how it will be improved.

PROPRIETARY FUND - Funds or subfunds that show actual financial position and the results of operations, such as actual assets, liabilities, reserves, fund balances, revenues, and expenses.

PUBLIC HEARINGS - Opportunities for citizens and constituent groups to voice opinions and concerns to public officials. During the annual budget process, the County Charter requires that public hearings be conducted by the County Council not earlier than 21 days after receipt of the County Executive's Recommended Budget.

PUBLIC SERVICES PROGRAM (PSP) - A forecast of public service requirements over the next six years, submitted annually by the Executive to the County Council. Its purpose is to provide guidance for the orderly planning of services with regard to population changes, socio-economic variables, potentially needed public facilities, and anticipated new or changing needs of County citizens. The PSP includes the County Executive's fiscal policy statements. The first year of the PSP is referred to as the operating budget.

REAL PROPERTY - Real estate, including land and improvements (buildings, fences, pavements, etc.), classified for purposes of assessment. See also Personal Property.

REALLOCATION OF APPROPRIATION - The transfer of unencumbered appropriations (expenditure authority) within the same appropriation category and within the same department and fund.

RECORDATION TAX - Tax levied when changes occur in deeds, mortgages, leases, and other contracts pertaining to the title of either real or personal property. The revenues are used to pay for school CIP projects, housing rental assistance for low to moderate income households, and other government activities.

RESERVE - An account used either to set aside legally budgeted resources, that are not required for expenditure in the current budget year, or to earmark resources for a specific future purpose. See also Fund Balance.

RESOURCES - Units of input such as work years, funds, material, equipment, facilities, or other elements supplied to produce and deliver services required to meet program objectives. From a fiscal point of view, resources include revenues, net transfers, and available fund balance. See also Inputs.

RESULTS - A term used to describe what you are trying to accomplish.

RETIREES HEALTH BENEFITS TRUST FUND - One or more funds used to support the expenses associated with retiree health benefits.

REVENUE - All funds that the County receives, including tax payments, fees for specific services, receipts from other governments, fines, forfeitures, shared revenues, and interest income.

REVENUE BONDS - An obligation issued to finance a revenue-producing enterprise, with principal and interest payable exclusively from the earnings and other revenues of the enterprise. See also Enterprise Fund.

REVENUE STABILIZATION FUND - A special revenue fund that accounts for the accumulation of resources during periods of economic growth and prosperity when revenue collections exceed estimates. These funds may then be drawn upon during periods of economic slowdown when collections fall short of revenue estimates. See also Special Revenue Fund.

RISK MANAGEMENT - A process used to identify and measure the risks of accidental loss, to develop and implement techniques for handling risk, and to monitor results. Techniques used can include self-insurance, commercial insurance, and loss control activities.

SALARIES AND WAGES - An expenditure category for monetary compensation to employees in the form of annual or hourly rates of pay for hours worked.

SALARY SCHEDULE - A listing of minimum and maximum salaries for each grade level in a classification plan for merit system positions.

SCHOOL FACILITIES PAYMENTS - A fee charged to developers of residential subdivisions if school enrollment five years in the future is estimated to exceed 105 percent, but is less than 120 percent, of cluster-wide program capacity at any school level. The fee level depends on both the school level involved and the type of housing unit to be constructed.

SELF-INSURANCE - The funding of liability, property, workers' compensation, unemployment, and life and health insurance needs through the County's financial resources, rather than commercial insurance plans.

SERVICE PROPOSAL - See Program Proposal.

SERVICES - An activity or set of activities that are the means for achieving desired outcomes, performed by County government that has identifiable costs for budgeting purposes; a clear public purpose and measurable results; and clear lines of accountability for its performance and financial management. A service is discrete in that it is not overly dependent on other services to achieve its results and does not combine activities with substantially differing results, funding streams, and/or lines of accountability.

SET-ASIDE - See Unappropriated Reserves.

SOLID WASTE DISPOSAL FEE - See Tipping Fee.

SOLID WASTE (REFUSE) CHARGE - The annual charge, appearing on the County's Consolidated Tax Bill, applied to residences in the Solid Waste Collection District for the collection and disposal of solid waste for each household in the district. The charge includes a collection fee to cover hauling costs paid to collection contractors, a service charge which includes a charge based on the tipping fee, and a systems benefit charge.

SPECIAL APPROPRIATION - Additional spending authority approved by the County Council (Charter, Section 308). The appropriation must state "that it is necessary to meet an unforeseen disaster or other emergency, or to act without delay in the public interest." There must be approval by not less than six members of the Council. "The Council may make a special appropriation any time after public notice by news release." See also Supplemental Appropriation.

SPECIAL REVENUE FUNDS - A governmental fund used to record the receipt and use of resources which, by law, Generally Accepted Accounting Principles (GAAP), or County policy, must be kept distinct from the general revenues of the County.

Revenues for Special Revenue Funds are generally from a special tax on a specific geographical area.

SPECIAL TAXING DISTRICT - A geographic area that is established by legislation within which a special tax is levied to provide for specific services to the area.

SPENDING AFFORDABILITY GUIDELINE (SAG) - An approach to budgeting that assigns expenditure ceilings for the forthcoming budget year, based on expected revenues and other factors. Under the Charter of Montgomery County Maryland (Section 305), the County Council is required to establish spending affordability guidelines for both the capital and operating budgets. Spending affordability limits are also set for WSSC by the Councils of Montgomery and Prince George's Counties.

STRUCTURAL BUDGET DEFICIT - The excess of spending over revenue due to an underlying imbalance between the ongoing cost of government operations and predicted revenue collections.

SUPPLEMENTAL APPROPRIATION - An appropriation of funds above amounts originally appropriated which authorizes expenditures not anticipated in the adopted budget. A supplemental appropriation is required to enable expenditure of reserves or additional revenues received by the County through grants or other sources. See also Special Appropriation.

TAX SUPPORTED FUND - A fund, either the General Fund or a Special Revenue Fund, supported in part by tax revenues and included in Spending Affordability Guidelines (SAG).

TIPPING FEE - A fee charged for each ton of solid waste disposed of, or "tipped," at the Solid Waste Transfer Station. Each year the County Executive recommends, and the County Council approves, a tipping fee based on a projection of costs for solid waste disposal as well as the tonnage of solid waste generated.

TRANSFER OF APPROPRIATION - See Council Transfer of Appropriation and Executive Transfer of Appropriation.

TRANSFER OF FUNDS - See Interfund Transfer.

UNAPPROPRIATED RESERVES - The planned-for excess of revenues over budgeted expenditures, within any of the various government funds, that provides funding for unexpected and unbudgeted expenditures that may be required during the fiscal year following budget approval. Use of this reserve requires County Council appropriation prior to its expenditure. The Charter of Montgomery County Maryland (Section 310) requires that unappropriated surplus within the General Fund may not exceed five percent of General Fund revenue for the preceding fiscal year. Also referred to as the Set-Aside for future projects in the capital program.

VALUE - Results per dollar spent.

WATER QUALITY PROTECTION CHARGE - An excise tax imposed on each residential property and associated nonresidential property which is used for the construction, operation, and maintenance of stormwater management facilities and related expenses.

YEAR END BALANCE - See Fund Balance.

Readers not finding a term in this glossary are invited to call the Office of Management and Budget at 240.777.2800.

Acronyms

Abbreviation	Description	Abbreviation	Description
ABS	Alcohol Beverage Services	**CJIS**	Criminal Justice Information System
ACFR	Annual Comprehensive Financial Report	**CNG**	Compressed Natural Gas
ADA	Americans with Disabilities Act	**COB**	Council Office Building
AHCMC	Arts and Humanities Council of Montgomery County	**COBRA**	Consolidated Omnibus Budget Reconciliation Act
ALARF	Advance Land Acquisition Revolving Fund	**COC**	Common Ownership Communities
APFO	Adequate Public Facilities Ordinance	**COG**	Council of Governments
ARPA	Advanced Research Projects Agency	**COMAR**	Code of Maryland Annotated Regulations
ATMS	Advanced Transportation Management System	**CPI-U**	Consumer Price Index - Urban
BAN	Bond Anticipation Note	**CR**	Current Revenue
BEPS	Base Erosion and Profit Shifting	**CRIMS**	Correction and Rehabilitation Information Management System
BHI	BioHealth Innovation	**CUPF**	Community Use of Public Facilities
BIT	Board of Investment Trustees	**CVB**	Conference and Visitors Bureau
BOA	Board of Appeals	**DBM**	Maryland State Department of Budget and Management
BOE	Board of Education (MCPS)	**DCM**	Device Client Management
BOE	Board of Elections (MCG)	**DFMS**	Division of Fleet Management Services
CAO	Chief Administrative Officer	**DGS**	Department of General Services
CABLE TV	Cable Television	**DEP**	Department of Environmental Protection
CBD	Central Business District	**DHCA**	Department of Housing and Community Affairs
CC	County Council	**DOCR**	Department of Correction and Rehabilitation
CCM	County Cable Montgomery	**DOT**	Department of Transportation
CDBG	Community Development Block Grant	**DPS**	Department of Permitting Services
CE	County Executive	**ECC**	Emergency Communications Center
CEX	County Executive's Office	**EDAET**	Expedited Development Approval Excise Tax
CIP	Capital Improvements Program	**EDF**	Economic Development Fund
CEC	Community Engagement Cluster	**EEOC**	Equal Employment Opportunity Commission
CJCC	Criminal Justice Coordinating Commission	**EITC**	Earned Income Tax Credit

Abbreviation	Description	Abbreviation	Description
EMOC	Equipment and Maintenance Operations Center	**HUD**	U.S. Department of Housing and Urban Development
EOB	Executive Office Building	**HVAC**	Heating, Ventilation, and Air Conditioning
EOC	Emergency Operations Center	**IAFC**	International Association of Fire Chiefs
ERP	Enterprise Resource Planning	**IAFF**	International Association of Fire Fighters
ERS	Employee Retirement System	**ICEUM**	Interagency Committee on Energy and Utility Management
ESOL	English for Speakers of Other Languages	**IJIS**	Integrated Justice Information System
FEMA	Federal Emergency Management Agency	**IT**	Information Technology
FFI	Future Fiscal Impact	**ITPCC**	Interagency Technology Policy and Coordination Committee
FIN	Department of Finance	**LEP**	Limited English Proficiency
FLSA	Fair Labor Standards Act	**LER**	Labor and Employee Relations
FOP	Fraternal Order of Police	**LFRD**	Local Fire and Rescue Department
FRC	Fire and Rescue Commission	**LSBRP**	Local Small Business Reserve Program
FTE	Full-Time Equivalent	**MACo**	Maryland Association of Counties
FY	Fiscal Year	**MC**	Montgomery College
GAAP	Generally Accepted Accounting Principles	**MCAASP**	Montgomery County Association of Administrative and Supervisory Personnel
GASB	Government Accounting Standards Board	**MCCF**	Montgomery County Correctional Facility
GDA	General Development Agreement	**MCCSSE**	Montgomery County Council of Supporting Service Employees
GDP	Gross Domestic Product	**MCDC**	Montgomery County Detention Center
GFOA	Government Finance Officers Association	**MCEA**	Montgomery County Education Association
GIS	Geographic Information Systems	**MCEDC**	Montgomery County Economic Development Corporation
GO Bonds	General Obligation Bonds	**MCERP**	Montgomery County Employee Retirement Plans
GRIP	Guaranteed Retirement Income Plan	**MCFRS**	Montgomery County Fire and Rescue Service
GWA	General Wage Adjustment	**MCG**	Montgomery County Government
HHS	Health and Human Services	**MCGEO**	Municipal and County Government Employees Organization
HIPAA	Health Insurance Portability and Accountability Act	**MCPD**	Montgomery County Police Department
HOC	Housing Opportunities Commission	**MCPL**	Montgomery County Public Libraries

Abbreviation	Description	Abbreviation	Description
MCPS	Montgomery County Public Schools	**PAYGO**	Pay-as-you-go financing
MCT	Montgomery Community Television	**PDF**	Project Description Form
MFD	Minority, Female, and Disabled	**PEG**	Public, Educational, and Governmental Cable Programming
MHI	Montgomery Housing Initiative	**PEPCO**	Potomac Electric Power Company
MLS	Management Leadership Service	**PILOT**	Payment in Lieu of Taxes
M-NCPPC	Maryland-National Capital Park and Planning Commission	**PIO**	Office of Public Information
MOU	Memorandum of Understanding	**PLAR**	Planned Lifecycle Asset Replacement
MPDU	Moderately Priced Dwelling Unit	**PLD**	Parking Lot District
MSPB	Merit System Protection Board	**POR**	Program of Requirements
MTA	Maryland Transit Administration	**PRO**	Office of Procurement
NACo	National Association of Counties	**PSCC**	Public Safety Communications Center
NDA	Non-Departmental Account	**PSP**	Public Services Program
NOAH	National Opportunities for Affordable Housing	**PSTA**	Public Safety Training Academy
NTS	Non-Tax Supported	**RMS**	Records Management System
OAG	Office of Agriculture	**RRF**	Resource Recovery Facility
OAS	Office of Animal Services	**RSP**	Retirement Savings Plan
OBI	Operating Budget Impact	**SAG**	Spending Affordability Guidelines
OCA	Office of County Attorney	**SBAP**	Small Business Assistance Program
OCP	Office of Consumer Protection	**SHA**	State Highway Administration
OFSR	Office of Food Systems Resilience	**SWM**	Stormwater Management
OGM	Office of Grants Management	**TEBS**	Department of Technology and Enterprise Business Solutions
OHR	Office of Human Resources	**TMC**	Transportation Management Center
OIG	Office of the Inspector General	**TMD**	Transportation Management District
OIR	Office of Intergovernmental Relations	**TS**	Tax Supported
OEMHS	Office of Emergency Management and Homeland Security	**WMATA**	Washington Metropolitan Area Transit Authority
OLO	Office of Legislative Oversight	**WQPB**	Water Quality Protection Bond
OLR	Office of Labor Relations	**WQPC**	Water Quality Protection Charge
OMB	Office of Management and Budget	**WSM**	WorkSource Montgomery
OPEB	Other Post Employment Benefits	**WSSC**	Washington Suburban Sanitary Commission
ORESJ	Office of Racial Equity and Social Justice	**WSTC**	Washington Suburban Transit Commission
OSHA	Occupational Safety and Health Administration	**WY**	Work Year
OZAH	Office of Zoning and Administrative Hearings		

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