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## Montgomery County, Maryland ▪ Office of Management and Budget



## County Executive's FY26-31 Fiscal Plan



Marc Elrich, County Executive  
March 2025

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# Fiscal Plan





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# Credits

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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	Vivian Ikoro
Fleet Management Services (Motor Pool)	Gary Nalven
Liquor Control	Eva Acevedo
Mass Transit Facilities	Gary Nalven
M-NCPPC Administration	Abdul Rauf
M-NCPPC Enterprise	Abdul Rauf
M-NCPPC Park	Abdul Rauf
Montgomery College Current Fund	Julie Knight
Parking Districts	Vivian Ikoro
Permitting Services	Anita Aryeetey
Central Duplicating/Print and Mail	Mahnoor Anjum
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	Katherine Bryant-Higgins
Water Quality Protection	Richard Harris
Recreation non-tax supported	Alicia Singh
Inmate Advisory Council Fund	Derrick Harrigan

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## Executive Summary

The County Executive's FY26 Recommended Operating Budget, released on March 14, 2025, is a continuing services budget with strategic reductions and targeted enhancements. While revenues are growing year over year, potential swings in revenue – due to volatility in capital gains taxes, recordation, and transfer taxes – are possible due to uncertainty at the Federal level. Also, the Maryland General Assembly is working to solve a budget crisis not seen since the Great Recession and the solutions to solve the State budget crisis will likely impact the County's budget. Due to uncertainty at the State and Federal levels and economic pressures, the County will need to be fiscally prudent as expected budget demands will challenge available resources. This is evident in the current fiscal plan, which projects an increase of 1.2 percent in resources available to fund agency spending in FY27.

In total, FY26 spending increases 7.4 percent, and tax-supported spending across all agencies increases 6.8 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 \$1.0605 per \$100 of assessed value (which is within the Charter Limit) and a \$860 credit for each owner-occupied residence to support a progressive property tax structure in the County. The average weighted property tax includes a \$0.082 tax rate (a \$0.035 increase) to be used exclusively by Montgomery County Public Schools (MCPS) as authorized by Maryland Code, Education Article § 5-104 (d)(1).

The recommended budget funds 99.1 percent of the Board of Education's request and represents a local school funding amount that is \$256.0 million above the State minimum funding requirement. The enrollment in the County's public schools increased this year and is expected to increase between FY27-FY31. 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 11.2 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 FY27. 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.

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## Background

The Recommended FY26-31 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 FY26 Recommended Operating Budget and FY26-31 Public Services Program (March 14, 2025), 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 Council considers the County Executive's recommended operating budget during its 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;



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- 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 a prudent reserve level;
  - minimizing the tax burden on residents; 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 at the latest actuarial funding schedule.

## **Fiscal Plan for the Tax Supported Funds**

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The recommended fiscal planning objectives for FY26-31 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 \$1.0605 per \$100 of assessed value and assumes a \$860 credit to each owner-occupied household. The average weighted property tax includes a \$0.082 tax rate (a \$0.035 increase) to be used exclusively by MCPS and is authorized by Maryland Code, Education Article § 5-104 (d)(1);
- assume property tax revenues at the Charter Limit during FY27-31 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 FY26-31;
- 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 FY26-31 will be to aggressively manage on-going costs; strengthen essential services; and continue making targeted improvements to critical service areas including, education, economic development, public safety, the social safety net, affordable housing, and transportation infrastructure within projected available resources.

## **Fiscal Plan for the Non-Tax Supported Funds**

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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.

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## Conclusion

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Montgomery County's long-term fiscal health is strong due to its underlying economy and the financial management policies endorsed by its elected officials. As with many local jurisdictions, the County continues to face challenges related to labor market pressures, the impacts of inflation, managing ongoing costs, and the rising demand for public services. The FY26-31 Fiscal Plans reflect these challenges in their assumptions and projections.

Comments on the fiscal plans that follow are encouraged.



Jennifer R. Bryant  
Director, Office of Management and Budget





# Tax Supported Funds

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## Public Service Program

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- Fiscal Plan Summary

## Capital Improvements Program

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

# County Executive's Recommended FY26-31 Public Services Program Tax Supported Fiscal Plan Summary

(\$ in Millions)														
	App. FY25	Est. FY25	% Chg. FY25-26	Rec. FY26	% Chg. FY26-27	Projected FY27	% Chg. FY27-28	Projected FY28	% Chg. FY28-29	Projected FY29	% Chg. FY29-30	Projected FY30	% Chg. FY30-31	Projected FY31
	5-23-24	3-14-25	AppRec	3-14-25										
<b>Total Revenues</b>	2,285.6	2,289.7	9.0%	2,490.3	5.2%	2,619.2	4.1%	2,725.6	3.0%	2,807.7	3.1%	2,895.8	3.4%	2,984.3
Property Tax	2,051.1	2,170.1	10.2%	2,259.9	3.6%	2,341.2	2.5%	2,400.1	3.0%	2,472.2	3.2%	2,551.5	3.3%	2,636.3
Income Tax	139.6	146.8	10.5%	154.2	14.6%	176.7	10.5%	195.3	4.5%	204.0	4.5%	213.1	3.3%	220.0
Transfer/Recreation Tax	275.4	260.1	-3.7%	265.3	1.1%	268.2	0.9%	270.5	0.8%	272.5	0.7%	274.5	0.7%	276.4
Other Taxes	1,413.6	1,439.2	3.8%	1,466.6	-0.1%	1,465.2	-0.2%	1,463.0	0.3%	1,467.4	0.3%	1,471.3	0.3%	1,474.3
<b>Total Revenues</b>	<b>6,165.3</b>	<b>6,305.9</b>	<b>7.6%</b>	<b>6,636.4</b>	<b>3.5%</b>	<b>6,870.5</b>	<b>2.7%</b>	<b>7,054.5</b>	<b>2.3%</b>	<b>7,220.1</b>	<b>2.5%</b>	<b>7,402.3</b>	<b>2.6%</b>	<b>7,598.3</b>
<b>Net Transfers In (Out)</b>	<b>9.0</b>	<b>8.2</b>	<b>-286.5%</b>	<b>-16.8</b>	<b>98.2%</b>	<b>-0.3</b>	<b>-2.4%</b>	<b>-0.3</b>	<b>-2.2%</b>	<b>-0.3</b>	<b>-2.2%</b>	<b>-0.3</b>	<b>-2.3%</b>	<b>-0.3</b>
<b>Total Revenues and Transfers Available</b>	<b>6,174.3</b>	<b>6,314.1</b>	<b>7.2%</b>	<b>6,619.6</b>	<b>3.8%</b>	<b>6,870.2</b>	<b>2.7%</b>	<b>7,054.2</b>	<b>2.3%</b>	<b>7,219.8</b>	<b>2.6%</b>	<b>7,402.0</b>	<b>2.6%</b>	<b>7,598.0</b>
<b>Non-Operating Budget Use of Revenues</b>														
Debt Service	400.3	439.3	-3.0%	446.5	5.6%	471.5	1.5%	478.6	1.8%	487.4	-0.3%	486.2	0.2%	486.9
PAYGO	51.2	28.0	-42.9%	29.2	-0.7%	29.0	0.0%	29.0	-3.4%	28.0	0.0%	28.0	0.0%	28.0
CIP Current Revenue	174.5	174.5	-59.6%	70.5	89.8%	133.9	-6.2%	125.5	-2.2%	122.7	9.0%	133.7	0.0%	133.7
Change in Other Reserves	-21.0	-64.0	44.2%	-11.7	110.4%	1.2	-71.0%	0.4	-23.2%	0.3	6.0%	0.3	-16.1%	0.2
Contribution to General Fund Undesignated Reserves	-281.6	-157.0	48.3%	-145.6	-59.3%	-60.7	124.3%	14.7	9.3%	16.1	11.7%	18.0	3.6%	18.6
Contribution to Revenue Stabilization Reserves	29.2	35.6	2.9%	30.0	-100.0%	0.0	n/a	0.0	n/a	0.0	0.0%	20.0	0.0%	20.0
Set Aside for other uses (supplemental appropriations)	-0.5	5.9	63.3%	-0.2	11488.0%	20.0	0.0%	20.0	0.0%	20.0	0.0%	20.0	0.0%	20.0
<b>Total Other Uses of Resources</b>	<b>412.0</b>	<b>461.3</b>	<b>1.6%</b>	<b>418.7</b>	<b>42.1%</b>	<b>594.8</b>	<b>12.3%</b>	<b>688.2</b>	<b>0.9%</b>	<b>674.5</b>	<b>1.7%</b>	<b>686.2</b>	<b>0.2%</b>	<b>687.5</b>
<b>Available to Allocate to Agencies (Total Revenues+Net Transfers-Total Other Uses)</b>	<b>5,762.3</b>	<b>5,852.8</b>	<b>7.6%</b>	<b>6,200.9</b>	<b>1.2%</b>	<b>6,275.4</b>	<b>1.8%</b>	<b>6,386.0</b>	<b>2.5%</b>	<b>6,545.3</b>	<b>2.6%</b>	<b>6,715.8</b>	<b>2.9%</b>	<b>6,910.5</b>
<b>Agency Uses</b>														
Montgomery County Public Schools (MCPS)	3,105.9	3,117.8	8.8%	3,380.2										
Montgomery College (MC)	283.8	282.0	3.7%	294.3										
M-NCPPC (w/o Debt Service)	175.4	174.7	3.5%	181.6										
MCG	2,197.3	2,278.3	6.7%	2,344.8										
<b>Agency Uses</b>	<b>5,762.3</b>	<b>5,852.8</b>	<b>7.6%</b>	<b>6,200.9</b>	<b>1.2%</b>	<b>6,275.4</b>	<b>1.8%</b>	<b>6,386.0</b>	<b>2.5%</b>	<b>6,545.3</b>	<b>2.6%</b>	<b>6,715.8</b>	<b>2.9%</b>	<b>6,910.5</b>
<b>Total Uses</b>	<b>6,174.3</b>	<b>6,314.1</b>	<b>7.2%</b>	<b>6,619.6</b>	<b>3.8%</b>	<b>6,870.2</b>	<b>2.7%</b>	<b>7,054.2</b>	<b>2.3%</b>	<b>7,219.8</b>	<b>2.6%</b>	<b>7,402.0</b>	<b>2.6%</b>	<b>7,598.0</b>
<b>(Gap)/Available</b>	<b>0.0</b>	<b>0.0</b>		<b>0.0</b>		<b>0.0</b>		<b>0.0</b>		<b>0.0</b>		<b>0.0</b>		<b>0.0</b>

## Assumptions:

1. Property taxes are at the Charter limit with a \$650 credit. Property tax revenues include a 8.2 cent tax that is authorized by Maryland Code, Education § 5-104 (d) (1) to be used exclusively for MCPS. Other taxes are at current rates.
2. Reserve contributions are consistent with legal requirements and the minimum policy target, which is 10 percent of Adjusted Governmental Revenues (AGR). Any reduction in out-year reserves in this version of the Fiscal Plan is to meet the County's minimum policy target for reserves and not a specific plan to reduce reserves to the policy level. Each annual budget recommendation will include specifics on budgeted reserves for that fiscal year.
3. PAYGO, Debt Service, and Current Revenue reflect the Recommended Amended FY25-30 Capital Improvements Program.
4. State Aid, including MCPS and Montgomery College, is not projected to increase from FY26-31.

**County Executive's Recommended FY26-31 Public Services Program  
Tax Supported Fiscal Plan Summary**

\$ in Millions														
	App. FY25	Est. FY25	% Chg. FY25-26	Rec. FY26	% Chg. FY26-27	Projected FY27	% Chg. FY27-28	Projected FY28	% Chg. FY28-29	Projected FY29	% Chg. FY29-30	Projected FY30	% Chg. FY30-31	Projected FY31
<b>Beginning Reserves</b>														
Unrestricted General Fund	312.6	378.8	-29.1%	221.7	-65.7%	76.1	-79.8%	15.4	95.7%	30.1	53.4%	46.2	38.9%	64.2
Revenue Stabilization Fund	647.0	649.2	5.8%	684.9	4.4%	714.9	0.0%	714.9	0.0%	714.9	0.0%	714.9	0.0%	714.9
Total Reserves	959.6	1,028.0	-5.5%	906.6	-12.8%	791.0	-7.7%	730.3	2.0%	745.0	2.2%	761.1	2.4%	779.1
<b>Additions to Reserves</b>														
Unrestricted General Fund	-281.6	-157.0	48.3%	-145.6	58.3%	-60.7	124.3%	14.7	9.3%	16.1	11.7%	18.0	3.6%	18.6
Revenue Stabilization Fund	29.2	35.6	2.9%	30.0	-100.0%	0.0	n/a	0.0	n/a	0.0	n/a	0.0	n/a	0.0
Total Change in Reserves	-252.5	-121.4	54.2%	-115.6	47.5%	-60.7	124.3%	14.7	9.3%	16.1	11.7%	18.0	3.6%	18.6
<b>Ending Reserves</b>														
Unrestricted General Fund	30.9	221.7	146.1%	76.1	-79.8%	15.4	95.7%	30.1	53.4%	46.2	38.9%	64.2	29.0%	82.8
Revenue Stabilization Fund	676.2	684.9	5.7%	714.9	0.0%	714.9	0.0%	714.9	0.0%	714.9	0.0%	714.9	0.0%	714.9
Total Reserves	707.1	906.6	11.9%	791.0	-7.7%	730.3	2.0%	745.0	2.2%	761.1	2.4%	779.1	2.4%	797.7
Reserves as a % of Adjusted Governmental Revenues	10.8%	13.5%		11.2%		10.0%		10.0%		10.0%		10.0%		10.0%
<b>Other Reserves</b>														
Montgomery College	45.1	44.5	-66.3%	15.2	0.0%	15.2	0.0%	15.2	0.0%	15.2	0.0%	15.2	0.0%	15.2
MNCPPC	6.9	15.8	4.1%	7.2	5.0%	7.5	4.0%	7.8	2.9%	8.1	3.1%	8.5	2.4%	8.5
MCPSP	0.0	0.0	n/a	0.0	n/a	0.0	n/a	0.0	n/a	0.0	n/a	0.0	n/a	0.0
MCG Special Funds	1.4	-25.7	-68.7%	0.4	202.1%	1.3	4.2%	1.3	3.2%	1.4	2.8%	1.4	3.0%	1.5
MCG + Agency Reserves as a % of Adjusted Govt Revenues	11.5%	14.1%		11.6%		10.4%		10.3%		10.4%		10.3%		10.3%
<b>Retiree Health Insurance Pre-Funding</b>														
Montgomery County Public Schools (MCPS)	59.1	59.1		58.0		58.0		58.0		58.0		58.0		58.0
Montgomery College (MC)	0.0	0.0		0.0		0.0		0.0		0.0		0.0		0.0
MNCPPC	3.5	3.5		2.8		2.7		2.8		2.9		3.0		3.0
MCG	0.0	0.0		0.0		0.0		0.0		0.0		0.0		0.0
Subtotal Retiree Health Insurance Pre-Funding	62.6	62.6		60.8		60.7		60.7		60.8		60.9		61.0
<b>Adjusted Governmental Revenues</b>														
Total Tax Supported Revenues	6,165.3	6,305.9	7.6%	6,636.4	3.5%	6,870.5	2.7%	7,064.5	2.3%	7,220.1	2.5%	7,402.3	2.6%	7,598.3
Capital Projects Fund	227.4	231.1	2.3%	232.6	0.8%	234.5	-7.3%	217.3	-15.1%	184.5	-1.9%	181.0	0.0%	181.0
Grants	160.6	160.6	4.9%	168.5	2.7%	173.0	2.4%	177.2	2.2%	181.1	2.2%	185.0	2.3%	189.2
Total Adjusted Governmental Revenues	6,553.3	6,897.7	7.4%	7,037.6	3.4%	7,278.0	2.3%	7,445.9	1.8%	7,585.7	2.4%	7,768.4	2.6%	7,968.6

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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.

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## EXPLANATION OF CHARTS:

### Debt Capacity Analysis

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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

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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

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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

## FY25-30 AMENDED CAPITAL IMPROVEMENTS PROGRAM

January 15, 2025

### COUNTY EXECUTIVE RECOMMENDED

GO BOND 6 YR TOTAL = 1,680.0 MILLION

GO BOND FY25 TOTAL = 280.0 MILLION

GO BOND FY26 TOTAL = 280.0 MILLION

	FY24	FY25	FY26	FY27	FY28	FY29	FY30
1 GO Bond Guidelines (\$000)	280,000	280,000	280,000	280,000	280,000	280,000	280,000
2 GO Debt/Assessed Value	1.62%	1.50%	1.43%	1.38%	1.34%	1.31%	1.26%
3 Debt Service + LTL + Short-Term Leases/Revenues (GF)	11.12%	10.73%	10.75%	10.63%	10.54%	10.51%	10.21%
4 \$ Debt/Capita	3,197	3,300	3,248	3,197	3,146	3,103	3,059
5 \$ Real Debt/Capita (FY24=100%)	3,197	3,229	3,101	2,982	2,868	2,764	2,665
6 Capita Debt/Capita Income	3.20%	3.27%	3.00%	2.86%	2.74%	2.62%	2.52%
7 Payout Ratio	73.58%	74.36%	74.73%	75.04%	75.26%	75.31%	75.28%
8 Total Debt Outstanding (\$000s)	3,486,750	3,515,910	3,488,060	3,455,665	3,422,300	3,396,225	3,369,820
9 Real Debt Outstanding (FY24=100%)	3,486,750	3,440,494	3,330,180	3,222,912	3,119,482	3,026,055	2,935,568
10 Note: OP/PSP Growth Assumption (2)	5.3%	5.8%	2.8%	2.7%	2.4%	2.2%	2.8%

### 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 FY24 approved budget to FY25 budget for FY25 and budget to budget for FY26-30.

# GENERAL OBLIGATION BOND ADJUSTMENT CHART

FY25-30 Amended Capital Improvements Program

COUNTY EXECUTIVE RECOMMENDED

April 1, 2025

(\$ millions)	6 YEARS	FY25	FY26	FY27	FY28	FY29	FY30
BONDS PLANNED FOR ISSUE	1,680.000	280.000	280.000	280.000	280.000	280.000	280.000
Plus PAYGO Funded	171.200	28.000	29.200	29.000	29.000	28.000	28.000
Adjust for Future Inflation *	(72.040)	-	-	(8.053)	(15.140)	(21.357)	(27.489)
SUBTOTAL FUNDS AVAILABLE FOR DEBT ELIGIBLE PROJECTS (after adjustments)	1,779.160	308.000	309.200	300.947	293.860	286.643	280.511
Less Set Aside: Future Projects	144.625	0.734	19.361	24.070	25.196	38.578	36.687
8.13%							
<b>TOTAL FUNDS AVAILABLE FOR PROGRAMMING</b>	<b>1,634.535</b>	<b>307.266</b>	<b>289.839</b>	<b>276.877</b>	<b>268.664</b>	<b>248.065</b>	<b>243.824</b>
MCPS	(481.508)	(128.442)	(126.745)	(71.994)	(32.992)	(33.145)	(88.190)
MONTGOMERY COLLEGE	(175.686)	(13.666)	(25.207)	(29.201)	(47.252)	(46.627)	(13.733)
M-NCPPC PARKS	(89.362)	(15.133)	(15.110)	(14.530)	(15.729)	(14.480)	(14.380)
TRANSPORTATION	(405.053)	(82.883)	(105.904)	(56.944)	(56.121)	(56.461)	(46.740)
MCG - OTHER	(583.848)	(75.128)	(109.809)	(104.208)	(116.570)	(97.352)	(80.781)
Programming Adjustment - Unspent Prior Years	100.922	7.986	92.936				
<b>SUBTOTAL PROGRAMMED EXPENDITURES</b>	<b>(1,634.535)</b>	<b>(307.266)</b>	<b>(289.839)</b>	<b>(276.877)</b>	<b>(268.664)</b>	<b>(248.065)</b>	<b>(243.824)</b>
<b>AVAILABLE OR (GAP) TO BE SOLVED</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
NOTES:							
* Adjustments Include:							
Inflation =		2.19%	2.65%	2.68%	2.41%	2.19%	2.19%
Implementation Rate =		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

# CURRENT REVENUE REQUIREMENTS FOR THE CAPITAL IMPROVEMENTS PROGRAM

March 14, 2025

TAX SUPPORTED APPROPRIATIONS (\$000s)	ACTUAL FY23 EXP	ACTUAL FY24 EXP	Recommended 6 YR	LATEST FY25 APPROP	Recommended FY26 APPROP	Recommended FY27	Recommended FY28	Recommended FY29	Recommended FY30
<b>GENERAL REVENUE SUPPORTED</b>									
MCG	58,571	30,326	214,300	115,348	22,367	22,250	19,349	17,609	17,377
M-NCPPC PARKS	3,611	3,702	36,900	6,150	6,150	6,150	6,150	6,150	6,150
PUBLIC SCHOOLS (MCPS)	23,118	28,603	171,156	27,087	28,792	31,001	28,092	28,092	28,092
MONTGOMERY COLLEGE	15,205	13,803	88,404	7,584	15,084	16,434	16,434	16,434	16,434
HOC	-	16,899	7,270	1,020	1,250	1,250	1,250	1,250	1,250
CIP PAYGO - REGULAR	33,900	58,745	171,200	28,000	29,200	29,000	29,000	28,000	28,000
CIP PAYGO - RSF CONTRIBUTION	-	-	-	-	-	-	-	-	-
<b>TOTAL CIP PAYGO</b>	<b>33,900</b>	<b>58,745</b>	<b>171,200</b>	<b>28,000</b>	<b>29,200</b>	<b>29,000</b>	<b>29,000</b>	<b>28,000</b>	<b>28,000</b>
<b>SUBTOTAL</b>	<b>134,404</b>	<b>152,077</b>	<b>689,230</b>	<b>185,189</b>	<b>102,843</b>	<b>106,085</b>	<b>100,275</b>	<b>97,535</b>	<b>97,303</b>
<b>OTHER TAX SUPPORTED</b>									
MASS TRANSIT	12,757	11,447	152,938	9,218	(5,118)	42,714	37,173	31,503	37,448
FIRE CONSOLIDATED	1,527	1,381	57,048	7,620	1,541	10,117	10,458	12,728	14,584
M-NCPPC PARKS	450	450	2,700	450	450	450	450	450	450
<b>SUBTOTAL</b>	<b>14,734</b>	<b>13,278</b>	<b>212,686</b>	<b>17,288</b>	<b>(3,127)</b>	<b>53,281</b>	<b>48,081</b>	<b>44,681</b>	<b>52,482</b>
<b>SUBTOTAL TAX SUPPORTED CURRENT REVENUE APPROPRIATION:</b>	<b>149,138</b>	<b>165,355</b>	<b>901,916</b>	<b>202,477</b>	<b>99,716</b>	<b>159,366</b>	<b>148,356</b>	<b>142,216</b>	<b>149,785</b>
<b>INFLATION</b>	<b>-</b>	<b>-</b>	<b>30,082</b>	<b>-</b>	<b>-</b>	<b>3,488</b>	<b>6,149</b>	<b>8,510</b>	<b>11,935</b>
<b>SUBTOTAL ALLOCATION:</b>	<b>-</b>	<b>-</b>	<b>30,082</b>	<b>-</b>	<b>-</b>	<b>3,488</b>	<b>6,149</b>	<b>8,510</b>	<b>11,935</b>
<b>TOTAL TAX SUPPORTED CURRENT REVENUE REQUIREMENT:</b>	<b>149,138</b>	<b>165,355</b>	<b>931,998</b>	<b>202,477</b>	<b>99,716</b>	<b>162,854</b>	<b>154,505</b>	<b>150,726</b>	<b>161,720</b>
NON-TAX SUPPORTED APPROPRIATIONS (\$000s)	ACTUAL FY23 EXP	ACTUAL FY24 EXP	Recommended 6 YR	APPROVED FY25 APPROP	Recommended FY26 APPROP	Recommended FY27	Recommended FY28	Recommended FY29	Recommended FY30
<b>NON-TAX SUPPORTED</b>									
PARKING DISTRICTS	3,319	4,728	63,147	8,694	9,483	10,466	11,093	11,373	12,038
SOLID WASTE DISPOSAL	18,380	20,515	72,640	5,890	41,700	12,990	12,060	-	-
M-NCPPC ENTERPRISE FUND	137	-	3,750	2,500	1,250	-	-	-	-
CABLE TV FUND	4,404	387	16,126	3,494	3,020	2,773	2,526	2,280	2,033
WATER QUALITY PROTECTION CHARGE	2,630	12,781	48,683	18,090	7,462	6,402	5,483	6,109	5,137
LIQUOR CONTROL	1,893	1,409	7,375	1,767	1,470	1,158	811	1,276	893
MOTOR POOL	-	-	3,861	-	3,861	-	-	-	-
<b>SUBTOTAL EXPENDITURES:</b>	<b>31,206</b>	<b>39,821</b>	<b>215,582</b>	<b>40,435</b>	<b>68,246</b>	<b>33,789</b>	<b>31,973</b>	<b>21,038</b>	<b>20,101</b>
<b>TOTAL CURRENT REVENUE REQUIREMENTS</b>	<b>180,343</b>	<b>205,176</b>	<b>1,147,580</b>	<b>242,912</b>	<b>167,962</b>	<b>196,643</b>	<b>186,478</b>	<b>171,764</b>	<b>181,821</b>

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# Tax Supported: Six Year Fiscal Plans

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## Montgomery County Government

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- 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

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- Montgomery College Current Fund

## Maryland-National Capital Park and Planning Commission

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

## Debt Service

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- Debt Service Fund

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# Montgomery County Government

FY26-31 PUBLIC SERVICES PROGRAM: FISCAL PLAN							
Bethesda Urban District							
FISCAL PROJECTIONS	FY25 ESTIMATE	FY26 RECOMMENDED	FY27 PROJECTION	FY28 PROJECTION	FY29 PROJECTION	FY30 PROJECTION	FY31 PROJECTION
<b>ASSUMPTIONS</b>							
Property Tax Rate: Real Property	0.0120	0.0120	0.0120	0.0120	0.0120	0.0120	0.0120
Assessable Base: Real Property (000)	7,150,221	7,587,004	7,972,774	8,286,528	8,532,049	8,792,791	9,084,619
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)	246,578	250,312	247,765	249,391	248,718	249,878	250,552
Property Tax Collection Factor: Personal Property	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%
Indirect Cost Rate	19.96%	19.98%	19.98%	19.98%	19.98%	19.98%	19.98%
CPI (Fiscal Year)	2.6%	2.7%	2.7%	2.4%	2.2%	2.2%	2.3%
Investment Income Yield	4.8%	4.1%	3.8%	3.3%	3.0%	3.0%	3.0%
<b>BEGINNING FUND BALANCE</b>	<b>198,905</b>	<b>(1,405)</b>	<b>103,121</b>	<b>104,815</b>	<b>108,597</b>	<b>112,036</b>	<b>113,328</b>
<b>REVENUES</b>							
Taxes	926,703	979,921	1,025,173	1,063,085	1,092,169	1,123,617	1,158,628
Charges For Services	233,192	183,975	188,906	193,459	197,696	202,026	206,592
<b>Subtotal Revenues</b>	<b>1,159,895</b>	<b>1,163,896</b>	<b>1,214,079</b>	<b>1,256,544</b>	<b>1,289,865</b>	<b>1,325,643</b>	<b>1,365,220</b>
<b>INTERFUND TRANSFERS (Net Non-CIP)</b>							
Transfers To The General Fund	(23,660)	(25,961)	(26,150)	(26,150)	(26,150)	(26,150)	(26,150)
Indirect Costs	(23,660)	(25,961)	(26,150)	(26,150)	(26,150)	(26,150)	(26,150)
Transfers From The General Fund	883,753	1,406,720	1,365,211	1,427,122	1,489,018	1,548,874	1,612,616
General Fund	883,753	1,406,720	1,365,211	1,427,122	1,489,018	1,548,874	1,612,616
Transfers From Special Fds: Non-Tax + ISF	1,581,122	1,581,122	1,581,122	1,581,122	1,581,122	1,581,122	1,581,122
From Bethesda PLD	1,581,122	1,581,122	1,581,122	1,581,122	1,581,122	1,581,122	1,581,122
<b>TOTAL RESOURCES</b>	<b>3,800,015</b>	<b>4,124,372</b>	<b>4,237,383</b>	<b>4,343,453</b>	<b>4,442,452</b>	<b>4,541,524</b>	<b>4,646,136</b>
<b>PSP OPER. BUDGET APPROP/ EXP'S.</b>							
Operating Budget	(3,801,420)	(4,021,251)	(4,131,622)	(4,233,910)	(4,329,470)	(4,427,250)	(4,530,387)
Labor Agreement	n/a	0	(946)	(946)	(946)	(946)	(946)
<b>Subtotal PSP Oper Budget Approp / Exp's</b>	<b>(3,801,420)</b>	<b>(4,021,251)</b>	<b>(4,132,568)</b>	<b>(4,234,856)</b>	<b>(4,330,416)</b>	<b>(4,428,196)</b>	<b>(4,531,333)</b>
<b>TOTAL USE OF RESOURCES</b>	<b>(3,801,420)</b>	<b>(4,021,251)</b>	<b>(4,132,568)</b>	<b>(4,234,856)</b>	<b>(4,330,416)</b>	<b>(4,428,196)</b>	<b>(4,531,333)</b>
<b>YEAR END FUND BALANCE</b>	<b>(1,405)</b>	<b>103,121</b>	<b>104,815</b>	<b>108,597</b>	<b>112,036</b>	<b>113,328</b>	<b>114,803</b>
<b>END-OF-YEAR RESERVES AS A</b>							
<b>PERCENT OF RESOURCES</b>	<b>0.0%</b>	<b>2.5%</b>	<b>2.5%</b>	<b>2.5%</b>	<b>2.5%</b>	<b>2.5%</b>	<b>2.5%</b>

## Assumptions:

- 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.
- Property tax revenue is assumed to increase during the six years based on an improved assessable base.
- These projections are based on the County Executive's FY26 Recommended Budget and include the revenue and resource assumptions of that budget. FY27-31 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.
- 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.

FY26-31 PUBLIC SERVICES PROGRAM: FISCAL PLAN				Silver Spring Urban District			
FISCAL PROJECTIONS	FY25 ESTIMATE	FY26 RECOMMENDED	FY27 PROJECTION	FY28 PROJECTION	FY29 PROJECTION	FY30 PROJECTION	FY31 PROJECTION
<b>ASSUMPTIONS</b>							
Property Tax Rate: Real Property	0.0240	0.0240	0.0240	0.0240	0.0240	0.0240	0.0240
Assessable Base: Real Property (000)	4,202,867	4,459,394	4,686,137	4,870,551	5,014,880	5,168,116	5,339,643
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)	100,641	102,165	101,126	101,790	101,515	101,988	102,263
Property Tax Collection Factor: Personal Property	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%
Indirect Cost Rate	19.96%	19.98%	19.98%	19.98%	19.98%	19.98%	19.98%
CPI (Fiscal Year)	2.6%	2.7%	2.7%	2.4%	2.2%	2.2%	2.3%
Investment Income Yield	4.8%	4.1%	3.8%	3.3%	3.0%	3.0%	3.0%
<b>BEGINNING FUND BALANCE</b>	<b>74,537</b>	<b>(153,644)</b>	<b>124,237</b>	<b>130,863</b>	<b>135,854</b>	<b>140,730</b>	<b>145,891</b>
<b>REVENUES</b>							
Taxes	1,062,852	1,125,009	1,178,479	1,222,871	1,257,132	1,293,976	1,335,060
Charges For Services	120,000	120,000	123,216	126,186	128,949	131,773	134,751
<b>Subtotal Revenues</b>	<b>1,182,852</b>	<b>1,245,009</b>	<b>1,301,695</b>	<b>1,349,057</b>	<b>1,386,081</b>	<b>1,425,749</b>	<b>1,469,811</b>
<b>INTERFUND TRANSFERS (Net Non-CIP)</b>							
Transfers To The General Fund	(630,799)	(679,922)	(685,439)	(685,439)	(685,439)	(685,439)	(685,439)
Indirect Costs	(630,799)	(679,922)	(685,439)	(685,439)	(685,439)	(685,439)	(685,439)
Transfers From The General Fund	2,141,467	4,442,896	2,438,469	2,583,119	2,735,843	2,893,590	3,560,000
Baseline Services	2,141,467	4,442,896	2,438,469	2,583,119	2,735,843	2,893,590	3,560,000
Transfers From Special Fds: Non-Tax + ISF	2,058,464	150,000	2,058,464	2,058,464	2,058,464	2,058,464	2,058,464
From Silver Spring PLD	2,058,464	150,000	2,058,464	2,058,464	2,058,464	2,058,464	2,058,464
<b>TOTAL RESOURCES</b>	<b>4,826,521</b>	<b>5,004,339</b>	<b>5,237,427</b>	<b>5,436,064</b>	<b>5,630,802</b>	<b>5,833,094</b>	<b>6,548,727</b>
<b>PSP OPER. BUDGET APPROP/ EXP'S.</b>							
Operating Budget	(4,980,165)	(4,880,102)	(5,078,953)	(5,272,599)	(5,462,461)	(5,656,592)	(5,868,253)
Labor Agreement	n/a	0	(27,611)	(27,611)	(27,611)	(27,611)	(27,611)
<b>Subtotal PSP Oper Budget Approp / Exp's</b>	<b>(4,980,165)</b>	<b>(4,880,102)</b>	<b>(5,106,564)</b>	<b>(5,300,210)</b>	<b>(5,490,072)</b>	<b>(5,687,203)</b>	<b>(6,385,411)</b>
<b>TOTAL USE OF RESOURCES</b>	<b>(4,980,165)</b>	<b>(4,880,102)</b>	<b>(5,106,564)</b>	<b>(5,300,210)</b>	<b>(5,490,072)</b>	<b>(5,687,203)</b>	<b>(6,385,411)</b>
<b>YEAR END FUND BALANCE</b>	<b>(153,644)</b>	<b>124,237</b>	<b>130,863</b>	<b>135,854</b>	<b>140,730</b>	<b>145,891</b>	<b>163,316</b>
<b>END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES</b>	<b>-3.2%</b>	<b>2.5%</b>	<b>2.5%</b>	<b>2.5%</b>	<b>2.5%</b>	<b>2.5%</b>	<b>2.5%</b>
<b>Assumptions:</b> 1. Transfers from the Silver Spring 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. 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 County Executive's FY26 Recommended Budget and include the revenue and resource assumptions of that budget. FY27-31 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.							



**FY26-31 PUBLIC SERVICES PROGRAM: FISCAL PLAN**
**Wheaton Urban District**

FISCAL PROJECTIONS	FY25 ESTIMATE	FY26 RECOMMENDED	FY27 PROJECTION	FY28 PROJECTION	FY29 PROJECTION	FY30 PROJECTION	FY31 PROJECTION
<b>ASSUMPTIONS</b>							
Property Tax Rate: Real Property	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300
Assessable Base: Real Property (000)	909,360	964,910	1,013,972	1,053,875	1,085,100	1,118,261	1,155,375
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)	23,541	23,897	23,654	23,809	23,745	23,856	23,920
Property Tax Collection Factor: Personal Property	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%
Indirect Cost Rate	19.98%	19.98%	19.98%	19.98%	19.98%	19.98%	19.98%
CPI (Fiscal Year)	2.6%	2.7%	2.7%	2.4%	2.2%	2.2%	2.3%
Investment Income Yield	4.8%	4.1%	3.8%	3.3%	3.0%	3.0%	3.0%
<b>BEGINNING FUND BALANCE</b>	<b>120,988</b>	<b>403,631</b>	<b>94,923</b>	<b>98,557</b>	<b>102,174</b>	<b>105,711</b>	<b>109,379</b>
<b>REVENUES</b>							
Taxes	288,791	305,623	320,071	332,087	341,350	351,321	362,437
Charges For Services	10,401	0	0	0	0	0	0
<b>Subtotal Revenues</b>	<b>299,192</b>	<b>305,623</b>	<b>320,071</b>	<b>332,087</b>	<b>341,350</b>	<b>351,321</b>	<b>362,437</b>
<b>INTERFUND TRANSFERS (Net Non-CIP)</b>							
Transfers To The General Fund	3,507,438	3,065,222	3,523,968	3,652,901	3,781,353	3,914,462	4,054,833
Indirect Costs	(484,348)	(465,836)	(468,760)	(468,760)	(468,760)	(468,760)	(468,760)
Transfers From The General Fund	(484,348)	(465,836)	(468,760)	(468,760)	(468,760)	(468,760)	(468,760)
Baseline Services	3,766,786	3,305,858	3,767,728	3,896,661	4,025,113	4,158,222	4,298,593
Non-Baseline Services	76,090	76,090	76,090	76,090	76,090	76,090	76,090
Transfers From Special Fds: Non-Tax + ISF	3,690,696	3,229,768	3,691,638	3,820,571	3,949,023	4,082,132	4,222,503
From Wheaton PLD	225,000	225,000	225,000	225,000	225,000	225,000	225,000
<b>TOTAL RESOURCES</b>	<b>3,927,618</b>	<b>3,774,476</b>	<b>3,938,962</b>	<b>4,083,545</b>	<b>4,224,878</b>	<b>4,371,494</b>	<b>4,526,649</b>
<b>PSP OPER. BUDGET APPROP/ EXP'S.</b>							
Operating Budget	(3,523,987)	(3,679,553)	(3,824,771)	(3,965,737)	(4,103,533)	(4,246,481)	(4,397,754)
Labor Agreement	n/a	0	(15,634)	(15,634)	(15,634)	(15,634)	(15,634)
<b>Subtotal PSP Oper Budget Approp / Exp's</b>	<b>(3,523,987)</b>	<b>(3,679,553)</b>	<b>(3,840,405)</b>	<b>(3,981,371)</b>	<b>(4,119,167)</b>	<b>(4,262,115)</b>	<b>(4,413,388)</b>
<b>TOTAL USE OF RESOURCES</b>	<b>(3,523,987)</b>	<b>(3,679,553)</b>	<b>(3,840,405)</b>	<b>(3,981,371)</b>	<b>(4,119,167)</b>	<b>(4,262,115)</b>	<b>(4,413,388)</b>
<b>YEAR END FUND BALANCE</b>	<b>403,631</b>	<b>94,923</b>	<b>98,557</b>	<b>102,174</b>	<b>105,711</b>	<b>109,379</b>	<b>113,261</b>
<b>END-OF-YEAR RESERVES AS A</b>							
<b>PERCENT OF RESOURCES</b>	<b>10.3%</b>	<b>2.5%</b>	<b>2.5%</b>	<b>2.5%</b>	<b>2.5%</b>	<b>2.5%</b>	<b>2.5%</b>

**Assumptions:**

- 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.
- Property tax revenue is assumed to increase during the six years based on an improved assessable base.
- Assessable base increases are due to economic growth and new projects coming online.
- The Baseline Services transfer provides basic right-of-way maintenance comparable to services provided countywide.
- The Non-Baseline Services transfer is necessary to maintain fund balance policy.
- These projections are based on the County Executive's FY26 Recommended Budget and include the revenue and resource assumptions of that budget. FY27-31 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.
- 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.

FY26-31 PUBLIC SERVICES PROGRAM: FISCAL PLAN				Consolidated Fire District			
FISCAL PROJECTIONS	FY25 ESTIMATE	FY26 RECOMMENDED	FY27 PROJECTION	FY28 PROJECTION	FY29 PROJECTION	FY30 PROJECTION	FY31 PROJECTION
<b>ASSUMPTIONS</b>							
Property Tax Rate: Real Property	0.1202	0.1226	0.1150	0.1142	0.1154	0.1154	0.1146
Assessable Base: Real Property (000)	230,040,968	244,093,383	256,504,597	266,598,869	274,497,921	282,886,669	292,275,510
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	0.3005	0.3065	0.2875	0.2855	0.2885	0.2885	0.2865
Assessable Base: Personal Property (000)	4,290,526	4,355,497	4,311,183	4,339,470	4,327,753	4,347,937	4,359,671
Property Tax Collection Factor: Personal Property	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%
Indirect Cost Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CPI (Fiscal Year)	2.6%	2.7%	2.7%	2.4%	2.2%	2.2%	2.3%
Investment Income Yield	4.8%	4.1%	3.8%	3.3%	3.0%	3.0%	3.0%
<b>BEGINNING FUND BALANCE</b>	<b>(12,946,518)</b>	<b>(21,020,655)</b>	<b>197,085</b>	<b>299,717</b>	<b>260,978</b>	<b>338,942</b>	<b>385,427</b>
<b>REVENUES</b>							
Taxes	287,717,433	310,785,836	305,580,267	314,993,581	327,330,573	337,011,220	345,403,525
Charges For Services	33,000,000	23,000,000	23,616,400	24,185,555	24,715,219	25,256,482	25,827,278
Intergovernmental	8,941,338	13,700,000	14,067,160	14,406,179	14,721,674	15,044,079	15,384,075
Miscellaneous	600,000	0	0	0	0	0	0
<b>Subtotal Revenues</b>	<b>330,258,771</b>	<b>347,485,836</b>	<b>343,263,827</b>	<b>353,585,315</b>	<b>366,767,466</b>	<b>377,311,781</b>	<b>386,614,878</b>
<b>INTERFUND TRANSFERS (Net Non-CIP)</b>	<b>(21,603,801)</b>	<b>(14,067,610)</b>	<b>(15,554,200)</b>	<b>(17,337,890)</b>	<b>(19,331,300)</b>	<b>(19,770,575)</b>	<b>(19,514,205)</b>
Transfers To Debt Service Fund	(15,016,451)	(14,196,860)	(15,683,450)	(17,467,140)	(19,460,550)	(19,899,825)	(19,643,455)
GO Bonds	(8,548,401)	(8,400,060)	(8,716,050)	(10,370,290)	(12,380,900)	(12,762,700)	(12,508,330)
Long Term Leases	(6,468,050)	(5,796,800)	(6,967,400)	(7,096,850)	(7,079,650)	(7,137,125)	(7,135,125)
Transfers To The General Fund	(6,837,350)	(120,750)	(120,750)	(120,750)	(120,750)	(120,750)	(120,750)
Fund Balance	(6,716,600)	0	0	0	0	0	0
Transfers From The General Fund	250,000	250,000	250,000	250,000	250,000	250,000	250,000
EMST Fee Payment	250,000	250,000	250,000	250,000	250,000	250,000	250,000
<b>TOTAL RESOURCES</b>	<b>295,708,452</b>	<b>312,397,571</b>	<b>327,906,712</b>	<b>336,547,142</b>	<b>347,697,144</b>	<b>357,880,148</b>	<b>367,486,100</b>
<b>CIP CURRENT REVENUE APPROP.</b>	<b>(7,620,000)</b>	<b>(1,541,000)</b>	<b>(10,117,000)</b>	<b>(10,458,000)</b>	<b>(12,728,000)</b>	<b>(14,584,000)</b>	<b>(14,584,000)</b>
<b>PSP OPER. BUDGET APPROP/ EXP'S.</b>							
Operating Budget	(309,109,107)	(310,659,486)	(319,319,939)	(327,658,108)	(336,480,146)	(344,740,665)	(354,387,146)
Labor Agreement	n/a	0	(858,431)	(858,431)	(858,431)	(858,431)	(858,431)
Annualizations and One-Time	n/a	n/a	2,688,375	2,688,375	2,688,375	2,688,375	2,688,375
<b>Subtotal PSP Oper Budget Approp / Exp's</b>	<b>(309,109,107)</b>	<b>(310,659,486)</b>	<b>(317,489,995)</b>	<b>(325,828,164)</b>	<b>(334,630,202)</b>	<b>(342,910,721)</b>	<b>(352,557,202)</b>
<b>TOTAL USE OF RESOURCES</b>	<b>(316,729,107)</b>	<b>(312,200,486)</b>	<b>(327,606,995)</b>	<b>(336,286,164)</b>	<b>(347,358,202)</b>	<b>(357,494,721)</b>	<b>(367,141,202)</b>
<b>YEAR END FUND BALANCE</b>	<b>(21,020,655)</b>	<b>197,085</b>	<b>299,717</b>	<b>260,978</b>	<b>338,942</b>	<b>385,427</b>	<b>344,898</b>
<b>END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES</b>	<b>-7.1%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.1%</b>
<b>Assumptions:</b> 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. These projections are based on the County Executive's FY26 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.							



FY26-31 PUBLIC SERVICES PROGRAM: FISCAL PLAN				Mass Transit			
FISCAL PROJECTIONS	FY25 ESTIMATE	FY26 RECOMMENDED	FY27 PROJECTION	FY28 PROJECTION	FY29 PROJECTION	FY30 PROJECTION	FY31 PROJECTION
<b>ASSUMPTIONS</b>							
Property Tax Rate: Real Property	0.0892	0.0834	0.0980	0.0954	0.1058	0.1068	0.1052
Assessable Base: Real Property (000)	230,040,968	244,093,383	256,504,597	266,598,869	274,497,921	282,886,669	292,275,510
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	0.2230	0.2085	0.2450	0.2385	0.2640	0.2665	0.2630
Assessable Base: Personal Property (000)	4,290,526	4,355,497	4,311,183	4,339,470	4,327,753	4,347,937	4,359,671
Property Tax Collection Factor: Personal Property	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%
Indirect Cost Rate	19.98%	19.98%	19.98%	19.98%	19.98%	19.98%	19.98%
CPI (Fiscal Year)	2.6%	2.7%	2.7%	2.4%	2.2%	2.2%	2.3%
Investment Income Yield	4.8%	4.1%	3.8%	3.3%	3.0%	3.0%	3.0%
<b>BEGINNING FUND BALANCE</b>	<b>(8,276,095)</b>	<b>(8,328,893)</b>	<b>121,021</b>	<b>286,159</b>	<b>179,890</b>	<b>217,423</b>	<b>308,908</b>
<b>REVENUES</b>							
Taxes	213,514,101	211,415,487	260,407,532	263,138,246	299,533,003	311,311,924	317,071,997
Licenses & Permits	32,000	80,000	82,144	84,124	85,966	87,849	89,834
Charges For Services	7,339,648	6,274,383	6,442,536	6,597,801	6,742,292	6,889,948	7,045,661
Fines & Forfeitures	983,515	960,000	985,728	1,009,484	1,031,592	1,054,184	1,078,009
Intergovernmental	41,666,067	42,780,825	44,194,628	44,255,679	44,312,493	44,370,552	44,431,779
Miscellaneous	(9,351)	0	0	0	0	0	0
<b>Subtotal Revenues</b>	<b>263,505,980</b>	<b>261,510,695</b>	<b>312,112,568</b>	<b>315,085,334</b>	<b>351,705,346</b>	<b>363,714,457</b>	<b>369,717,280</b>
<b>INTERFUND TRANSFERS (Net Non-CIP)</b>	<b>(55,406,025)</b>	<b>(52,316,504)</b>	<b>(53,044,936)</b>	<b>(56,318,186)</b>	<b>(53,845,006)</b>	<b>(52,663,906)</b>	<b>(53,151,056)</b>
Transfers To Debt Service Fund	(26,851,567)	(28,429,735)	(28,865,070)	(32,138,320)	(29,665,140)	(28,484,040)	(28,971,190)
GO Bonds	(21,019,287)	(21,563,940)	(22,044,870)	(22,275,070)	(21,542,740)	(20,841,240)	(18,192,790)
Long Term Leases	(5,832,300)	(6,865,795)	(6,820,200)	(9,863,250)	(8,122,400)	(7,642,800)	(10,778,400)
Transfers To The General Fund	(29,085,768)	(24,618,079)	(24,711,176)	(24,711,176)	(24,711,176)	(24,711,176)	(24,711,176)
Indirect Costs	(22,369,168)	(24,618,079)	(24,711,176)	(24,711,176)	(24,711,176)	(24,711,176)	(24,711,176)
Fund Balance	(6,716,600)	0	0	0	0	0	0
Transfers From The General Fund	531,310	731,310	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
Fund Balance	0	200,000	0	0	0	0	0
<b>TOTAL RESOURCES</b>	<b>199,823,860</b>	<b>200,865,298</b>	<b>259,188,633</b>	<b>259,053,307</b>	<b>298,040,230</b>	<b>311,267,974</b>	<b>316,875,132</b>
<b>CIP CURRENT REVENUE APPROP.</b>	<b>(9,218,000)</b>	<b>5,118,000</b>	<b>(42,714,000)</b>	<b>(37,173,000)</b>	<b>(31,503,000)</b>	<b>(37,448,000)</b>	<b>(37,448,000)</b>
<b>PSP OPER. BUDGET APPROP/ EXP'S.</b>							
Operating Budget	(199,413,434)	(206,037,901)	(211,890,421)	(217,294,344)	(222,301,734)	(228,178,993)	(233,741,310)
Labor Agreement	n/a	0	(465,950)	(465,950)	(465,950)	(465,950)	(465,950)
Annualizations and One-Time	n/a	n/a	(407,747)	(407,747)	(407,747)	(407,747)	(407,747)
Veirs Mill Road Bus Rapid Transit	n/a	n/a	(3,600,000)	(3,708,000)	(3,820,000)	(3,934,000)	(3,934,000)
MD 355 Bus Rapid Transit	n/a	n/a	0	0	(39,500,000)	(40,700,000)	(40,700,000)
<b>Subtotal PSP Oper Budget Approp / Exp's</b>	<b>(199,413,434)</b>	<b>(206,037,901)</b>	<b>(216,364,118)</b>	<b>(221,876,041)</b>	<b>(266,495,431)</b>	<b>(273,686,690)</b>	<b>(279,249,007)</b>
<b>OTHER CLAIMS ON FUND BALANCE</b>	<b>478,681</b>	<b>175,624</b>	<b>175,624</b>	<b>175,624</b>	<b>175,624</b>	<b>175,624</b>	<b>175,624</b>
<b>TOTAL USE OF RESOURCES</b>	<b>(208,152,753)</b>	<b>(200,744,277)</b>	<b>(258,902,494)</b>	<b>(258,873,417)</b>	<b>(297,822,807)</b>	<b>(310,959,066)</b>	<b>(316,521,383)</b>
<b>YEAR END FUND BALANCE</b>	<b>(8,328,893)</b>	<b>121,021</b>	<b>286,159</b>	<b>179,890</b>	<b>217,423</b>	<b>308,908</b>	<b>353,749</b>
<b>END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES</b>	<b>-4.2%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.1%</b>
<b>Assumptions:</b> 1. These projections are based on the County Executive's FY26 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. 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).							

FY26-31 PUBLIC SERVICES PROGRAM: FISCAL PLAN							
Recreation							
FISCAL PROJECTIONS	FY25 ESTIMATE	FY26 RECOMMENDED	FY27 PROJECTION	FY28 PROJECTION	FY29 PROJECTION	FY30 PROJECTION	FY31 PROJECTION
<b>ASSUMPTIONS</b>							
Property Tax Rate: Real Property	0.0318	0.0324	0.0340	0.0338	0.0342	0.0348	0.0350
Assessable Base: Real Property (000)	201,150,775	213,438,387	224,290,911	233,117,472	240,024,505	247,359,734	255,569,457
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	0.0795	0.0810	0.0850	0.0845	0.0855	0.0870	0.0875
Assessable Base: Personal Property (000)	3,575,058	3,629,195	3,592,270	3,615,840	3,606,077	3,622,895	3,632,872
Property Tax Collection Factor: Personal Property	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%
Indirect Cost Rate	19.98%	19.98%	19.98%	19.98%	19.98%	19.98%	19.98%
CPI (Fiscal Year)	2.6%	2.7%	2.7%	2.4%	2.2%	2.2%	2.3%
Investment Income Yield	4.8%	4.1%	3.6%	3.3%	3.0%	3.0%	3.0%
<b>BEGINNING FUND BALANCE</b>	<b>6,889,297</b>	<b>4,158,710</b>	<b>559,139</b>	<b>174,881</b>	<b>300,834</b>	<b>160,186</b>	<b>223,287</b>
<b>REVENUES</b>							
Taxes	66,418,838	71,672,882	78,848,679	81,370,217	84,672,879	88,710,315	92,084,845
Charges For Services	5,700,000	3,410,187	3,501,580	3,585,968	3,664,500	3,744,752	3,829,383
Miscellaneous	40,000	165,464	165,464	165,464	165,464	165,464	165,464
<b>Subtotal Revenues</b>	<b>72,158,838</b>	<b>75,248,533</b>	<b>82,515,723</b>	<b>85,121,649</b>	<b>88,502,843</b>	<b>92,620,531</b>	<b>96,079,692</b>
<b>INTERFUND TRANSFERS (Net Non-CIP)</b>							
Transfers To Debt Service Fund	(9,641,269)	(10,480,870)	(12,580,910)	(12,803,920)	(14,914,010)	(17,192,760)	(18,903,140)
GO Bonds	(9,641,269)	(10,480,870)	(12,580,910)	(12,803,920)	(14,914,010)	(17,192,760)	(18,903,140)
Transfers To The General Fund	(9,590,835)	(10,103,465)	(10,141,399)	(10,141,399)	(10,141,399)	(10,141,399)	(10,141,399)
Indirect Costs	(7,744,425)	(8,257,055)	(8,294,989)	(8,294,989)	(8,294,989)	(8,294,989)	(8,294,989)
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	2,400,000	3,700,000	3,700,000	3,700,000	3,700,000	3,700,000	3,700,000
Recreation Non-Tax Supported	2,400,000	3,700,000	3,700,000	3,700,000	3,700,000	3,700,000	3,700,000
<b>TOTAL RESOURCES</b>	<b>63,225,531</b>	<b>63,532,608</b>	<b>65,062,253</b>	<b>67,060,911</b>	<b>68,457,968</b>	<b>70,156,258</b>	<b>71,968,140</b>
<b>PSP OPER. BUDGET APPROP/ EXP'S.</b>							
Operating Budget	(59,066,821)	(62,973,469)	(64,675,378)	(66,548,083)	(68,085,787)	(69,720,978)	(71,511,479)
Labor Agreement	n/a	0	(189,857)	(189,857)	(189,857)	(189,857)	(189,857)
Annualizations and One-Time	n/a	n/a	(22,137)	(22,137)	(22,137)	(22,137)	(22,137)
<b>Subtotal PSP Oper Budget Approp / Exp's</b>	<b>(59,066,821)</b>	<b>(62,973,469)</b>	<b>(64,887,372)</b>	<b>(66,760,077)</b>	<b>(68,297,781)</b>	<b>(69,932,972)</b>	<b>(71,723,473)</b>
<b>TOTAL USE OF RESOURCES</b>	<b>(59,066,821)</b>	<b>(62,973,469)</b>	<b>(64,887,372)</b>	<b>(66,760,077)</b>	<b>(68,297,781)</b>	<b>(69,932,972)</b>	<b>(71,723,473)</b>
<b>YEAR END FUND BALANCE</b>	<b>4,158,710</b>	<b>559,139</b>	<b>174,881</b>	<b>300,834</b>	<b>160,186</b>	<b>223,287</b>	<b>244,667</b>
<b>END-OF-YEAR RESERVES AS A</b>							
<b>PERCENT OF RESOURCES</b>	<b>6.6%</b>	<b>0.9%</b>	<b>0.3%</b>	<b>0.4%</b>	<b>0.2%</b>	<b>0.3%</b>	<b>0.3%</b>
<b>Assumptions:</b> 1. 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. These projections are based on the County Executive's FY26 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.							



**FY26-31 PUBLIC SERVICES PROGRAM: FISCAL PLAN**
**Economic Development Fund**

FISCAL PROJECTIONS	FY25 ESTIMATE	FY26 RECOMMENDED	FY27 PROJECTION	FY28 PROJECTION	FY29 PROJECTION	FY30 PROJECTION	FY31 PROJECTION
<b>ASSUMPTIONS</b>							
CPI (Fiscal Year)	2.6%	2.7%	2.7%	2.4%	2.2%	2.2%	2.3%
Investment Income Yield	4.8%	4.1%	3.8%	3.3%	3.0%	3.0%	3.0%
<b>BEGINNING FUND BALANCE</b>	20,631,698	0	0	0	0	0	0
<b>REVENUES</b>							
Miscellaneous	1,268,000	430,000	430,000	430,000	430,000	430,000	430,000
<b>Subtotal Revenues</b>	1,268,000	430,000	430,000	430,000	430,000	430,000	430,000
<b>INTERFUND TRANSFERS (Net Non-CIP)</b>	3,193,249	3,750,782	3,861,011	3,959,311	4,050,791	4,144,271	4,242,861
Transfers From The General Fund	3,193,249	3,750,782	3,861,011	3,959,311	4,050,791	4,144,271	4,242,861
From General Fund	3,193,249	3,750,782	3,861,011	3,959,311	4,050,791	4,144,271	4,242,861
<b>TOTAL RESOURCES</b>	25,092,947	4,180,782	4,291,011	4,389,311	4,480,791	4,574,271	4,672,861
<b>PSP OPER. BUDGET APPROP/ EXP'S.</b>							
Operating Budget	(25,092,947)	(4,180,782)	(4,287,242)	(4,385,542)	(4,477,022)	(4,570,502)	(4,669,092)
Labor Agreement	n/a	0	(3,769)	(3,769)	(3,769)	(3,769)	(3,769)
<b>Subtotal PSP Oper Budget Approp / Exp's</b>	(25,092,947)	(4,180,782)	(4,291,011)	(4,389,311)	(4,480,791)	(4,574,271)	(4,672,861)
<b>TOTAL USE OF RESOURCES</b>	(25,092,947)	(4,180,782)	(4,291,011)	(4,389,311)	(4,480,791)	(4,574,271)	(4,672,861)
<b>YEAR END FUND BALANCE</b>	0	0	0	0	0	0	0
<b>END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES</b>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

**Assumptions:**

1. These projections are based on the County Executive's FY26 Recommended Budget and include the revenue and resource assumptions of that budget. The projected future expenditures, revenues and fund balance may vary based on charges 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, and investment income.

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# Montgomery College

MONTGOMERY COLLEGE CURRENT FUND COUNTY EXECUTIVE RECOMMENDED FISCAL PLAN FY26-31							
	FY25 Estimate	FY26 Recommended	FY27 Projection	FY28 Projection	FY29 Projection	FY30 Projection	FY31 Projection
<b>Beginning Fund Balance</b>	57,573,120	43,593,049	14,385,298	4,584,056	4,930,824	4,936,996	5,022,852
<b>Revenues</b>							
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	70,008,687	68,592,727	69,293,552	70,466,197	71,156,883	71,820,298	71,820,298
Other Student Fees	-	4,007,640	4,048,587	4,117,101	4,157,455	4,196,216	4,196,216
State Aid	56,114,579	56,114,579	57,618,450	59,007,054	60,299,309	61,619,864	63,012,473
Fed, State & Priv. Gifts/Grants	350,000	300,000	308,040	315,464	322,373	329,433	336,878
Investment Income	2,000,000	2,235,000	2,318,813	2,394,174	2,465,999	2,539,979	2,616,178
Performing Arts Center	35,000	-	-	-	-	-	-
Other Revenues (asset sales, lib. fines, rentals)	515,000	2,000,000	2,053,600	2,103,092	2,149,150	2,196,216	2,245,850
Adjustments - Non Mandatory Transfer	(9,920,000)	(17,285,000)	-	-	-	-	-
Hypothetical Resource Increase			2,730,000	13,500,000	4,200,000	6,200,000	4,700,000
<b>Total Revenues</b>	<b>267,512,962</b>	<b>264,374,642</b>	<b>286,780,738</b>	<b>301,947,761</b>	<b>304,563,356</b>	<b>307,482,510</b>	<b>307,508,397</b>
CIP CR	7,584,000	15,084,000	16,434,000	16,434,000	16,434,000	16,434,000	16,434,000
<b>Subtotal Revenues and Transfers</b>	<b>275,096,962</b>	<b>279,458,642</b>	<b>303,214,738</b>	<b>318,381,761</b>	<b>320,997,356</b>	<b>323,916,510</b>	<b>323,942,397</b>
<b>Total Resources Available</b>	<b>332,670,082</b>	<b>323,051,691</b>	<b>317,600,036</b>	<b>322,965,817</b>	<b>325,928,180</b>	<b>328,853,505</b>	<b>328,965,249</b>
County Share	52.7%	50.6%	50.0%	49.2%	48.7%	48.3%	48.3%
State Aid Share	19.9%	19.1%	19.4%	19.6%	19.8%	20.0%	20.5%
Tuition, Fees, Other Share	27.3%	30.3%	30.5%	31.2%	31.5%	31.7%	31.2%
<b>Total Expenditures</b>	<b>(281,493,033)</b>	<b>(293,582,393)</b>	<b>(296,581,980)</b>	<b>(301,600,994)</b>	<b>(304,557,184)</b>	<b>(307,396,653)</b>	<b>(307,396,653)</b>
CIP CR	(7,584,000)	(15,084,000)	(16,434,000)	(16,434,000)	(16,434,000)	(16,434,000)	(16,434,000)
<b>End of year Fund Balance</b>	<b>38,292,757</b>	<b>9,598,558</b>	<b>1,366</b>	<b>187,160</b>	<b>104,461</b>	<b>102,558</b>	<b>210,949</b>
Reserve	5,300,292	4,786,740	4,582,690	4,743,664	4,832,535	4,920,294	4,923,647
<b>Total End of Year Proj. Fund Bal (Includes Reserve)</b>	<b>43,593,049</b>	<b>14,385,298</b>	<b>4,584,056</b>	<b>4,930,824</b>	<b>4,936,996</b>	<b>5,022,852</b>	<b>5,134,596</b>
Reserve Balance as % of Resources less Contribution	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
<b>Assumptions:</b> 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 table reflects, for analysis only, an out-year resource increase to maintain a positive combined reserve and fund balance level. 3. The County's local out-year contribution is held constant at the County Executive recommended FY26 level. 4. Tuition and related fees revenue change at the rate of full-time equivalent student changes. 5. Other revenues, State aid, and expenditures grow based on CPI.							

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# Maryland-National Capital Park and Planning Commission

FY26-31 PUBLIC SERVICES PROGRAM: FISCAL PLAN				M-NCPPC Administration Fund			
FISCAL PROJECTIONS	FY25 ESTIMATE	FY26 RECOMMENDED	FY27 PROJECTION	FY28 PROJECTION	FY29 PROJECTION	FY30 PROJECTION	FY31 PROJECTION
<b>ASSUMPTIONS</b>							
Property Tax Rate: Real Property	0.0198	0.0188	0.0204	0.0202	0.0200	0.0198	0.0198
Assessable Base: Real Property (000)	199,817,308	212,023,463	222,804,044	231,572,092	238,433,337	245,719,939	253,875,239
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	0.0495	0.0470	0.0510	0.0505	0.0500	0.0495	0.0490
Assessable Base: Personal Property (000)	3,557,500	3,611,371	3,574,828	3,598,082	3,588,367	3,605,103	3,614,832
Property Tax Collection Factor: Personal Property	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%
CPI (Fiscal Year)	2.6%	2.7%	2.7%	2.4%	2.2%	2.2%	2.3%
Investment Income Yield	4.8%	4.1%	3.8%	3.3%	3.0%	3.0%	3.0%
<b>BEGINNING FUND BALANCE</b>	<b>7,373,629</b>	<b>5,895,079</b>	<b>1,534,343</b>	<b>1,468,532</b>	<b>1,586,790</b>	<b>1,574,547</b>	<b>1,589,037</b>
<b>REVENUES</b>							
Taxes	41,083,885	41,315,199	46,998,727	48,310,294	49,191,142	50,141,590	51,228,715
Charges For Services	221,200	276,200	283,602	290,437	296,798	303,298	310,153
Intergovernmental	480,970	505,019	518,554	531,051	542,881	554,566	567,099
Miscellaneous	600,000	175,000	175,000	175,000	175,000	175,000	175,000
<b>Subtotal Revenues</b>	<b>42,386,055</b>	<b>42,271,418</b>	<b>47,975,883</b>	<b>49,306,782</b>	<b>50,205,621</b>	<b>51,174,454</b>	<b>52,280,967</b>
<b>INTERFUND TRANSFERS (Net Non-CIP)</b>							
Transfers To Special Fds: Tax Supported	(1,050,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)
To M-NCPPC Park Fund	(100,000)	0	0	0	0	0	0
To M-NCPPC Special Revenue Fund	(100,000)	0	0	0	0	0	0
Transfers To Special Fds: Non-Tax + ISF	(950,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)
To M-NCPPC Special Revenue Fund	(950,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)
<b>TOTAL RESOURCES</b>	<b>48,709,684</b>	<b>46,666,497</b>	<b>48,010,226</b>	<b>49,275,314</b>	<b>50,292,411</b>	<b>51,249,001</b>	<b>52,370,004</b>
<b>PSP OPER. BUDGET APPROP/ EXP'S.</b>							
Operating Budget	(42,814,605)	(45,132,154)	(46,541,694)	(47,688,524)	(48,717,864)	(49,659,964)	(50,740,024)
<b>Subtotal PSP Oper Budget Approp / Exp's</b>	<b>(42,814,605)</b>	<b>(45,132,154)</b>	<b>(46,541,694)</b>	<b>(47,688,524)</b>	<b>(48,717,864)</b>	<b>(49,659,964)</b>	<b>(50,740,024)</b>
<b>TOTAL USE OF RESOURCES</b>	<b>(42,814,605)</b>	<b>(45,132,154)</b>	<b>(46,541,694)</b>	<b>(47,688,524)</b>	<b>(48,717,864)</b>	<b>(49,659,964)</b>	<b>(50,740,024)</b>
<b>YEAR END FUND BALANCE</b>	<b>5,895,079</b>	<b>1,534,343</b>	<b>1,468,532</b>	<b>1,586,790</b>	<b>1,574,547</b>	<b>1,589,037</b>	<b>1,629,980</b>
<b>END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES</b>	<b>12.1%</b>	<b>3.3%</b>	<b>3.1%</b>	<b>3.2%</b>	<b>3.1%</b>	<b>3.1%</b>	<b>3.1%</b>
<b>Assumptions:</b> 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 FY26 Recommended Budget and include assumptions of that budget. Future revenues, expenditures, or fund balance may change based on factors not assumed here.							



FY26-31 PUBLIC SERVICES PROGRAM: FISCAL PLAN				M-NCPPC Park Fund			
FISCAL PROJECTIONS	FY25 ESTIMATE	FY26 RECOMMENDED	FY27 PROJECTION	FY28 PROJECTION	FY29 PROJECTION	FY30 PROJECTION	FY31 PROJECTION
<b>ASSUMPTIONS</b>							
Property Tax Rate: Real Property	0.0602	0.0598	0.0604	0.0596	0.0590	0.0586	0.0580
Assessable Base: Real Property (000)	199,817,308	212,023,463	222,804,044	231,572,092	238,433,337	245,719,939	253,875,239
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	0.1505	0.1495	0.1510	0.1490	0.1475	0.1465	0.1450
Assessable Base: Personal Property (000)	3,557,500	3,611,371	3,574,628	3,598,082	3,588,367	3,605,103	3,614,832
Property Tax Collection Factor: Personal Property	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%
CPI (Fiscal Year)	2.6%	2.7%	2.7%	2.4%	2.2%	2.2%	2.3%
Investment Income Yield	4.8%	4.1%	3.8%	3.3%	3.0%	3.0%	3.0%
<b>BEGINNING FUND BALANCE</b>	<b>14,999,918</b>	<b>9,863,434</b>	<b>5,630,512</b>	<b>5,697,821</b>	<b>5,979,259</b>	<b>5,883,325</b>	<b>6,055,759</b>
<b>REVENUES</b>							
Taxes	124,911,608	131,417,493	139,153,094	142,539,285	145,113,871	148,398,846	151,595,176
Charges For Services	3,613,251	3,653,576	3,751,492	3,841,903	3,926,041	4,012,021	4,102,693
Intergovernmental	4,289,641	4,637,840	4,762,134	4,876,901	4,983,705	5,092,848	5,207,946
Miscellaneous	2,087,500	871,000	871,000	871,000	871,000	871,000	871,000
<b>Subtotal Revenues</b>	<b>134,902,000</b>	<b>140,579,909</b>	<b>148,537,720</b>	<b>152,129,089</b>	<b>154,894,617</b>	<b>158,374,715</b>	<b>161,776,815</b>
<b>INTERFUND TRANSFERS (Net Non-CIP)</b>							
Transfers From The General Fund	50,000	50,000	50,000	50,000	50,000	50,000	50,000
From General Fund	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Transfers From Special Fds: Tax Supported	100,000	0	0	0	0	0	0
From M-NCPPC Administration Fund	100,000	0	0	0	0	0	0
<b>TOTAL RESOURCES</b>	<b>150,051,918</b>	<b>150,493,343</b>	<b>154,218,232</b>	<b>157,876,910</b>	<b>160,923,876</b>	<b>164,308,040</b>	<b>167,882,574</b>
<b>CIP CURRENT REVENUE APPROP.</b>							
<b>PSP OPER. BUDGET APPROP/ EXP'S.</b>	<b>(450,000)</b>	<b>(450,000)</b>	<b>(450,000)</b>	<b>(450,000)</b>	<b>(450,000)</b>	<b>(450,000)</b>	<b>(450,000)</b>
Operating Budget	(131,876,794)	(136,476,774)	(140,134,354)	(143,511,594)	(146,654,494)	(149,866,224)	(153,253,204)
Debt Service: Other (Non-Tax Funds only)	(7,861,690)	(7,936,057)	(7,936,057)	(7,936,057)	(7,936,057)	(7,936,057)	(7,936,057)
<b>Subtotal PSP Oper Budget Approp / Exp's</b>	<b>(139,738,484)</b>	<b>(144,412,831)</b>	<b>(148,070,411)</b>	<b>(151,447,651)</b>	<b>(154,590,551)</b>	<b>(157,802,281)</b>	<b>(161,189,261)</b>
<b>TOTAL USE OF RESOURCES</b>	<b>(140,188,484)</b>	<b>(144,862,831)</b>	<b>(148,520,411)</b>	<b>(151,897,651)</b>	<b>(155,040,551)</b>	<b>(158,252,281)</b>	<b>(161,639,261)</b>
<b>YEAR END FUND BALANCE</b>	<b>9,863,434</b>	<b>5,630,512</b>	<b>5,697,821</b>	<b>5,979,259</b>	<b>5,883,325</b>	<b>6,055,759</b>	<b>6,243,313</b>
<b>END-OF-YEAR RESERVES AS A</b>							
<b>PERCENT OF RESOURCES</b>	<b>6.6%</b>	<b>3.7%</b>	<b>3.7%</b>	<b>3.8%</b>	<b>3.7%</b>	<b>3.7%</b>	<b>3.7%</b>
<b>Assumptions:</b> 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 to four percent. 3. These projections are based on the County Executive's FY26 Recommended Budget and include 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 FY23	Actual FY24	Approved FY25	Estimate FY25	Recommended FY26	% Chg App/App	App % GO Bonds
<b>GO BOND DEBT SERVICE EXPENDITURES</b>							
General County	74,781,378	82,200,133	85,865,870	82,351,580	86,609,600		21.6%
Roads & Storm Drains	81,862,071	83,774,512	85,471,000	81,707,982	80,654,120		20.1%
Public Housing	50,055	46,640	18,070	18,074	33,540		0.0%
Parks	9,549,541	10,074,158	9,589,090	9,454,482	9,225,190		2.3%
Public Schools	156,353,376	149,416,584	158,632,080	154,179,437	154,369,080		38.5%
Montgomery College	28,834,000	29,860,869	30,188,080	29,112,727	29,203,790		7.3%
Bond Anticipation Notes/Commercial Paper	2,017,874	4,188,250	7,840,000	5,400,000	5,000,000		1.2%
Bond Anticipation Notes/Liquidity & Remarketing	2,391,338	1,610,666	2,118,000	2,000,000	2,000,000		0.5%
Cost of Issuance	746,732	717,563	840,000	550,000	750,000		0.2%
Line(s) of Credit	-	-	-	-	-		-
<b>Total General Fund</b>	<b>356,386,365</b>	<b>361,899,375</b>	<b>380,362,170</b>	<b>364,774,282</b>	<b>367,845,320</b>	<b>-3.3%</b>	<b>89.9%</b>
Fire Tax District Fund	8,186,303	9,216,826	9,099,340	8,548,401	8,400,060		2.1%
Mass Transit Fund	22,016,635	22,275,818	21,945,870	21,019,267	21,563,940		5.4%
Recreation Fund	10,551,998	10,869,946	10,909,180	9,641,269	10,480,870		2.6%
<b>Total Tax Supported Other Funds</b>	<b>40,754,936</b>	<b>42,362,590</b>	<b>41,954,390</b>	<b>39,208,937</b>	<b>40,444,870</b>	<b>-3.6%</b>	<b>10.1%</b>
<b>TOTAL TAX SUPPORTED</b>	<b>397,141,301</b>	<b>404,261,965</b>	<b>422,316,560</b>	<b>403,983,219</b>	<b>408,290,190</b>	<b>-3.3%</b>	<b>100.0%</b>
<b>TOTAL GO BOND DEBT SERVICE EXPENDITURES</b>	<b>397,141,301</b>	<b>404,261,965</b>	<b>422,316,560</b>	<b>403,983,219</b>	<b>408,290,190</b>	<b>-3.3%</b>	<b>100.0%</b>
<b>LONG-TERM LEASE EXPENDITURES</b>							
Revenue Authority - Conference Center	991,538	-	-	-	-		-
Revenue Authority - Crossvines Project	860,113	859,677	859,200	859,200	862,000		-
Fire and Rescue Equipment	35,996	1,092,835	2,098,900	1,797,200	3,113,100		-
<b>TOTAL LONG-TERM LEASE EXPENDITURES</b>	<b>1,887,647</b>	<b>1,952,512</b>	<b>2,958,100</b>	<b>2,656,400</b>	<b>3,975,100</b>	<b>34.4%</b>	
<b>SHORT-TERM LEASE EXPENDITURES</b>							
Technology Modernization Project	3,646,048	1,823,474	-	-	-		-
Digital Evidence Data Storage	247,627	247,627	247,800	247,800	93,800		-
Ride On Buses	712,394	712,394	919,200	712,400	918,570		-
Public Safety System Modernization	26,691	26,691	468,100	26,700	337,600		-
Transit System Radios	-	-	626,900	479,600	479,600		-
Police Body Armor	-	241,426	241,500	241,500	241,500		-
Intelligent Transit System	-	-	2,045,100	-	2,123,800		-
Fire Defibrillators	-	158,454	283,800	282,200	282,200		-
Radio Lifecycle Replacement	-	2,204,483	5,413,600	5,344,300	8,543,900		-
Business Continuity Plan	-	-	491,700	-	489,600		-
<b>TOTAL SHORT-TERM LEASE EXPENDITURES</b>	<b>4,633,660</b>	<b>5,414,549</b>	<b>10,737,700</b>	<b>7,334,500</b>	<b>13,510,870</b>	<b>25.8%</b>	
<b>OTHER LONG-TERM DEBT</b>							
Silver Spring Music Venue	215,700	214,819	293,200	293,200	293,210		-
Incubators	4,244,498	-	-	-	-		-
Rockville Core - Tax Supported	1,508,638	1,508,338	1,507,900	1,507,900	1,505,400		-
Energy Performance Leases QECBs	646,702	687,095	695,550	695,550	681,020		-
Energy Performance Leases Other	1,715,984	1,747,211	1,782,290	1,782,290	1,818,100		-
Wheaton Redevelopment	2,146,048	2,145,820	2,354,800	2,354,800	2,358,300		-
MHI-HUD Loan - Non-Tax supported	101,736	-	-	-	-		-
Water Quality Protection Charge Bonds - Non-Tax supported	8,543,872	8,897,783	9,446,100	9,446,100	9,921,900		-
MHI - Property Acquisition and Preservation Fund - Non-Tax supported	12,188,646	12,184,526	13,175,020	12,075,020	17,265,990		-
MHI Production Fund - HOC - Non-Tax supported	3,073,122	3,070,974	5,119,500	3,769,500	7,072,100		-
COP - Wheaton Redevelopment - Non-Tax supported	212,246	212,224	-	-	-		-
COPs - Fire SCBA and Apparatus	5,085,685	5,094,032	4,388,650	4,388,650	2,401,500		-
COPs - Fleet Equipment	328,395	328,450	327,300	327,300	325,650		-
COPs - Buses	6,022,550	5,317,375	4,640,300	4,640,300	3,343,825		-
COPs - Fuel Management	187,400	185,800	189,000	189,000	-		-
COPs - PSSM	2,495,580	-	-	-	-		-
COPs - Corrections	151,350	151,150	155,750	155,750	73,500		-
<b>TOTAL OTHER LONG-TERM DEBT</b>	<b>48,866,352</b>	<b>41,745,597</b>	<b>44,075,360</b>	<b>41,625,360</b>	<b>47,060,195</b>	<b>6.8%</b>	
<b>DEBT SERVICE EXPENDITURES</b>							
Tax Supported	431,482,460	429,009,116	452,347,100	430,308,859	438,576,665	-3.0%	
Non-Tax Supported - Other Long-term Debt	21,046,500	24,365,507	27,740,620	25,290,620	34,259,690	23.5%	
<b>TOTAL DEBT SERVICE EXPENDITURES</b>	<b>452,528,960</b>	<b>453,374,623</b>	<b>480,087,720</b>	<b>455,599,479</b>	<b>472,836,355</b>	<b>-1.5%</b>	
<b>GO BOND DEBT SERVICE FUNDING SOURCES</b>							
General Funds	352,828,020	360,042,944	380,362,170	364,774,282	367,845,320		-
Premium on General Obligation Bonds	3,511,431	1,712,185	-	-	-		-
<b>Total General Fund Sources</b>	<b>356,339,451</b>	<b>361,755,129</b>	<b>380,362,170</b>	<b>364,774,282</b>	<b>367,845,320</b>		-
Fire Tax District Funds	8,233,217	9,314,432	9,099,340	8,548,401	8,400,060		-
Mass Transit Fund	22,016,635	22,275,818	21,945,870	21,019,267	21,563,940		-
Recreation Fund	10,551,998	10,869,946	10,909,180	9,641,269	10,480,870		-
<b>Total Other Funding Sources</b>	<b>40,801,850</b>	<b>42,508,836</b>	<b>41,954,390</b>	<b>39,208,937</b>	<b>40,444,870</b>		-
<b>TOTAL GO BOND FUNDING SOURCES</b>	<b>397,141,301</b>	<b>404,261,965</b>	<b>422,316,560</b>	<b>403,983,219</b>	<b>408,290,190</b>		-
<b>NON GO BOND FUNDING SOURCES</b>							
General Funds	16,848,838	9,711,960	12,165,622	11,163,222	14,962,237		-
MHI Fund - HUD Loan	101,736	-	-	-	-		-
Water Quality Protection Fund	9,487,190	9,841,001	9,446,100	9,446,100	9,921,900		-
MHI - Property Acquisition Fund	15,261,768	15,255,500	18,294,520	13,133,295	24,337,790		-
MHI Fund - Interest Income	-	-	-	2,711,225	-		-
Wheaton Redevelopment Contributions	1,202,730	1,202,602	2,142,868	2,142,868	2,146,053		-
Motor Pool Fund	515,795	514,250	516,300	516,300	325,650		-
Mass Transit Fund	6,734,944	6,029,769	6,231,500	5,832,300	6,865,795		-
Fire Tax District Fund	5,121,681	6,345,321	6,771,350	6,468,050	5,796,600		-
Federal Subsidy - QECBs	112,977	212,255	202,900	202,900	189,940		-
<b>TOTAL NON GO BOND FUNDING SOURCES</b>	<b>55,387,659</b>	<b>49,112,658</b>	<b>57,771,160</b>	<b>51,616,260</b>	<b>64,546,165</b>		-
<b>TOTAL FUNDING SOURCES</b>	<b>452,528,960</b>	<b>453,374,623</b>	<b>480,087,720</b>	<b>455,599,479</b>	<b>472,836,355</b>		-
<b>TOTAL GENERAL OBLIGATION BOND SALES</b>							
Actual and Estimated Bond Sales	280,000,000	280,000,000	280,000,000	280,000,000	280,000,000		-
Council SAG Approved Bond Funded Expenditures	280,000,000	280,000,000	280,000,000	280,000,000	280,000,000		-

DEBT SERVICE - GENERAL OBLIGATION BONDS, LONG & SHORT TERM LEASES AND OTHER DEBT						
	Recommended FY26	Projected FY27	Projected FY28	Projected FY29	Projected FY30	Projected FY31
<b>GO BOND DEBT SERVICE EXPENDITURES</b>						
General County	86,609,600	94,071,530	96,827,740	102,331,480	102,449,200	104,296,710
Roads & Storm Drains	80,654,120	86,416,170	84,664,010	87,169,270	87,613,570	89,120,220
Public Housing	33,540	22,890	51,980	47,240	45,480	43,840
Parks	9,225,190	10,545,660	11,320,170	12,556,550	13,627,920	14,593,860
Public Schools	154,369,080	158,110,440	153,992,240	149,421,280	145,661,870	143,572,770
Montgomery College	29,203,790	30,840,000	33,575,460	37,575,990	40,043,500	39,262,250
Bond Anticipation Notes/Commercial Paper	5,000,000	5,200,000	5,600,000	5,800,000	5,800,000	5,800,000
Bond Anticipation Notes/Liquidity & Remarketing	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Cost of Issuance	750,000	780,000	790,000	810,000	830,000	850,000
<b>Total General Fund</b>	<b>367,845,320</b>	<b>387,986,690</b>	<b>388,921,600</b>	<b>397,714,810</b>	<b>398,071,540</b>	<b>399,639,650</b>
Fire Tax District Fund	8,400,060	8,716,050	10,370,290	12,380,900	12,762,700	12,508,330
Mass Transit Fund	21,563,940	22,044,870	22,275,070	21,542,740	20,841,240	18,192,790
Recreation Fund	10,480,870	12,580,910	12,803,920	14,914,010	17,192,760	18,903,140
<b>Total Tax Supported Other Funds</b>	<b>40,444,870</b>	<b>43,341,830</b>	<b>45,449,280</b>	<b>48,837,650</b>	<b>50,796,700</b>	<b>49,604,260</b>
<b>TOTAL TAX SUPPORTED</b>	<b>408,290,190</b>	<b>431,328,520</b>	<b>434,370,880</b>	<b>446,552,460</b>	<b>448,868,240</b>	<b>449,243,910</b>
<b>TOTAL GO BOND DEBT SERVICE EXPENDITURES</b>	<b>408,290,190</b>	<b>431,328,520</b>	<b>434,370,880</b>	<b>446,552,460</b>	<b>448,868,240</b>	<b>449,243,910</b>
<b>LONG-TERM LEASE EXPENDITURES</b>						
Fire and Rescue Equipment	3,113,100	4,285,600	4,416,600	4,559,300	4,737,000	4,737,000
Revenue Authority - Crossvines Project	862,000	858,800	859,400	858,800	861,800	858,400
<b>TOTAL LONG-TERM LEASE EXPENDITURES</b>	<b>3,975,100</b>	<b>5,144,400</b>	<b>5,276,000</b>	<b>5,418,100</b>	<b>5,598,800</b>	<b>5,595,400</b>
<b>SHORT-TERM LEASE EXPENDITURES / FINANCING</b>						
Digital Evidence Data Storage	93,800	-	-	-	-	-
Ride On Buses	918,570	1,124,800	4,400,100	5,519,000	5,519,000	8,654,600
Intelligent Transit System	2,123,800	2,123,800	2,123,800	2,123,800	2,123,800	2,123,800
Public Safety System Modernization	337,900	474,500	447,800	447,800	447,800	136,700
Transit System Radios	479,600	479,600	479,600	479,600	-	-
Fire Defibrillators	282,200	282,200	282,200	123,700	-	-
Police Body Armor	241,500	241,500	241,500	-	-	-
Radio Lifecycle Replacement	8,543,900	9,338,100	10,237,000	8,838,000	5,698,200	3,732,800
Business Continuity Plan	489,600	489,600	489,600	489,600	489,600	-
<b>TOTAL SHORT-TERM LEASE EXPENDITURES</b>	<b>13,510,870</b>	<b>14,554,100</b>	<b>18,701,600</b>	<b>18,021,500</b>	<b>14,278,400</b>	<b>14,647,900</b>
<b>OTHER LONG-TERM DEBT</b>						
Silver Spring Music Venue	293,210	292,700	293,300	293,400	293,100	293,100
Rockville Core	1,505,400	1,505,750	1,508,750	1,508,250	1,509,250	1,507,600
Energy Performance Leases QECBs	681,020	680,220	679,320	678,220	680,300	913,100
Energy Performance Leases Other	1,818,100	1,832,950	1,879,280	1,911,915	1,805,200	1,721,000
Wheaton Redevelopment	2,358,300	2,358,300	2,354,800	2,357,600	2,356,300	2,356,000
Water Quality Protection Charge Bonds - Non-Tax supported	9,921,900	11,897,300	14,841,900	18,949,400	21,318,300	26,478,200
MHI - Property Acquisition and Preservation Fund - Non-Tax supported	17,265,680	23,730,100	24,799,500	26,456,100	27,660,000	27,070,000
MHI Production Fund - HOC - Non-Tax supported	7,072,100	7,070,300	7,068,800	7,072,900	7,072,300	7,068,900
COPs - Fire SCBA and Apparatus	2,401,500	2,399,600	2,398,050	2,396,650	2,400,125	2,398,125
COPs - Fleet Equipment	325,650	328,375	325,475	326,950	327,675	322,775
COPs - Buses	3,343,825	3,092,000	2,859,750	-	-	-
COPs - Corrections	73,500	-	-	-	-	-
<b>TOTAL OTHER LONG-TERM DEBT</b>	<b>47,060,195</b>	<b>55,187,595</b>	<b>59,008,925</b>	<b>61,855,385</b>	<b>65,543,550</b>	<b>70,128,800</b>
<b>DEBT SERVICE EXPENDITURES</b>						
Tax Supported	438,576,665	463,516,915	470,647,205	479,466,045	478,238,390	478,998,910
Non-Tax Supported - Other Long-term Debt	34,259,690	42,697,700	46,710,200	52,381,400	56,050,600	60,617,100
<b>TOTAL DEBT SERVICE EXPENDITURES</b>	<b>472,836,355</b>	<b>506,214,615</b>	<b>517,357,405</b>	<b>531,847,445</b>	<b>534,288,990</b>	<b>539,616,010</b>
<b>GO BOND DEBT SERVICE FUNDING SOURCES</b>						
General Funds	367,845,320	387,986,690	388,921,600	397,714,810	398,071,540	399,639,650
Premium on General Obligation Bonds	0	-	-	-	-	-
<b>Total General Fund Sources</b>	<b>367,845,320</b>	<b>387,986,690</b>	<b>388,921,600</b>	<b>397,714,810</b>	<b>398,071,540</b>	<b>399,639,650</b>
Fire Tax District Fund	8,400,060	8,716,050	10,370,290	12,380,900	12,762,700	12,508,330
Mass Transit Fund	21,563,940	22,044,870	22,275,070	21,542,740	20,841,240	18,192,790
Recreation Fund	10,480,870	12,580,910	12,803,920	14,914,010	17,192,760	18,903,140
<b>Total Other Funding Sources</b>	<b>40,444,870</b>	<b>43,341,830</b>	<b>45,449,280</b>	<b>48,837,650</b>	<b>50,796,700</b>	<b>49,604,260</b>
<b>TOTAL GO BOND FUNDING SOURCES</b>	<b>408,290,190</b>	<b>431,328,520</b>	<b>434,370,880</b>	<b>446,552,460</b>	<b>448,868,240</b>	<b>449,243,910</b>
<b>NON GO BOND FUNDING SOURCES</b>						
General Funds	14,962,237	15,749,977	16,885,622	15,091,639	11,986,947	9,263,470
Water Quality Protection Fund	9,921,900	11,897,300	14,841,900	18,949,400	21,318,300	26,478,200
MHI - Property Acquisition Fund	24,337,790	30,800,400	31,868,300	33,532,000	34,732,300	34,138,900
Wheaton Redevelopment Contributions	2,146,053	2,146,053	2,142,868	2,145,416	2,144,233	2,143,960
Motor Pool Fund	325,650	328,375	325,475	326,950	327,675	322,775
Mass Transit Fund	6,865,795	6,820,200	9,863,250	8,122,400	7,642,800	10,778,400
Fire Tax District Fund	5,796,800	6,967,400	7,096,850	7,079,650	7,137,125	7,135,125
Federal Subsidy - QECBs	189,940	176,390	162,260	147,530	131,370	111,270
<b>TOTAL NON GO BOND FUNDING SOURCES</b>	<b>64,546,165</b>	<b>74,886,095</b>	<b>82,986,525</b>	<b>85,294,985</b>	<b>85,420,750</b>	<b>90,372,100</b>
<b>TOTAL FUNDING SOURCES</b>	<b>472,836,355</b>	<b>506,214,615</b>	<b>517,357,405</b>	<b>531,847,445</b>	<b>534,288,990</b>	<b>539,616,010</b>
<b>TOTAL GENERAL OBLIGATION BOND SALES</b>						
Estimated Bond Sales	280,000,000	280,000,000	280,000,000	280,000,000	280,000,000	280,000,000
Council SAG Approved Bond Funded Expenditures	280,000,000	280,000,000	280,000,000	280,000,000	280,000,000	280,000,000
<b>ESTIMATED INTEREST RATE</b>	<b>5.00%</b>	<b>5.00%</b>	<b>5.00%</b>	<b>5.00%</b>	<b>5.00%</b>	<b>5.00%</b>





# Non-Tax Supported: Six Year Fiscal Plans

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## Montgomery County Government

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- 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

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- Enterprise Fund

## Washington Suburban Sanitary Commission

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- Water and Sewer Operating Funds

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# Montgomery County Government

FY26-31 PUBLIC SERVICES PROGRAM: FISCAL PLAN							
Cable Communications Plan							
FISCAL PROJECTIONS	FY25 ESTIMATE	FY26 RECOMMENDED	FY27 PROJECTION	FY28 PROJECTION	FY29 PROJECTION	FY30 PROJECTION	FY31 PROJECTION
<b>ASSUMPTIONS</b>							
CPI (Fiscal Year)	2.6%	2.7%	2.7%	2.4%	2.2%	2.2%	2.3%
Investment Income Yield	4.8%	4.1%	3.8%	3.3%	3.0%	3.0%	3.0%
<b>BEGINNING FUND BALANCE</b>	2,958,139	1,851,188	1,448,305	2,320,414	3,274,938	4,310,045	5,428,090
<b>REVENUES</b>							
Charges For Services	18,638,243	17,395,416	16,091,062	14,788,550	13,486,337	12,184,256	10,882,304
Miscellaneous	1,117,980	92,860	70,220	68,820	64,820	64,820	64,820
<b>Subtotal Revenues</b>	19,756,203	17,488,276	16,161,282	14,857,370	13,551,157	12,249,076	10,947,124
<b>INTERFUND TRANSFERS (Net Non-CIP)</b>	(10,812,185)	(9,225,989)	(8,200,117)	(7,439,549)	(6,677,406)	(5,918,019)	(5,158,639)
Transfer to General Fund	(7,626,135)	(6,469,433)	(5,683,169)	(5,157,482)	(4,630,707)	(4,105,837)	(3,580,971)
Transfer to Montgomery College for MC Cable Fund	(1,604,850)	(1,378,278)	(1,258,474)	(1,141,033)	(1,023,349)	(906,091)	(788,834)
Transfer to MCPS for MCPS Instructional TV Fund	(1,581,200)	(1,378,278)	(1,258,474)	(1,141,033)	(1,023,349)	(906,091)	(788,834)
M-NCPPC Park Fund	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
<b>TOTAL RESOURCES</b>	11,902,157	10,113,476	9,409,470	9,738,235	10,148,690	10,641,102	11,216,575
<b>CIP CURRENT REVENUE APPROP.</b>	(3,494,000)	(3,020,000)	(2,773,000)	(2,526,000)	(2,280,000)	(2,033,000)	(2,033,000)
<b>PSP OPER. BUDGET APPROP/ EXP'S.</b>							
Operating Budget	(6,556,970)	(5,645,170)	(4,316,056)	(3,937,297)	(3,558,644)	(3,180,012)	(2,625,229)
Transfer to City of Rockville	(1,304,156)	(1,235,952)	(830,759)	(763,014)	(695,292)	(627,574)	(559,858)
Transfer to City of Takoma Park	(600,324)	(542,262)	(439,536)	(388,205)	(336,876)	(285,547)	(234,062)
Transfer to Other Municipalities	(1,128,057)	(568,155)	(514,817)	(461,524)	(408,241)	(354,960)	(301,680)
Transfer to Montgomery Community Media	(2,857,084)	(2,480,422)	(1,903,058)	(1,747,870)	(1,592,736)	(1,437,612)	(1,282,490)
Transfer to Connect Montgomery Alliance	(667,349)	(818,379)	(627,886)	(576,684)	(525,500)	(474,319)	(423,139)
<b>Subtotal PSP Oper Budget Approp / Exp's</b>	(6,556,970)	(5,645,170)	(4,316,056)	(3,937,297)	(3,558,644)	(3,180,012)	(2,625,229)
<b>TOTAL USE OF RESOURCES</b>	(10,050,970)	(8,665,170)	(7,089,056)	(6,463,297)	(5,838,644)	(5,213,012)	(4,658,229)
<b>YEAR END FUND BALANCE</b>	1,851,188	1,448,305	2,320,414	3,274,938	4,310,045	5,428,090	6,558,346
<b>END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES</b>	15.6%	14.3%	24.7%	33.6%	42.5%	51.0%	58.5%
<b>Assumptions:</b> 1. "Cord cutting" will continue to drive revenue shortfalls for the Cable Fund at an accelerating rate.  <b>Major Issues:</b> 1. Cable Fund Revenue continues to decline at a rapid rate with no new revenue to offset these losses.  <b>Notes:</b> 1. These projections are based on the County Executive's FY26 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. These projections assume that future reductions in Cable Revenue will track outyear projections, however there is a strong possibility that Cable revenues will decline faster than OMB's projections predict. 3. The "Transfers to the General Fund" referenced in Interfund Transfers will be used for programs including FiberNet, Community Technology, Community Engagement, Digital Equity, County Council Communications, Public Information, Park and Planning Wi-Fi in the Parks, Montgomery College TV, and MCPS TV. All expenditures will comply with the requirements of the County Code. These programs will also be supported by additional General Fund dollars. 4. Operating Budget line items do not display the full detail of all programs funded in the Cable Fund for FY24 as numerous programs previously funded by the Cable Fund were moved to the General Fund in FY25.							

**FY26-31 PUBLIC SERVICES PROGRAM: FISCAL PLAN**
**Montgomery Housing Initiative**

FISCAL PROJECTIONS	FY25 APPROVED	FY25 ESTIMATE	FY26 RECOMMENDED	FY27 PROJECTION	FY28 PROJECTION	FY29 PROJECTION	FY30 PROJECTION	FY31 PROJECTION
<b>ASSUMPTIONS</b>								
Indirect Cost Rate	19.96%	19.96%	19.98%	19.98%	19.98%	19.98%	19.98%	19.98%
CPI (Fiscal Year)	2.2%	2.8%	2.5%	2.4%	2.3%	2.3%	2.3%	2.3%
Investment Income Yield	4.3%	4.8%	4.0%	3.8%	3.3%	3.0%	3.0%	3.0%
<b>BEGINNING FUND BALANCE</b>	<b>5,146,068</b>	<b>16,885,434</b>	<b>8,497,054</b>	<b>1,098,700</b>	<b>453,700</b>	<b>307,000</b>	<b>155,800</b>	<b>0</b>
<b>REVENUES</b>								
Taxes	22,986,826	23,057,932	25,407,109	27,711,024	29,026,217	30,280,944	31,393,785	32,081,470
Charges For Services	4,853,742	3,538,950	4,696,758	4,808,459	4,700,163	4,701,892	4,703,845	4,705,422
Miscellaneous	9,588,586	10,784,826	10,104,080	9,626,510	9,101,850	8,839,530	8,839,530	8,839,530
<b>Subtotal Revenues</b>	<b>37,429,154</b>	<b>37,381,708</b>	<b>40,207,947</b>	<b>42,035,993</b>	<b>42,828,230</b>	<b>43,822,366</b>	<b>44,936,960</b>	<b>45,626,422</b>
<b>INTERFUND TRANSFERS (Net Non-CIP)</b>	<b>14,705,832</b>	<b>17,155,832</b>	<b>12,779,847</b>	<b>6,317,238</b>	<b>5,249,337</b>	<b>3,585,637</b>	<b>2,385,337</b>	<b>2,978,737</b>
Transfers To Debt Service Fund	(18,294,520)	(15,844,520)	(24,337,790)	(30,800,400)	(31,868,300)	(33,532,000)	(34,732,300)	(34,138,900)
MHI HOC Housing Production Fund			(7,072,100)	(7,070,300)	(7,068,800)	(7,072,900)	(7,072,300)	(7,068,900)
MHI Property Acquisition	(5,119,500)	(3,769,500)	(14,865,890)	(17,530,100)	(18,599,500)	(20,259,100)	(21,480,000)	(20,870,000)
MHI Property Acquisition - New FY26 Debt for CIP Project 760100	0	0	(2,400,000)	(8,200,000)	(8,200,000)	(8,200,000)	(8,200,000)	(8,200,000)
Transfers To The General Fund	(674,116)	(674,116)	(806,644)	(806,644)	(806,644)	(806,644)	(806,644)	(806,644)
Indirect Costs	(674,116)	(674,116)	(806,644)	(806,644)	(806,644)	(806,644)	(806,644)	(806,644)
Transfers From The General Fund	33,674,468	33,674,468	37,924,281	37,924,281	37,924,281	37,924,281	37,924,281	37,924,281
General Fund	33,674,468	33,674,468	37,924,281	37,924,281	37,924,281	37,924,281	37,924,281	37,924,281
<b>TOTAL RESOURCES</b>	<b>57,281,054</b>	<b>71,422,974</b>	<b>61,484,848</b>	<b>49,451,930</b>	<b>48,531,267</b>	<b>47,715,003</b>	<b>47,478,097</b>	<b>48,605,159</b>
<b>PSP OPER. BUDGET APPROP/ EXP'S.</b>								
Operating Budget	(56,196,099)	(62,925,920)	(4,500,326)	(4,500,326)	(4,500,326)	(4,500,326)	(4,500,326)	(4,500,326)
CPI-Fiscal Year for OE (= OE w/o FC x CPI)			0	(10,970)	(21,970)	(33,130)	(44,440)	(55,910)
Compensation Adjustment			0	(176,428)	(358,459)	(547,475)	(743,701)	(947,370)
Rental Assistance Program (RAP)			(25,397,109)	(27,701,024)	(29,016,217)	(30,270,944)	(31,383,785)	(32,071,470)
Affordable Housing Loans			(12,400,707)	914,804	3,196,992	5,318,958	6,718,442	6,494,203
HHS Housing Programs			(9,706,200)	(9,706,200)	(9,706,200)	(9,706,200)	(9,706,200)	(9,706,200)
Neighborhoods to Call Home			(1,990,713)	(1,990,713)	(1,990,713)	(1,990,713)	(1,990,713)	(1,990,713)
HARP (Design for Life)			(318,373)	(318,373)	(318,373)	(318,373)	(318,373)	(318,373)
Homeownership Assistance Program			(5,509,000)	(5,509,000)	(5,509,000)	(5,509,000)	(5,509,000)	(5,509,000)
<b>Subtotal PSP Oper Budget Approp / Exp's</b>	<b>(56,196,099)</b>	<b>(62,925,920)</b>	<b>(59,822,428)</b>	<b>(48,998,230)</b>	<b>(48,224,266)</b>	<b>(47,559,203)</b>	<b>(47,478,096)</b>	<b>(48,605,159)</b>
<b>TOTAL USE OF RESOURCES</b>	<b>(56,196,099)</b>	<b>(62,925,920)</b>	<b>(60,386,148)</b>	<b>(48,998,230)</b>	<b>(48,224,266)</b>	<b>(47,559,203)</b>	<b>(47,478,096)</b>	<b>(48,605,159)</b>
<b>YEAR END FUND BALANCE</b>	<b>1,084,955</b>	<b>8,497,054</b>	<b>1,098,700</b>	<b>453,700</b>	<b>307,000</b>	<b>155,800</b>	<b>0</b>	<b>(0)</b>
<b>END-OF-YEAR RESERVES AS A</b>								
<b>PERCENT OF RESOURCES</b>	<b>1.9%</b>	<b>11.9%</b>	<b>1.8%</b>	<b>0.9%</b>	<b>0.6%</b>	<b>0.3%</b>	<b>0.0%</b>	<b>0.0%</b>

**Assumptions:**

1. Approximately \$61.5 million, including \$59.8 million in new funding, will be allocated in this fund to support the acquisition and preservation of affordable housing units, renovation of distressed housing, creation of housing units for special needs residents and mixed-income housing, first-time homeowner downpayment assistance, rental assistance, and a variety of services for permanent supportive housing and community development.
2. A total of \$108.9 million will be funded through the FY26 CIP Budget in support of affordable housing, including \$102 million for the Affordable Housing Acquisition and Preservation CIP Project# 760100, \$5 million for the Affordable Housing Opportunity Fund CIP Project# 762101, and \$1.85 million to continue funding the Revitalization of Troubled and Distressed Common Ownership Communities CIP Project# 762504.
3. Montgomery County Council Resolution #15-110 provides for an allocation from the General Fund to the Montgomery Housing Initiative fund (MHI) equivalent to 2.5% of actual General Fund property taxes from two years prior to the upcoming fiscal year to maintain and expand 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 County 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 operating budget includes personnel costs, contracts for homeownership education, consultants' miscellaneous expenses, relevant technology upgrades, and loan asset monitoring.



FY26-31 PUBLIC SERVICES PROGRAM: FISCAL PLAN				Water Quality Protection Fund			
FISCAL PROJECTIONS	FY25 Estimate	FY26 Recommended	FY27 Projection	FY28 Projection	FY29 Projection	FY30 Projection	FY31 Projection
<b>ASSUMPTIONS</b>							
Indirect Cost Rate	19.96%	19.98%	19.98%	19.98%	19.98%	19.98%	19.98%
CPI (Fiscal Year)	2.60%	2.65%	2.68%	2.41%	2.19%	2.19%	2.26%
Investment Income Yield	4.75%	4.10%	3.75%	3.25%	3.00%	3.00%	3.00%
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)	\$136.50	\$147.00	\$157.50	\$168.00	\$178.50	\$189.00	\$199.50
Target Debt Service Coverage Ratio	1.25	1.25	1.25	1.25	1.25	1.25	1.25
<b>BEGINNING FUND BALANCE</b>	<b>25,209,321</b>	<b>13,689,761</b>	<b>9,020,801</b>	<b>7,903,868</b>	<b>8,353,103</b>	<b>8,132,710</b>	<b>10,241,370</b>
<b>REVENUES</b>							
Charges For Services	49,639,440	53,481,687	57,323,950	61,166,188	65,008,418	68,850,659	72,692,887
Bag Tax Receipts	2,700,000	2,568,000	2,568,000	2,368,000	2,368,000	2,368,000	2,368,000
Miscellaneous	2,148,010	1,816,350	1,624,900	1,414,580	1,309,420	1,309,420	1,309,420
<b>Subtotal Revenues</b>	<b>54,487,450</b>	<b>57,866,037</b>	<b>61,516,850</b>	<b>64,948,768</b>	<b>68,685,838</b>	<b>72,528,079</b>	<b>76,370,307</b>
<b>INTERFUND TRANSFERS (Net Non-CIP)</b>	<b>(12,871,980)</b>	<b>(13,705,520)</b>	<b>(15,773,560)</b>	<b>(18,713,150)</b>	<b>(22,716,660)</b>	<b>(25,186,410)</b>	<b>(28,465,170)</b>
Transfers To General Fund	(2,483,960)	(2,840,300)	(2,932,940)	(2,929,330)	(2,924,220)	(2,925,590)	(2,929,370)
Transfers to Debt Service Fund (Non-Tax)	(10,388,020)	(10,865,220)	(12,840,620)	(15,783,820)	(19,792,440)	(22,260,820)	(25,535,800)
<b>WQPF Required Debt Service</b>	<b>(9,446,100)</b>	<b>(9,921,900)</b>	<b>(11,897,300)</b>	<b>(14,841,900)</b>	<b>(18,849,400)</b>	<b>(21,318,300)</b>	<b>(26,478,200)</b>
<b>TOTAL RESOURCES</b>	<b>66,824,791</b>	<b>57,850,278</b>	<b>54,764,092</b>	<b>54,139,486</b>	<b>54,322,282</b>	<b>55,474,379</b>	<b>58,146,508</b>
<b>CIP CURRENT REVENUE APPROPRIATION</b>	<b>(17,609,000)</b>	<b>(9,451,936)</b>	<b>(6,402,000)</b>	<b>(5,483,000)</b>	<b>(6,109,000)</b>	<b>(5,137,000)</b>	<b>(5,137,000)</b>
<b>PSP OPER. BUDGET APPROP/ EXP'S.</b>							
Operating Budget	(35,526,030)	(39,377,541)	(39,377,541)	(39,377,541)	(39,377,541)	(39,377,541)	(39,377,541)
<b>FFIs (Future Fiscal Impacts) Requested &amp; Projected</b>							
CPI - OE Adjustment	0	0	(674,337)	(637,522)	(590,291)	(598,899)	(631,771)
Outreach for Amended Bag Fee law	0	0	0	100,000	250,000	250,000	250,000
Elimination of one-time items	0	0	57,302	57,302	57,302	57,302	57,302
CPI - PC Adjustment	0	0	(380,981)	(362,954)	(337,375)	(344,204)	(363,139)
Annualizations of New Positions	0	0	(30,021)	(30,021)	(30,021)	(30,021)	(30,021)
Labor Contracts	0	0	(52,646)	(52,646)	(52,646)	(52,646)	(52,646)
<b>Subtotal PSP Oper Budget Approp / Exp's</b>	<b>(35,526,030)</b>	<b>(39,377,541)</b>	<b>(40,458,224)</b>	<b>(40,303,382)</b>	<b>(40,080,572)</b>	<b>(40,096,008)</b>	<b>(40,147,816)</b>
<b>TOTAL USE OF RESOURCES</b>	<b>(53,135,030)</b>	<b>(48,829,477)</b>	<b>(46,860,224)</b>	<b>(45,786,382)</b>	<b>(46,189,572)</b>	<b>(45,233,008)</b>	<b>(45,284,816)</b>
<b>ACFR YEAR END FUND BALANCE</b>	<b>13,689,761</b>	<b>9,020,801</b>	<b>7,903,868</b>	<b>8,353,103</b>	<b>8,132,710</b>	<b>10,241,370</b>	<b>12,861,691</b>
<b>END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES</b>	<b>20.5%</b>	<b>15.6%</b>	<b>14.4%</b>	<b>15.4%</b>	<b>15.0%</b>	<b>18.5%</b>	<b>22.1%</b>
<b>NET REVENUE</b>	<b>16,477,460</b>	<b>15,648,196</b>	<b>18,125,686</b>	<b>21,716,056</b>	<b>25,681,046</b>	<b>29,506,481</b>	<b>33,293,121</b>
<b>DEBT SERVICE COVERAGE RATIO</b>	<b>1.74</b>	<b>1.58</b>	<b>1.52</b>	<b>1.46</b>	<b>1.36</b>	<b>1.38</b>	<b>1.26</b>
<b>Assumptions:</b> 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 FY27 and FY31 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. 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. 5. Future WQPC rates are subject to change based on the timing and size of future debt issuance, State Aid, and legislation. 6. Charges are adjusted to fund the planned service program and maintain net revenues sufficient to cover 1.25 times debt service costs. 7. The Water Quality Protection fund balance minimum policy target is 5% of resources.							



FY26-31 PUBLIC SERVICES PROGRAM: FISCAL PLAN				Community Use of Public Facilities			
FISCAL PROJECTIONS	FY25 ESTIMATE	FY26 RECOMMENDED	FY27 PROJECTION	FY28 PROJECTION	FY29 PROJECTION	FY30 PROJECTION	FY31 PROJECTION
<b>ASSUMPTIONS</b>							
Indirect Cost Rate	19.96%	19.98%	19.98%	19.98%	19.98%	19.98%	19.98%
CPI (Fiscal Year)	2.6%	2.7%	2.7%	2.4%	2.2%	2.2%	2.3%
Investment Income Yield	4.8%	4.1%	3.8%	3.3%	3.0%	3.0%	3.0%
<b>BEGINNING FUND BALANCE</b>	<b>1,366,610</b>	<b>286,043</b>	<b>1,995</b>	<b>522,224</b>	<b>2,026,495</b>	<b>3,150,414</b>	<b>3,907,615</b>
<b>REVENUES</b>							
Charges For Services	11,104,248	12,829,289	14,112,218	15,523,440	15,523,440	15,523,440	15,523,440
Miscellaneous	399,000	334,790	313,870	272,020	251,100	251,100	251,100
<b>Subtotal Revenues</b>	<b>11,503,248</b>	<b>13,164,079</b>	<b>14,426,088</b>	<b>15,795,460</b>	<b>15,774,540</b>	<b>15,774,540</b>	<b>15,774,540</b>
<b>INTERFUND TRANSFERS (Net Non-CIP)</b>	<b>(1,187,830)</b>	<b>(1,255,958)</b>	<b>(1,262,601)</b>	<b>(1,262,111)</b>	<b>(1,262,503)</b>	<b>(1,262,321)</b>	<b>(1,262,279)</b>
Transfers To Debt Service Fund	(329,672)	(330,162)	(330,162)	(329,672)	(330,064)	(329,882)	(329,840)
Wheaton Redevelopment	(329,672)	(330,162)	(330,162)	(329,672)	(330,064)	(329,882)	(329,840)
Transfers To The General Fund	(1,018,158)	(1,085,796)	(1,092,439)	(1,092,439)	(1,092,439)	(1,092,439)	(1,092,439)
Indirect Costs	(810,828)	(878,466)	(885,109)	(885,109)	(885,109)	(885,109)	(885,109)
DCM	(7,330)	(7,330)	(7,330)	(7,330)	(7,330)	(7,330)	(7,330)
CAAP	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)
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
<b>TOTAL RESOURCES</b>	<b>11,682,028</b>	<b>12,194,164</b>	<b>13,165,482</b>	<b>15,055,573</b>	<b>16,538,532</b>	<b>17,662,633</b>	<b>18,419,876</b>
Operating Budget	(11,395,985)	(12,192,169)	(12,610,009)	(12,995,829)	(13,354,869)	(13,721,769)	(14,108,689)
Labor Agreement	n/a	0	(33,249)	(33,249)	(33,249)	(33,249)	(33,249)
<b>Subtotal PSP Oper Budget Approp / Exp's</b>	<b>(11,395,985)</b>	<b>(12,192,169)</b>	<b>(12,643,258)</b>	<b>(13,029,078)</b>	<b>(13,388,118)</b>	<b>(13,755,018)</b>	<b>(14,141,938)</b>
<b>TOTAL USE OF RESOURCES</b>	<b>(11,395,985)</b>	<b>(12,192,169)</b>	<b>(12,643,258)</b>	<b>(13,029,078)</b>	<b>(13,388,118)</b>	<b>(13,755,018)</b>	<b>(14,141,938)</b>
<b>YEAR END FUND BALANCE</b>	<b>286,043</b>	<b>1,995</b>	<b>522,224</b>	<b>2,026,495</b>	<b>3,150,414</b>	<b>3,907,615</b>	<b>4,277,938</b>
<b>END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES</b>	<b>2.4%</b>	<b>0.0%</b>	<b>4.0%</b>	<b>13.5%</b>	<b>19.0%</b>	<b>22.1%</b>	<b>23.2%</b>
<b>Notes:</b> 1. These projections are based on the County Executive's FY26 Recommended Budget and include the revenue and resources assumptions of that budget. The projected future expenditures, revenues, and fund balances may vary based on changes not assumed here to fees, usage, inflation, future labor agreements, and other factors not assumed here. 2. The fund balance is calculated on a net assets basis and the fund balance policy target is 10 percent of resources. 3. The FY25 fund balance is estimated below policy level due to increased expenditures, resulting in a lower base in FY26.							

## Bethesda PLD

FY26-31 Public Services Program: Fiscal Plan Bethesda Parking Lot District	Estimated 2025	Proposed 2026	Projected 2027	Projected 2028	Projected 2029	Projected 2030	Projected 2031
<b>Assumptions</b>							
Indirect Cost Rate	19.96%	19.98%	19.98%	19.98%	19.98%	19.98%	19.98%
CPI (Fiscal Year)	2.60%	2.65%	2.68%	2.41%	2.19%	2.19%	2.26%
Investment Income Yield	4.77%	4.75%	3.75%	3.25%	3.00%	3.00%	3.00%
<b>Beginning Fund Balance</b>							
19,794,079	8,995,530	6,206,271	3,017,135	228,031	(2,135,376)	(5,281,362)	
<b>Revenues</b>							
Charges for Services	13,962,000	14,262,000	14,262,000	15,012,000	15,762,000	15,762,000	15,762,000
Parking Fees Base	13,962,000	14,262,000	14,262,000	14,262,000	14,262,000	14,262,000	14,262,000
Fines & Forfeits	3,339,000	3,339,000	3,339,000	3,339,000	3,339,000	3,339,000	3,339,000
Parking Fines	3,339,000	3,339,000	3,339,000	3,339,000	3,339,000	3,339,000	3,339,000
Miscellaneous	2,912,730	2,777,740	2,745,540	2,745,540	2,745,540	2,745,540	2,745,540
Investment Income	553,610	418,620	386,420	386,420	386,420	386,420	386,420
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
Subtotal Revenues	20,213,730	20,378,740	20,346,540	21,096,540	21,846,540	21,846,540	21,846,540
<b>Transfers</b>							
Transfers to/from General Fund	(541,105)	(606,675)	(649,565)	(665,231)	(679,773)	(694,633)	(710,339)
Indirect Costs	(541,105)	(606,675)	(649,565)	(665,231)	(679,773)	(694,633)	(710,339)
Transfers to/from Special Funds : Tax Supported	(1,581,122)	(1,581,122)	(1,581,122)	(1,581,122)	(1,581,122)	(1,581,122)	(1,581,122)
Bethesda Urban District	(1,581,122)	(1,581,122)	(1,581,122)	(1,581,122)	(1,581,122)	(1,581,122)	(1,581,122)
Transfers to/from Other Funds	(380,000)	-	-	-	-	-	-
Subtotal Transfers	(2,502,227)	(2,187,797)	(2,230,687)	(2,246,353)	(2,260,895)	(2,275,755)	(2,291,461)
Total Resources	37,505,582	27,186,473	24,322,124	21,867,322	19,813,676	17,435,409	14,273,717
<b>CIP Current Revenue Appropriation Expenditure</b>							
Facilities Planning Parking: Bethesda PLD	(130,000)	(100,000)	(90,000)	(90,000)	(90,000)	(90,000)	(90,000)
Parking Bethesda Facilities Renovations	(13,322,000)	(4,100,000)	(4,100,000)	(4,100,000)	(4,100,000)	(4,100,000)	(3,065,000)
Bethesda Parking Security Camera Surveillance System	-	(978,000)	(978,000)	(978,000)	(978,000)	(1,430,000)	-
Subtotal CIP Current Revenue Appropriation Expenditure	(13,452,000)	(5,178,000)	(5,168,000)	(5,168,000)	(5,168,000)	(5,620,000)	(3,155,000)
<b>Appropriations/Expenditures</b>							
Operating Budget	(12,756,351)	(13,500,603)	(13,836,189)	(14,169,891)	(14,479,652)	(14,796,171)	(15,130,735)
Personnel Costs	(2,893,581)	(3,166,347)	(3,251,074)	(3,329,483)	(3,402,268)	(3,476,640)	(3,555,252)
Operating Expenses	(9,862,770)	(10,334,255)	(10,585,115)	(10,840,408)	(11,077,384)	(11,319,531)	(11,575,483)
Existing Debt Service	(2,301,700)	(2,301,600)	(2,300,800)	(2,301,400)	(2,301,400)	(2,300,600)	(2,301,100)
Subtotal PSP Operating Budget Appropriation	(15,058,051)	(15,802,203)	(16,136,989)	(16,471,291)	(16,781,052)	(17,096,771)	(17,431,835)
Total Use of Resources	(28,510,051)	(20,980,203)	(21,304,989)	(21,639,291)	(21,949,052)	(22,716,771)	(20,586,835)
<b>Year End Fund Balance</b>							
8,995,530	6,206,271	3,017,135	228,031	(2,135,376)	(5,281,362)	(6,313,119)	
<b>Bond Restricted Reserve</b>							
(3,503,629)	(3,559,238)	(3,610,803)	(3,663,607)	(3,719,361)	(3,776,400)	(3,834,843)	
Year End Available Fund Balance	5,491,902	2,647,033	(593,668)	(3,435,576)	(5,854,737)	(9,057,762)	(10,147,961)
Available Fund Balance as a % of Next Year's PSP Expenses	35%	16%	-4%	-20%	-34%	-52%	-57%
Target Balance	3,950,551	4,034,247	4,117,823	4,195,263	4,274,193	4,357,959	4,443,590

## Other Assumptions:

1. These projections are based on the County Executive's FY26 Recommended Budget and include the revenue and resource assumptions for that budget. FY27-31 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. Applying the existing parking rate structure, the Parking Lot Districts's projected revenue will fall short of the current projected CIP and Operating Expenses beginning in FY27.

2. Rate increase assumed beginning in FY28.



<b>Silver Spring PLD</b>							
<b>FY26-31 Public Services Program: Fiscal Plan</b>							
<b>Silver Spring Parking Lot District</b>	<b>Estimated 2025</b>	<b>Proposed 2026</b>	<b>Projected 2027</b>	<b>Projected 2028</b>	<b>Projected 2029</b>	<b>Projected 2030</b>	<b>Projected 2031</b>
<b>Assumptions</b>							
Indirect Cost Rate	19.96%	19.98%	19.98%	19.98%	19.98%	19.98%	19.98%
CPI (Fiscal Year)	2.60%	2.65%	2.68%	2.41%	2.19%	2.19%	2.26%
Investment Income Yield	4.77%	4.10%	3.75%	3.25%	3.00%	3.00%	3.00%
<b>Beginning Fund Balance</b>	<b>5,984,690</b>	<b>2,174,848</b>	<b>53,720</b>	<b>(5,507,195)</b>	<b>(11,144,236)</b>	<b>(16,734,008)</b>	<b>(22,855,113)</b>
<b>Revenues</b>							
Charges for Services	10,089,000	10,089,000	10,089,000	10,839,000	11,589,000	11,589,000	11,589,000
Parking Fees Base	10,089,000	10,089,000	10,089,000	10,089,000	10,089,000	10,089,000	10,089,000
Fines & Forfeits	4,824,000	4,824,000	4,824,000	4,824,000	4,824,000	4,824,000	4,824,000
Parking Fines	4,824,000	4,824,000	4,824,000	4,824,000	4,824,000	4,824,000	4,824,000
Miscellaneous	207,190	161,550	150,660	150,660	150,660	150,660	150,660
Investment Income	187,190	141,550	130,660	130,660	130,660	130,660	130,660
Miscellaneous Revenues	20,000	20,000	20,000	20,000	20,000	20,000	20,000
<b>Subtotal Revenues</b>	<b>15,120,190</b>	<b>15,074,550</b>	<b>15,063,660</b>	<b>15,813,660</b>	<b>16,563,660</b>	<b>16,563,660</b>	<b>16,563,660</b>
<b>Transfers</b>							
Transfers to/from General Fund	(600,562)	(621,052)	(714,578)	(731,691)	(747,577)	(763,810)	(780,968)
Indirect Costs	(595,562)	(616,052)	(709,578)	(726,691)	(742,577)	(758,810)	(775,968)
General Fund - Other	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
Transfers to/from Special Funds : Tax Supported	(2,058,464)	(150,000)	(2,058,464)	(2,058,464)	(2,058,464)	(2,058,464)	(2,058,464)
Silver Spring Urban District	(2,058,464)	(150,000)	(2,058,464)	(2,058,464)	(2,058,464)	(2,058,464)	(2,058,464)
Transfers to/from Other Funds	600,000	-	-	-	-	-	-
Bethesda PLD Transfers	600,000	-	-	-	-	-	-
<b>Subtotal Transfers</b>	<b>(2,059,026)</b>	<b>(771,052)</b>	<b>(2,773,042)</b>	<b>(2,790,155)</b>	<b>(2,806,041)</b>	<b>(2,822,274)</b>	<b>(2,839,432)</b>
<b>Total Resources</b>	<b>19,045,854</b>	<b>16,478,346</b>	<b>12,344,339</b>	<b>7,516,310</b>	<b>2,613,382</b>	<b>(2,992,621)</b>	<b>(9,130,885)</b>
<b>CIP Current Revenue Appropriation Expenditure</b>							
Facilities Planning Parking: Silver Spring PLD	(204,000)	(155,000)	(90,000)	(90,000)	(90,000)	(90,000)	(90,000)
Parking Silver Spring Facilities Renovations	(4,978,000)	(2,573,000)	(3,731,000)	(4,231,000)	(4,631,000)	(4,331,000)	(2,822,000)
Silver Spring Parking Security Camera Surveillance System	-	(1,218,000)	(1,218,000)	(1,218,000)	(1,218,000)	(1,740,000)	-
<b>Subtotal CIP Current Revenue Appropriation Expenditure</b>	<b>(5,182,000)</b>	<b>(3,946,000)</b>	<b>(5,039,000)</b>	<b>(5,539,000)</b>	<b>(5,939,000)</b>	<b>(6,161,000)</b>	<b>(2,912,000)</b>
<b>Appropriations/Expenditures</b>							
Operating Budget	(11,689,006)	(12,478,625)	(12,812,533)	(13,121,546)	(13,408,390)	(13,701,492)	(14,011,304)
Personnel Costs	(3,026,111)	(3,458,886)	(3,551,440)	(3,637,094)	(3,716,603)	(3,797,846)	(3,883,721)
Operating Expenses	(8,662,895)	(9,019,739)	(9,261,093)	(9,484,452)	(9,691,787)	(9,903,646)	(10,127,582)
Adjustment	-	-	-	-	-	-	-
<b>Subtotal PSP Operating Budget Appropriation</b>	<b>(11,689,006)</b>	<b>(12,478,625)</b>	<b>(12,812,533)</b>	<b>(13,121,546)</b>	<b>(13,408,390)</b>	<b>(13,701,492)</b>	<b>(14,011,304)</b>
<b>Total Use of Resources</b>	<b>(16,871,006)</b>	<b>(16,424,625)</b>	<b>(17,851,533)</b>	<b>(18,660,546)</b>	<b>(19,347,390)</b>	<b>(19,862,492)</b>	<b>(16,923,304)</b>
<b>Year End Fund Balance</b>	<b>2,174,848</b>	<b>53,720</b>	<b>(5,507,195)</b>	<b>(11,144,236)</b>	<b>(16,734,008)</b>	<b>(22,855,113)</b>	<b>(26,054,189)</b>
<b>Year End Available Fund Balance</b>	<b>2,174,848</b>	<b>53,720</b>	<b>(5,507,195)</b>	<b>(11,144,236)</b>	<b>(16,734,008)</b>	<b>(22,855,113)</b>	<b>(26,054,189)</b>
<b>Available Fund Balance as a % of Next Year's PSP Expenses</b>	<b>17%</b>	<b>0.4%</b>	<b>-42%</b>	<b>-83%</b>	<b>-122%</b>	<b>-163%</b>	<b>-182%</b>
<b>Target Balance</b>	<b>3,119,656</b>	<b>3,203,133</b>	<b>3,280,387</b>	<b>3,352,098</b>	<b>3,425,373</b>	<b>3,502,826</b>	<b>3,582,145</b>

**Other Assumptions:**

1. These projections are based on the County Executive's FY26 Recommended Budget and include the revenue and resource assumptions for that budget. FY27-31 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. Applying the existing parking rate structure, the Parking Lot Districts's projected revenue will fall short of the current projected CIP and Operating Expenses beginning in FY27.

2. Rate increase assumed beginning in FY28.

<b>Wheaton PLD</b>							
<b>FY26-31 Public Services Program: Fiscal Plan</b>	<b>Estimated</b>	<b>Proposed</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>
<b>Wheaton Parking Lot District</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>
<b>Assumptions</b>							
Indirect Cost Rate	19.96%	19.98%	19.98%	19.98%	19.98%	19.98%	19.98%
CPI (Fiscal Year)	2.60%	2.65%	2.68%	2.41%	2.19%	2.19%	2.26%
Investment Income Yield	4.77%	4.10%	3.75%	3.25%	3.00%	3.00%	3.00%
<b>Beginning Fund Balance</b>	<b>2,783,189</b>	<b>2,178,491</b>	<b>2,147,777</b>	<b>1,933,982</b>	<b>1,837,366</b>	<b>2,108,935</b>	<b>2,336,559</b>
<b>Revenues</b>							
Charges for Services	1,987,600	1,987,600	1,987,600	2,287,600	2,587,600	2,587,600	2,587,600
Parking Fees Base	1,987,600	1,987,600	1,987,600	1,987,600	1,987,600	1,987,600	1,987,600
Fines & Forfeits	751,000	751,000	751,000	751,000	751,000	751,000	751,000
Parking Fines	751,000	751,000	751,000	751,000	751,000	751,000	751,000
Miscellaneous	83,170	62,890	58,050	58,050	58,050	58,050	23,467
Investment Income	83,170	62,890	58,050	58,050	58,050	58,050	23,467
<b>Subtotal Revenues</b>	<b>2,821,770</b>	<b>2,801,490</b>	<b>2,796,650</b>	<b>3,096,650</b>	<b>3,396,650</b>	<b>3,396,650</b>	<b>3,362,067</b>
<b>Transfers</b>							
Transfers to/from General Fund	(91,596)	(94,813)	(103,433)	(105,928)	(108,244)	(110,610)	(113,111)
Indirect Costs	(91,596)	(94,813)	(103,433)	(105,928)	(108,244)	(110,610)	(113,111)
Transfers to/from Special Funds : Tax Supported	(225,000)	(225,000)	(225,000)	(225,000)	(225,000)	(225,000)	(225,000)
Wheaton Urban District	(225,000)	(225,000)	(225,000)	(225,000)	(225,000)	(225,000)	(225,000)
Transfers to/from Other Funds	(220,000)	-	-	-	-	-	-
Bethesda PLD Transfers	(220,000)	-	-	-	-	-	-
<b>Subtotal Transfers</b>	<b>(536,596)</b>	<b>(319,813)</b>	<b>(328,433)</b>	<b>(330,928)</b>	<b>(333,244)</b>	<b>(335,610)</b>	<b>(338,111)</b>
<b>Total Resources</b>	<b>5,068,363</b>	<b>4,660,168</b>	<b>4,615,994</b>	<b>4,699,704</b>	<b>4,900,772</b>	<b>5,169,976</b>	<b>5,360,515</b>
<b>CIP Current Revenue Appropriation Expenditure</b>							
Facilities Planning Parking: Wheaton PLD	(253,000)	(58,000)	(45,000)	(165,000)	(45,000)	(45,000)	(45,000)
Parking Wheaton Facilities Renovations	(557,000)	(112,000)	(237,000)	(244,000)	(244,000)	(244,000)	(112,000)
Wheaton Parking Security Camera Surveillance System	-	(189,000)	(189,000)	(189,000)	(189,000)	(180,000)	-
<b>Subtotal CIP Current Revenue Appropriation Expenditure</b>	<b>(810,000)</b>	<b>(359,000)</b>	<b>(471,000)</b>	<b>(598,000)</b>	<b>(478,000)</b>	<b>(469,000)</b>	<b>(157,000)</b>
<b>Appropriations/Expenditures</b>							
Operating Budget	(2,079,872)	(2,153,391)	(2,211,012)	(2,264,337)	(2,313,837)	(2,364,417)	(2,417,880)
Personnel Costs	(494,955)	(504,193)	(517,685)	(530,170)	(541,760)	(553,603)	(566,121)
Operating Expenses	(1,584,917)	(1,649,198)	(1,693,327)	(1,734,167)	(1,772,077)	(1,810,814)	(1,851,759)
Adjustment	-	-	-	-	-	-	-
<b>Subtotal PSP Operating Budget Appropriation</b>	<b>(2,079,872)</b>	<b>(2,153,391)</b>	<b>(2,211,012)</b>	<b>(2,264,337)</b>	<b>(2,313,837)</b>	<b>(2,364,417)</b>	<b>(2,417,880)</b>
<b>Total Use of Resources</b>	<b>(2,889,872)</b>	<b>(2,512,391)</b>	<b>(2,682,012)</b>	<b>(2,862,337)</b>	<b>(2,791,837)</b>	<b>(2,833,417)</b>	<b>(2,574,880)</b>
<b>Year End Fund Balance</b>	<b>2,178,491</b>	<b>2,147,777</b>	<b>1,933,982</b>	<b>1,837,366</b>	<b>2,108,935</b>	<b>2,336,559</b>	<b>2,785,636</b>
<b>Year End Available Fund Balance</b>	<b>2,178,491</b>	<b>2,147,777</b>	<b>1,933,982</b>	<b>1,837,366</b>	<b>2,108,935</b>	<b>2,336,559</b>	<b>2,785,636</b>
<b>Available Fund Balance as a % of Next Year's PSP Expenses</b>	<b>101%</b>	<b>97%</b>	<b>85%</b>	<b>79%</b>	<b>89%</b>	<b>97%</b>	<b>113%</b>
<b>Target Balance</b>	<b>538,348</b>	<b>552,753</b>	<b>566,084</b>	<b>578,459</b>	<b>591,104</b>	<b>604,470</b>	<b>618,158</b>

**Other Assumptions:**

1. These projections are based on the County Executive's FY26 Recommended Budget and include the revenue and resource assumptions for that budget. FY27-31 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.



**FY26 - FY31 Solid Waste Refuse Collection: Net Asset Balance and Collection Charge Calculation**

	FY25 Estimate	FY26 Recommended	FY27 Projection	FY28 Projection	FY29 Projection	FY30 Projection	FY31 Projection
<b>ASSUMPTIONS</b>							
Indirect Cost Rate	19.96%	19.98%	19.98%	19.98%	19.98%	19.98%	19.98%
CPI (Fiscal Year)	2.60%	2.65%	2.68%	2.41%	2.19%	2.19%	2.26%
Number of Households (mid-FY)	93,051	93,750	94,597	95,444	96,291	97,138	97,973
<b>Charge Per Household</b>	<b>\$ 160.00</b>	<b>\$ 160.00</b>	<b>\$ 160.00</b>	<b>\$ 160.00</b>	<b>\$ 160.00</b>	<b>\$ 160.00</b>	<b>\$ 161.00</b>
Percent Rate Increase (Decrease)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.63%
<b>Beginning Cash</b>	<b>2,560,361</b>	<b>4,694,826</b>	<b>6,194,007</b>	<b>6,769,892</b>	<b>7,787,811</b>	<b>8,470,961</b>	<b>8,841,458</b>
Revenues	15,544,280	15,601,030	15,671,500	15,735,560	15,835,350	15,970,870	16,202,443
Loans							
Expenses	(12,235,876)	(12,965,882)	(13,945,185)	(14,352,288)	(14,771,352)	(15,203,439)	(15,646,589)
Transfers	(373,939)	(335,967)	(350,430)	(365,353)	(380,848)	(396,934)	(413,631)
Change in Asset/Liability Accounts							
Loan Payoff	(800,000)	(800,000)	(800,000)				
<b>Ending Cash Balance</b>	<b>4,694,826</b>	<b>6,194,007</b>	<b>6,769,892</b>	<b>7,787,811</b>	<b>8,470,961</b>	<b>8,841,458</b>	<b>8,983,681</b>
<b>BEGINNING NET ASSETS</b>	<b>(782,695)</b>	<b>2,161,770</b>	<b>4,460,951</b>	<b>5,836,836</b>	<b>6,854,755</b>	<b>7,537,905</b>	<b>7,908,402</b>
<b>REVENUES</b>							
Charges for Services	14,830,560	15,000,000	15,135,520	15,271,040	15,406,560	15,542,080	15,773,653
Investment Income (per Dept. of Finance)	713,720	601,030	535,980	464,520	428,790	428,790	428,790
Miscellaneous	10,000						
<b>Subtotal Revenues</b>	<b>15,554,280</b>	<b>15,601,030</b>	<b>15,671,500</b>	<b>15,735,560</b>	<b>15,835,350</b>	<b>15,970,870</b>	<b>16,202,443</b>
<b>INTERFUND TRANSFERS (Net Non-CIP)</b>	<b>(373,939)</b>	<b>(335,967)</b>	<b>(350,430)</b>	<b>(365,353)</b>	<b>(380,848)</b>	<b>(396,934)</b>	<b>(413,631)</b>
OMB Transfer Change	-	-	-	-	-	-	-
<b>TOTAL RESOURCES</b>	<b>14,397,646</b>	<b>17,426,833</b>	<b>19,782,021</b>	<b>21,207,043</b>	<b>22,309,257</b>	<b>23,111,841</b>	<b>23,697,214</b>
<b>OPERATING BUDGET APPROP/EXPENSES</b>							
Personnel Costs	(1,770,976)	(1,656,492)	(1,728,881)	(1,803,568)	(1,881,122)	(1,961,634)	(2,045,199)
OMB Adjustments - Labor Contract Adjustments			(3,350)	(3,350)	(3,350)	(3,350)	(3,350)
Refuse Collection Contracts	(10,464,900)	(10,934,753)	(11,830,048)	(12,154,178)	(12,487,283)	(12,830,334)	(13,181,277)
Other Operating Costs		(374,637)	(382,906)	(391,192)	(399,597)	(408,121)	(416,763)
<b>Subtotal PSP Oper. Budget Approp / Exp.</b>	<b>(12,235,876)</b>	<b>(12,965,882)</b>	<b>(13,945,185)</b>	<b>(14,352,288)</b>	<b>(14,771,352)</b>	<b>(15,203,439)</b>	<b>(15,646,589)</b>
<b>TOTAL USE OF RESOURCES</b>	<b>(12,235,876)</b>	<b>(12,965,882)</b>	<b>(13,945,185)</b>	<b>(14,352,288)</b>	<b>(14,771,352)</b>	<b>(15,203,439)</b>	<b>(15,646,589)</b>
<b>YEAR END - NET ASSETS*</b>	<b>2,161,770</b>	<b>4,460,951</b>	<b>5,836,836</b>	<b>6,854,755</b>	<b>7,537,905</b>	<b>7,908,402</b>	<b>8,050,625</b>
<b>End-of-Year Net Assets as a % of Resources</b>	<b>15.0%</b>	<b>25.6%</b>	<b>29.5%</b>	<b>32.3%</b>	<b>33.8%</b>	<b>34.2%</b>	<b>34.0%</b>

**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 FY26-31 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 County Executive's FY26 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.

FY26-31 DIVISION OF RECYCLING AND RESOURCE MANAGEMENT							
FISCAL PROJECTIONS	ESTIMATED FY25	RECOMMENDED FY26	PROJECTED FY27	PROJECTED FY28	PROJECTED FY29	PROJECTED FY30	PROJECTED FY31
Single-Family Charges (\$/Household)	310.89	407.39	434.01	404.31	397.65	407.80	417.17
% change in rate from previous year	6.0%	31.0%	6.5%	-6.8%	-1.6%	2.6%	2.3%
Multi-Family Charges (\$/Dwelling Unit)	19.13	39.11	50.69	37.78	30.80	31.28	32.13
% change in rate from previous year	6.0%	104.4%	28.6%	-25.5%	-18.5%	1.6%	2.7%
Nonresidential Charges (medium "category" charge)	631.31	1,293.56	1,468.60	1,097.41	938.30	964.05	1,047.58
% change in rate from previous year	0.6%	103.9%	13.5%	-25.3%	-14.5%	2.7%	8.7%
OPERATIONS CALCULATION							
REVENUES							
Disposal Fees	33,149,782	36,802,522	36,716,285	36,612,764	36,436,173	36,256,075	36,072,318
Charges for Services/SBC	80,186,321	130,707,179	145,700,988	124,769,673	117,513,080	122,262,760	128,896,036
Miscellaneous	15,417,566	16,050,108	16,314,286	16,583,627	16,858,240	17,138,583	17,424,827
Investment Income	3,911,410	3,293,820	2,937,330	2,545,680	2,349,860	2,349,860	2,349,860
Subtotal Revenues	132,665,079	186,853,629	201,668,889	180,511,744	173,157,353	178,007,278	184,743,041
INTERFUND TRANSFERS	(248,326)	(466,895)	(580,577)	(812,055)	(979,741)	(1,019,544)	(381,159)
EXPENDITURES							
Personnel Costs	(13,690,655)	(15,697,495)	(16,383,476)	(17,091,242)	(17,826,165)	(18,589,126)	(19,381,022)
Operating Expenses	(125,352,286)	(168,424,511)	(171,001,153)	(148,012,989)	(153,377,236)	(157,938,232)	(163,479,673)
Capital Outlay	(2,718,863)	(2,064,295)	(2,576,680)	(1,276,795)	(2,182,178)	(1,459,457)	(2,784,999)
Other Expenditure Restrictions							
Subtotal Expenditures	(141,761,804)	(186,186,301)	(189,961,309)	(166,381,026)	(173,385,579)	(177,986,815)	(185,645,694)
CURRENT RECEIPTS TO CIP	(6,879,000)	(16,928,000)	(12,990,000)	(12,060,000)	-	-	-
ANNUALIZATION OF POSITIONS	-	-	-	-	-	-	-
POTENTIAL FUTURE EXP. - LABOR CONTRACTS FFI	-	-	(62,858)	(62,858)	(62,858)	(62,858)	(62,858)
POTENTIAL FUTURE EXP. - OPEB	-	-	-	-	-	-	-
PAYOUT OF GUDE REMEDIATION	14,510,021	5,858,000	748,000	-	-	-	-
CY GUDE REMEDIATION	-	-	-	-	-	-	-
PAYOUT OF CLOSURE COSTS (Non-CIP)	2,388,417	2,506,950	2,566,988	2,627,107	2,688,637	875,258	900,904
CY ACCRUED CLOSURE COSTS	(62,598)	(65,317)	(69,368)	(64,699)	(60,813)	(62,302)	(65,633)
SET-ASIDE: FUTURE NEEDS							
NET CHANGE	611,789	(8,427,933)	1,319,765	3,758,212	1,356,998	(248,983)	(511,399)
CASH POSITION							
ENDING CASH & INVESTMENTS							
Unrestricted Cash	30,550,608	21,726,309	24,717,171	20,754,715	19,806,297	20,647,488	21,859,585
Restricted Cash	48,391,878	45,788,923	43,038,278	47,264,686	48,439,769	47,880,455	46,958,647
Subtotal Cash & Investments	78,942,486	67,515,232	67,755,449	68,019,401	68,246,066	68,527,943	68,818,232
RESERVE & LIABILITY REQUIREMENTS							
Management Reserve	(38,100,479)	(38,753,189)	(33,551,255)	(35,009,912)	(35,967,670)	(37,564,832)	(37,564,832)
Debt Service Reserve	-	-	(643,000)	(2,032,000)	(2,032,400)	(2,036,000)	(2,032,500)
Renewal & Replacement Reserve	(4,651,163)	(4,774,418)	(4,902,373)	(5,020,521)	(5,130,469)	(5,242,827)	(5,361,315)
Stability Reserve	(5,640,236)	(2,261,316)	(3,941,650)	(5,202,253)	(5,309,230)	(3,036,796)	(2,000,000)
Subtotal Reserve Requirements	(48,391,878)	(45,788,923)	(43,038,278)	(47,264,686)	(48,439,769)	(47,880,455)	(46,958,647)
Closure/Postclosure Liability	(12,380,607)	(9,938,973)	(7,441,353)	(4,878,946)	(2,251,122)	(2,288,166)	(2,327,895)
Gude Remediation Liability	(6,606,000)	(748,000)	-	-	-	-	-
Current Liabilities Not Including Debt/Closure	-	-	-	-	-	-	-
Subtotal Reserve & Liability Requirements	(67,378,485)	(56,475,896)	(50,479,631)	(52,143,632)	(50,690,891)	(50,168,621)	(49,286,542)
CASH & INVESTMENTS OVER/(UNDER)							
RESERVE & LIABILITY REQUIREMENTS	11,564,001	11,039,336	17,275,818	15,875,769	17,555,175	18,359,322	19,531,690
Net Assets							
ENDING NET ASSETS	94,964,131	93,943,566	100,656,685	107,686,099	115,591,668	121,087,040	127,802,813
Less: Reserve Requirements	(48,391,878)	(45,788,923)	(43,038,278)	(47,264,686)	(48,439,769)	(47,880,455)	(46,958,647)
NET ASSETS OVER/(UNDER)							
RESERVE REQUIREMENTS	46,572,253	48,154,643	57,618,407	60,421,413	67,151,899	73,186,585	80,844,166



FY26-31 PUBLIC SERVICES PROGRAM: FISCAL PLAN			Leaf Vacuuming Fund				
FISCAL PROJECTIONS	FY25 ESTIMATE	FY26 RECOMMENDED	FY27 PROJECTION	FY28 PROJECTION	FY29 PROJECTION	FY30 PROJECTION	FY31 PROJECTION
<b>ASSUMPTIONS</b>							
Indirect Cost Rate	19.96%	19.98%	19.98%	19.98%	19.98%	19.98%	19.98%
CPI (Fiscal Year)	2.6%	2.7%	2.7%	2.4%	2.2%	2.2%	2.3%
Investment Income Yield	4.8%	4.1%	3.8%	3.3%	3.0%	3.0%	3.0%
Charge per Single-Family Households	\$ 123.67	\$ 123.67	\$ 129.86	\$ 142.85	\$ 146.14	\$ 150.81	\$ 165.14
Charge per Multi-Family Households	\$ 4.61	\$ 4.61	\$ 4.91	\$ 5.21	\$ 5.51	\$ 5.81	\$ 6.11
<b>BEGINNING FUND BALANCE</b>	<b>2,369,637</b>	<b>2,286,452</b>	<b>1,335,339</b>	<b>525,375</b>	<b>503,536</b>	<b>504,815</b>	<b>501,863</b>
<b>REVENUES</b>							
Charges For Services	9,131,619	9,131,619	9,588,200	10,547,020	10,789,601	11,134,869	12,192,681
Miscellaneous	235,025	195,110	173,990	150,790	139,190	139,190	139,190
<b>Subtotal Revenues</b>	<b>9,366,644</b>	<b>9,326,729</b>	<b>9,762,190</b>	<b>10,697,810</b>	<b>10,928,791</b>	<b>11,274,059</b>	<b>12,331,871</b>
<b>INTERFUND TRANSFERS (Net Non-CIP)</b>							
Transfers To The General Fund	(2,707,937)	(2,722,613)	(2,722,075)	(2,603,559)	(2,553,411)	(2,635,867)	(3,401,393)
Indirect Costs	(721,768)	(737,421)	(741,127)	(741,127)	(741,127)	(741,127)	(741,127)
Transfers To Special Fds: Non-Tax + ISF	(1,986,169)	(1,985,192)	(1,980,948)	(1,862,432)	(1,812,284)	(1,894,740)	(2,660,266)
Solid Waste Disposal Fund	(1,986,169)	(1,985,192)	(1,980,948)	(1,862,432)	(1,812,284)	(1,894,740)	(2,660,266)
<b>TOTAL RESOURCES</b>	<b>9,028,344</b>	<b>8,890,568</b>	<b>8,375,454</b>	<b>8,619,626</b>	<b>8,878,916</b>	<b>9,143,007</b>	<b>9,432,341</b>
<b>PSP OPER. BUDGET APPROP/ EXP'S.</b>							
Operating Budget	(6,741,892)	(7,555,229)	(7,831,528)	(8,097,539)	(8,355,550)	(8,622,593)	(8,905,040)
Labor Agreement	n/a	0	(18,551)	(18,551)	(18,551)	(18,551)	(18,551)
<b>Subtotal PSP Oper Budget Approp / Exp's</b>	<b>(6,741,892)</b>	<b>(7,555,229)</b>	<b>(7,850,079)</b>	<b>(8,116,090)</b>	<b>(8,374,101)</b>	<b>(8,641,144)</b>	<b>(8,923,591)</b>
<b>TOTAL USE OF RESOURCES</b>	<b>(6,741,892)</b>	<b>(7,555,229)</b>	<b>(7,850,079)</b>	<b>(8,116,090)</b>	<b>(8,374,101)</b>	<b>(8,641,144)</b>	<b>(8,923,591)</b>
<b>YEAR END FUND BALANCE</b>	<b>2,286,452</b>	<b>1,335,339</b>	<b>525,375</b>	<b>503,536</b>	<b>504,815</b>	<b>501,863</b>	<b>508,750</b>
<b>END-OF-YEAR RESERVES AS A</b>							
<b>PERCENT OF RESOURCES</b>	<b>25.3%</b>	<b>15.0%</b>	<b>6.3%</b>	<b>5.8%</b>	<b>5.7%</b>	<b>5.5%</b>	<b>5.4%</b>
<b>Assumptions:</b> 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.							

FY26-31 PUBLIC SERVICES PROGRAM: FISCAL PLAN							
Permitting Services							
FISCAL PROJECTIONS	FY25 ESTIMATE	FY26 RECOMMENDED	FY27 PROJECTION	FY28 PROJECTION	FY29 PROJECTION	FY30 PROJECTION	FY31 PROJECTION
<b>ASSUMPTIONS</b>							
Indirect Cost Rate	19.96%	19.98%	19.98%	19.98%	19.98%	19.98%	19.98%
CPI (Fiscal Year)	2.6%	2.7%	2.7%	2.4%	2.2%	2.2%	2.3%
Investment Income Yield	4.8%	4.1%	3.8%	3.3%	3.0%	3.0%	3.0%
Enterprise Fund Stabilization Factor (EFSF)	1.05	1.05	0.99	1.25	1.23	1.21	1.18
<b>BEGINNING FUND BALANCE</b>	44,321,990	42,074,045	32,703,438	21,003,391	21,158,101	21,192,709	21,364,694
<b>REVENUES</b>							
Licenses & Permits	45,869,668	43,107,328	44,262,603	45,329,331	46,322,042	47,336,496	48,406,302
Charges For Services	1,807,492	2,029,801	2,084,199	2,134,428	2,181,172	2,228,940	2,279,314
Fines & Forfeitures	86,275	84,663	86,932	89,027	90,977	92,969	95,070
Miscellaneous	3,178,350	2,676,510	2,386,830	2,068,590	1,909,470	1,909,470	1,909,470
Subtotal Revenues	50,941,785	47,898,302	48,820,564	49,621,376	50,503,661	51,567,875	52,690,156
ESFS Fee Increase			(2,740,070)	8,547,820	7,764,460	7,059,900	6,085,370
<b>INTERFUND TRANSFERS (Net Non-CIP)</b>	(8,184,774)	(8,687,776)	(8,715,219)	(8,714,924)	(8,715,960)	(8,715,479)	(8,715,368)
Transfers To Debt Service Fund	(871,276)	(872,571)	(871,571)	(871,276)	(872,312)	(871,831)	(871,720)
Wheaton Redevelopment	(871,276)	(872,571)	(871,571)	(871,276)	(872,312)	(871,831)	(871,720)
Transfers To The General Fund	(7,313,498)	(7,815,205)	(7,843,648)	(7,843,648)	(7,843,648)	(7,843,648)	(7,843,648)
Indirect Costs	(7,313,498)	(7,815,205)	(7,843,648)	(7,843,648)	(7,843,648)	(7,843,648)	(7,843,648)
<b>TOTAL RESOURCES</b>	87,079,001	81,284,571	70,068,713	70,457,663	70,710,261	71,105,006	71,424,851
<b>PSP OPER. BUDGET APPROP/ EXP'S.</b>							
Operating Budget	(45,004,956)	(48,581,133)	(48,834,823)	(49,069,063)	(49,287,053)	(49,509,813)	(49,744,733)
Labor Agreement	n/a	0	(142,356)	(142,356)	(142,356)	(142,356)	(142,356)
Annualizations and One-Time	n/a	n/a	(88,143)	(88,143)	(88,143)	(88,143)	(88,143)
Subtotal PSP Oper Budget Approp / Exp's	(45,004,956)	(48,581,133)	(49,065,322)	(49,299,562)	(49,517,552)	(49,740,312)	(49,975,232)
<b>TOTAL USE OF RESOURCES</b>	(45,004,956)	(48,581,133)	(49,065,322)	(49,299,562)	(49,517,552)	(49,740,312)	(49,975,232)
<b>YEAR END FUND BALANCE</b>	42,074,045	32,703,438	21,003,391	21,158,101	21,192,709	21,364,694	21,449,619
<b>END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES</b>	48.3%	40.2%	30.0%	30.0%	30.0%	30.0%	30.0%
<b>Assumptions:</b> 1. The projections are based on the County Executive's FY26 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 EFSF, future labor agreements, increases in County administrative expenses, lease and maintenance expenses, and other factors not assumed here. 2. The fund balance policy is 30 percent of total resources.							

**FY26-31 PUBLIC SERVICES PROGRAM: FISCAL PLAN****Alcohol Beverage Services**

<b>FISCAL PROJECTIONS</b>	<b>FY25 ESTIMATE</b>	<b>FY26 RECOMMENDED</b>	<b>FY27 PROJECTION</b>	<b>FY28 PROJECTION</b>	<b>FY29 PROJECTION</b>	<b>FY30 PROJECTION</b>	<b>FY31 PROJECTION</b>
<b>ASSUMPTIONS</b>							
Indirect Cost Rate	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
CPI (Fiscal Year)	2.6%	2.7%	2.7%	2.4%	2.2%	2.2%	2.3%
Investment Income Yield	4.8%	4.1%	3.8%	3.3%	3.0%	3.0%	3.0%
<b>BEGINNING FUND BALANCE</b>	<b>8,308,154</b>	<b>2,397,932</b>	<b>5,046,366</b>	<b>5,184,132</b>	<b>5,287,932</b>	<b>5,392,445</b>	<b>5,504,873</b>
<b>REVENUES</b>							
Licenses & Permits	1,324,555	1,324,555	1,360,053	1,392,830	1,423,333	1,454,504	1,487,376
Charges For Services	23,887	23,887	24,527	25,118	25,668	26,230	26,823
Fines & Forfeitures	63,383	63,383	65,082	66,650	68,110	69,602	71,175
Miscellaneous	100,339,412	100,257,132	103,204,780	106,236,385	109,387,212	112,659,436	116,029,826
<b>Subtotal Revenues</b>	<b>101,751,237</b>	<b>101,668,957</b>	<b>104,654,442</b>	<b>107,720,983</b>	<b>110,904,323</b>	<b>114,209,772</b>	<b>117,615,200</b>
<b>INTERFUND TRANSFERS (Net Non-CIP)</b>	<b>(31,298,530)</b>	<b>(19,598,908)</b>	<b>(20,375,808)</b>	<b>(21,037,968)</b>	<b>(21,103,688)</b>	<b>(25,565,818)</b>	<b>(26,463,318)</b>
Transfers To The General Fund	(31,298,530)	(19,598,908)	(20,375,808)	(21,037,968)	(21,103,688)	(25,565,818)	(26,463,318)
Indirect Costs	(4,698,530)	(4,963,948)	(4,996,748)	(4,996,748)	(4,996,748)	(4,996,748)	(4,996,748)
Earnings Transfer	(26,600,000)	(14,634,960)	(15,379,060)	(16,041,220)	(16,106,940)	(20,569,070)	(21,466,570)
<b>TOTAL RESOURCES</b>	<b>78,760,861</b>	<b>84,467,981</b>	<b>89,325,000</b>	<b>91,867,148</b>	<b>95,088,567</b>	<b>94,036,398</b>	<b>96,656,756</b>
<b>CIP CURRENT REVENUE APPROP.</b>	<b>(1,767,000)</b>	<b>(1,470,000)</b>	<b>(1,158,000)</b>	<b>(811,000)</b>	<b>(1,276,000)</b>	<b>(893,000)</b>	<b>(893,000)</b>
<b>PSP OPER. BUDGET APPROP/ EXP'S.</b>							
Operating Budget	(66,004,439)	(69,285,225)	(72,189,458)	(74,668,918)	(77,147,135)	(79,771,628)	(82,294,344)
Debt Service: Other (Non-Tax Funds only)	(8,591,490)	(8,666,390)	(10,520,390)	(10,518,440)	(10,523,620)	(6,865,480)	(6,865,480)
Labor Agreement	n/a	0	(328,001)	(328,001)	(328,001)	(328,001)	(328,001)
IT and POS	n/a	n/a	109,576	42,697	122,376	126,320	126,320
Retail Store Leases	n/a	n/a	(54,595)	(295,554)	(543,742)	(799,736)	(799,736)
<b>Subtotal PSP Oper Budget Approp / Exp's</b>	<b>(74,595,929)</b>	<b>(77,951,615)</b>	<b>(82,982,868)</b>	<b>(85,768,216)</b>	<b>(88,420,122)</b>	<b>(87,638,525)</b>	<b>(90,161,241)</b>
<b>TOTAL USE OF RESOURCES</b>	<b>(76,362,929)</b>	<b>(79,421,615)</b>	<b>(84,140,868)</b>	<b>(86,579,216)</b>	<b>(89,696,122)</b>	<b>(88,531,525)</b>	<b>(91,054,241)</b>
<b>YEAR END FUND BALANCE</b>	<b>2,397,932</b>	<b>5,046,366</b>	<b>5,184,132</b>	<b>5,287,932</b>	<b>5,392,445</b>	<b>5,504,873</b>	<b>5,602,515</b>
<b>END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES</b>	<b>3.0%</b>	<b>6.0%</b>	<b>5.8%</b>	<b>5.8%</b>	<b>5.7%</b>	<b>5.9%</b>	<b>5.8%</b>

**Assumptions:**

1. The assumptions are based on the County Executive's FY26 Recommended Budget. The projected future expenditures, revenues, and fund balances may vary based on the changes not assumed here from fee 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 cash balance.

3. Operating expenditures grow with CPI.

4. Net profit growth is estimated at 3.0 percent per year.



FY26-31 PUBLIC SERVICES PROGRAM: FISCAL PLAN			Risk Management				
FISCAL PROJECTIONS	FY25 ESTIMATE	FY26 RECOMMENDED	FY27 PROJECTION	FY28 PROJECTION	FY29 PROJECTION	FY30 PROJECTION	FY31 PROJECTION
<b>ASSUMPTIONS</b>							
CPI (Fiscal Year)	2.6%	2.7%	2.7%	2.4%	2.2%	2.2%	2.3%
Investment Income Yield	4.8%	4.1%	3.8%	3.3%	3.0%	3.0%	3.0%
<b>BEGINNING FUND BALANCE</b>	38,181,072	34,436,999	21,769,357	15,522,259	8,930,325	4,685,230	3,987,405
<b>REVENUES</b>							
Charges For Services	92,796,252	92,796,252	96,508,102	100,368,426	106,001,495	112,162,815	118,780,421
Miscellaneous	16,045,430	14,248,780	12,423,070	10,966,660	10,238,460	10,238,460	10,238,460
<b>Subtotal Revenues</b>	108,841,682	107,045,032	108,931,172	111,335,086	116,239,955	122,401,275	129,018,881
<b>TOTAL RESOURCES</b>	147,022,754	141,482,031	130,700,529	126,857,345	125,170,280	127,086,505	133,006,286
<b>PSP OPER. BUDGET APPROP/ EXP'S.</b>							
Operating Budget	(112,585,755)	(117,198,841)	(117,661,961)	(120,410,711)	(122,968,741)	(125,582,791)	(128,339,471)
Labor Agreement	n/a	0	(30,109)	(30,109)	(30,109)	(30,109)	(30,109)
<b>Subtotal PSP Oper Budget Approp / Exp's</b>	(112,585,755)	(117,198,841)	(115,178,270)	(117,927,020)	(120,485,050)	(123,099,100)	(125,855,780)
<b>OTHER CLAIMS ON FUND BALANCE</b>	0	(2,513,833)	0	0	0	0	0
<b>TOTAL USE OF RESOURCES</b>	(112,585,755)	(119,712,674)	(115,178,270)	(117,927,020)	(120,485,050)	(123,099,100)	(125,855,780)
<b>YEAR END FUND BALANCE</b>	34,436,999	21,769,357	15,522,259	8,930,325	4,685,230	3,987,405	7,150,506
<b>END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES</b>	23.4%	15.4%	11.9%	7.0%	3.7%	3.1%	5.4%
<b>Assumptions:</b> 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 FY26, 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 a return of contribution dependent on the amount of actual investment income received. 4. These projections are based on the County Executive's FY26 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.							

FY26-31 PUBLIC SERVICES PROGRAM: FISCAL PLAN			Print and Mail				
FISCAL PROJECTIONS	FY25 ESTIMATE	FY26 RECOMMENDED	FY27 PROJECTION	FY28 PROJECTION	FY29 PROJECTION	FY30 PROJECTION	FY31 PROJECTION
<b>ASSUMPTIONS</b>							
CPI (Fiscal Year)	2.6%	2.7%	2.7%	2.4%	2.2%	2.2%	2.3%
Investment Income Yield	4.8%	4.1%	3.8%	3.3%	3.0%	3.0%	3.0%
Rate Adjustment	0.0%	0.0%	3.0%	3.1%	2.2%	1.2%	2.2%
<b>BEGINNING FUND BALANCE</b>	168,042	60,838	67,918	102,476	210,638	322,054	333,156
<b>REVENUES</b>							
Charges For Services	10,392,781	9,419,587	9,702,175	10,002,941	10,223,006	10,345,682	10,573,287
Miscellaneous	8,410	7,080	6,310	5,470	5,050	5,050	5,050
<b>Subtotal Revenues</b>	10,401,191	9,426,667	9,708,485	10,008,411	10,228,056	10,350,732	10,578,337
<b>TOTAL RESOURCES</b>	10,569,233	9,487,505	9,776,403	10,110,887	10,438,694	10,672,786	10,911,493
<b>PSP OPER. BUDGET APPROP/ EXP'S.</b>							
Operating Budget	(10,508,395)	(9,419,587)	(9,658,185)	(9,884,507)	(10,100,899)	(10,323,888)	(10,559,511)
Labor Agreement	n/a	0	(15,742)	(15,742)	(15,742)	(15,742)	(15,742)
<b>Subtotal PSP Oper Budget Approp / Exp's</b>	(10,508,395)	(9,419,587)	(9,673,927)	(9,900,249)	(10,116,641)	(10,339,630)	(10,575,253)
<b>TOTAL USE OF RESOURCES</b>	(10,508,395)	(9,419,587)	(9,673,927)	(9,900,249)	(10,116,641)	(10,339,630)	(10,575,253)
<b>YEAR END FUND BALANCE</b>	60,838	67,918	102,476	210,638	322,054	333,156	336,240
<b>END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES</b>	0.6%	0.7%	1.0%	2.1%	3.1%	3.1%	3.1%
<b>Assumptions:</b> 1. The FY25 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 County Executive's FY26 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.							

FY26-31 FISCAL PROJECTION		Employee Health Benefits Self Insurance Fund					
	Estimate - FY25	Projected - FY26	Projected - FY27	Projected - FY28	Projected - FY29	Projected - FY30	Projected - FY31
BEGINNING BALANCE	3,890,724	26,389,482	34,959,464	22,320,562	24,085,511	26,005,727	28,096,066
REVENUES							
Premium Contributions	332,174,800	359,679,161	377,402,333	410,225,814	446,805,657	483,437,173	500,510,841
Premium Contributions: Retiree Insurance NDA	54,204,058	54,658,862	56,474,127	73,339,582	75,312,386	80,657,759	109,307,356
Investment Income	(138,640)	(116,750)	(104,110)	(90,230)	(83,290)	(83,290)	(83,290)
OPEB Trust Utilization	8,886,000	13,538,000					
TOTAL REVENUES	395,126,218	427,759,273	433,772,350	483,475,165	522,034,753	564,011,642	609,734,907
TOTAL FUNDS AVAILABLE	399,016,942	454,148,755	468,731,815	505,795,728	546,120,264	590,017,369	637,830,973
EXPENDITURES							
Claims, Premiums, & Carrier Administration	366,301,519	412,584,120	439,475,823	474,428,016	512,468,226	553,892,676	599,028,011
Actives	230,010,215	264,680,072	281,644,358	304,998,395	330,512,986	358,407,230	388,924,027
Retirees	136,291,304	147,904,048	157,831,465	169,429,621	181,955,240	195,485,446	210,103,984
In-house expenses	6,325,941	6,605,171	6,935,430	7,282,201	7,646,311	8,028,627	8,430,058
TOTAL EXPENDITURES	372,627,460	419,189,291	446,411,252	481,710,217	520,114,537	561,921,303	607,458,069
ENDING BALANCE	26,389,482	34,959,464	22,320,562	24,085,511	26,005,727	28,096,066	30,372,903
TARGET FUND BALANCE (5% OF EXPENDITURES)	18,631,370	20,959,460	22,320,560	24,085,510	26,005,730	28,096,070	30,372,900
ENDING BALANCE AS % OF EXPENDITURES	7.1%	8.3%	5.0%	5.0%	5.0%	5.0%	5.0%

FY26-31 PUBLIC SERVICES PROGRAM: FISCAL PLAN		Motor Pool					
FISCAL PROJECTIONS	FY25 ESTIMATE	FY26 RECOMMENDED	FY27 PROJECTION	FY28 PROJECTION	FY29 PROJECTION	FY30 PROJECTION	FY31 PROJECTION
ASSUMPTIONS							
CPI (Fiscal Year)	2.6%	2.7%	2.7%	2.4%	2.2%	2.2%	2.3%
Investment Income Yield	4.8%	4.1%	3.8%	3.3%	3.0%	3.0%	3.0%
Rate Adjustment	0.0%	0.0%	0.9%	2.3%	2.2%	8.7%	1.5%
BEGINNING FUND BALANCE	41,244,306	36,907,133	25,871,672	16,960,216	8,382,237	354,580	162,873
REVENUES							
Charges For Services	100,978,000	105,078,748	106,003,441	108,420,319	110,783,881	120,377,765	122,231,583
Intergovernmental	0	1,650,000	0	0	0	0	0
Miscellaneous	3,389,170	2,436,651	1,604,750	1,006,768	580,053	238,224	234,985
Subtotal Revenues	104,367,170	109,165,399	107,608,191	109,427,087	111,363,934	120,615,989	122,466,568
INTERFUND TRANSFERS (Net Non-CIP)	(516,300)	(325,650)	(328,375)	(325,475)	(326,950)	(327,675)	(322,775)
Transfers To Debt Service Fund	(516,300)	(325,650)	(328,375)	(325,475)	(326,950)	(327,675)	(322,775)
Long Term Leases	(516,300)	(325,650)	(328,375)	(325,475)	(326,950)	(327,675)	(322,775)
TOTAL RESOURCES	145,095,176	145,746,882	133,151,487	126,061,828	119,419,221	120,642,894	122,306,667
CIP CURRENT REVENUE APPROP.	0	(3,861,000)	0	0	0	0	0
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(108,188,043)	(116,014,210)	(117,626,070)	(119,114,390)	(120,499,440)	(121,914,820)	(123,407,430)
Labor Agreement	n/a	0	(106,063)	(106,063)	(106,063)	(106,063)	(106,063)
Annualizations and One-Time	n/a	n/a	1,540,862	1,540,862	1,540,862	1,540,862	1,540,862
Subtotal PSP Oper Budget Approp / Exp's	(108,188,043)	(116,014,210)	(116,191,271)	(117,679,591)	(119,064,641)	(120,480,021)	(121,972,631)
TOTAL USE OF RESOURCES	(108,188,043)	(119,875,210)	(116,191,271)	(117,679,591)	(119,064,641)	(120,480,021)	(121,972,631)
YEAR END FUND BALANCE	36,907,133	25,871,672	16,960,216	8,382,237	354,580	162,873	334,036
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	25.4%	17.8%	12.7%	6.6%	0.3%	0.1%	0.3%

**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.



FY26-31 PUBLIC SERVICES PROGRAM: FISCAL PLAN				Recreation Non-Tax Supported			
FISCAL PROJECTIONS	FY25 ESTIMATE	FY26 RECOMMENDED	FY27 PROJECTION	FY28 PROJECTION	FY29 PROJECTION	FY30 PROJECTION	FY31 PROJECTION
<b>ASSUMPTIONS</b>							
CPI (Fiscal Year)	2.6%	2.7%	2.7%	2.4%	2.2%	2.2%	2.3%
Investment Income Yield	4.8%	4.1%	3.8%	3.3%	3.0%	3.0%	3.0%
<b>BEGINNING FUND BALANCE</b>	622,644	1,414,474	1,591,524	1,865,594	2,224,068	2,665,236	3,195,826
<b>REVENUES</b>							
Charges For Services	8,800,000	8,800,000	9,035,840	9,253,604	9,456,258	9,663,350	9,881,742
Miscellaneous	91,830	77,050	72,230	62,600	57,780	57,780	57,780
<b>Subtotal Revenues</b>	8,891,830	8,877,050	9,108,070	9,316,204	9,514,038	9,721,130	9,939,522
<b>INTERFUND TRANSFERS (Net Non-CIP)</b>	(2,400,000)	(3,700,000)	(3,700,000)	(3,700,000)	(3,700,000)	(3,700,000)	(3,700,000)
Transfers To Special Fds: Tax Supported	(2,400,000)	(3,700,000)	(3,700,000)	(3,700,000)	(3,700,000)	(3,700,000)	(3,700,000)
Recreation Tax Supported	(2,400,000)	(3,700,000)	(3,700,000)	(3,700,000)	(3,700,000)	(3,700,000)	(3,700,000)
<b>TOTAL RESOURCES</b>	7,114,474	6,591,524	6,999,594	7,481,798	8,038,106	8,686,366	9,435,348
<b>PSP OPER. BUDGET APPROP/ EXP'S.</b>							
Operating Budget	(5,700,000)	(5,000,000)	(5,134,000)	(5,257,730)	(5,372,870)	(5,490,540)	(5,614,630)
<b>Subtotal PSP Oper Budget Approp / Exp's</b>	(5,700,000)	(5,000,000)	(5,134,000)	(5,257,730)	(5,372,870)	(5,490,540)	(5,614,630)
<b>TOTAL USE OF RESOURCES</b>	(5,700,000)	(5,000,000)	(5,134,000)	(5,257,730)	(5,372,870)	(5,490,540)	(5,614,630)
<b>YEAR END FUND BALANCE</b>	1,414,474	1,591,524	1,865,594	2,224,068	2,665,236	3,195,826	3,820,718
<b>END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES</b>	19.9%	24.1%	26.7%	29.7%	33.2%	36.8%	40.5%
<b>Assumptions:</b> 1. These projections are based on the County Executive's FY26 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.							

FY26-31 PUBLIC SERVICES PROGRAM: FISCAL PLAN				Inmate Advisory Council Fund			
FISCAL PROJECTIONS	FY25 ESTIMATE	FY26 RECOMMENDED	FY27 PROJECTION	FY28 PROJECTION	FY29 PROJECTION	FY30 PROJECTION	FY31 PROJECTION
<b>ASSUMPTIONS</b>							
CPI (Fiscal Year)	2.6%	2.7%	2.7%	2.4%	2.2%	2.2%	2.3%
Investment Income Yield	4.8%	4.1%	3.8%	3.3%	3.0%	3.0%	3.0%
<b>BEGINNING FUND BALANCE</b>	1,057,430	773,717	524,882	444,616	364,107	286,383	214,920
<b>REVENUES</b>							
Miscellaneous	303,375	294,165	304,784	313,821	325,246	340,337	356,518
<b>Subtotal Revenues</b>	303,375	294,165	304,784	313,821	325,246	340,337	356,518
<b>TOTAL RESOURCES</b>	1,360,805	1,067,882	829,666	758,437	689,353	626,720	571,438
<b>PSP OPER. BUDGET APPROP/ EXP'S.</b>							
Operating Budget	(587,088)	(543,000)	(385,050)	(394,330)	(402,970)	(411,800)	(421,110)
<b>Subtotal PSP Oper Budget Approp / Exp's</b>	(587,088)	(543,000)	(385,050)	(394,330)	(402,970)	(411,800)	(421,110)
<b>TOTAL USE OF RESOURCES</b>	(587,088)	(543,000)	(385,050)	(394,330)	(402,970)	(411,800)	(421,110)
<b>YEAR END FUND BALANCE</b>	773,717	524,882	444,616	364,107	286,383	214,920	150,328
<b>END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES</b>	56.9%	49.2%	53.6%	48.0%	41.5%	34.3%	26.3%
<b>Assumptions:</b> 1. The Inmate Advisory Council Fund was established by supplemental appropriation in FY21. 2. These projections are based on the County Executive's FY26 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.							



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# Maryland-National Capital Park and Planning Commission

FY26-31 PUBLIC SERVICES PROGRAM: FISCAL PLAN				M-NCPPC Enterprise Fund			
FISCAL PROJECTIONS	FY25 ESTIMATE	FY26 RECOMMENDED	FY27 PROJECTION	FY28 PROJECTION	FY29 PROJECTION	FY30 PROJECTION	FY31 PROJECTION
<b>ASSUMPTIONS</b>							
CPI (Fiscal Year)	2.6%	2.7%	2.7%	2.4%	2.2%	2.2%	2.3%
Investment Income Yield	4.8%	4.1%	3.8%	3.3%	3.0%	3.0%	3.0%
<b>BEGINNING FUND BALANCE</b>	17,625,174	19,660,461	20,058,690	21,334,288	22,618,805	23,911,620	25,212,920
<b>REVENUES</b>							
Charges For Services	12,635,583	12,958,904	13,306,203	13,626,882	13,925,310	14,230,275	14,551,880
Miscellaneous	1,345,510	1,287,680	905,390	905,390	905,390	905,390	905,390
<b>Subtotal Revenues</b>	13,981,093	14,246,584	14,211,593	14,532,272	14,830,700	15,135,665	15,457,270
<b>TOTAL RESOURCES</b>	31,606,267	33,907,045	34,270,283	35,866,560	37,449,505	39,047,285	40,670,190
<b>CIP CURRENT REVENUE APPROP.</b>	0	(1,250,000)	0	0	0	0	0
<b>PSP OPER. BUDGET APPROP/ EXP'S.</b>							
Operating Budget	(11,945,806)	(12,598,355)	(12,935,995)	(13,247,755)	(13,537,885)	(13,834,365)	(14,147,025)
<b>Subtotal PSP Oper Budget Approp / Exp's</b>	(11,945,806)	(12,598,355)	(12,935,995)	(13,247,755)	(13,537,885)	(13,834,365)	(14,147,025)
<b>TOTAL USE OF RESOURCES</b>	(11,945,806)	(13,848,355)	(12,935,995)	(13,247,755)	(13,537,885)	(13,834,365)	(14,147,025)
<b>YEAR END FUND BALANCE</b>	19,660,461	20,058,690	21,334,288	22,618,805	23,911,620	25,212,920	26,523,165
<b>END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES</b>	62.2%	59.2%	62.3%	63.1%	63.9%	64.6%	65.2%
<b>Assumptions:</b> 1. All labor and operations costs are shown as operating costs since M-NCPPC is not a component unit of Montgomery County Government. 2. These projections are based on the County Executive's FY26 Recommended Budget and include the assumptions of that budget. Future revenues, expenditures, or fund balance 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

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(\$ IN THOUSANDS)

FISCAL PROJECTIONS	FY25 APPROVED	FY26 CE REC	FY27 PROJECTION	FY28 PROJECTION	FY29 PROJECTION	FY30 PROJECTION	FY31 PROJECTION
<b>SPENDING AFFORDABILITY RESULTS</b>							
New Water and Sewer Debt	\$390,262	\$494,441	\$611,109	\$532,360	\$588,064	\$556,029	\$554,797
Total Water and Sewer Operating Expenses	\$1,014,059	\$1,133,372	\$1,235,171	\$1,329,028	\$1,418,169	\$1,503,118	\$1,586,444
Debt Service	\$361,968	\$373,801	\$398,364	\$436,564	\$463,586	\$494,108	\$522,115
Average Water and Sewer Rate Increase	8.5%	9.8%	9.7%	8.2%	7.5%	6.3%	5.8%
<b>BEGINNING FUND BALANCE</b>	<b>\$368,922</b>	<b>\$395,088</b>	<b>\$395,088</b>	<b>\$395,088</b>	<b>\$395,088</b>	<b>\$395,088</b>	<b>\$395,088</b>
<b>REVENUES</b>							
Water and Sewer Rate Revenue	\$809,105	\$894,985	\$981,799	\$1,062,306	\$1,141,979	\$1,213,924	\$1,284,332
Interest Income	\$8,860	\$14,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000
Account Maintenance Fee	\$59,964	\$69,684	\$76,443	\$82,712	\$88,915	\$94,516	\$99,998
Infrastructure Investment Fee	\$74,839	\$86,016	\$94,360	\$102,098	\$109,755	\$116,670	\$123,435
Plumbing and Inspection Fees	\$21,356	\$22,610	\$23,289	\$23,988	\$24,708	\$25,449	\$26,213
Rockville Sewer Use	\$3,300	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500
Grants Revenue	\$2,500	\$3,171	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
Miscellaneous	\$27,251	\$27,800	\$29,000	\$29,309	\$29,618	\$29,933	\$30,253
Uncollectable	-\$7,901	-\$4,961	-\$5,763	-\$6,236	-\$6,703	-\$7,126	-\$7,539
Cost Sharing Reimbursement	\$7,013	\$7,795	\$13,295	\$12,103	\$7,149	\$7,004	\$7,004
Miscellaneous	\$53,519	\$60,915	\$66,821	\$66,164	\$61,772	\$62,260	\$62,931
<b>Total Revenues</b>	<b>\$1,006,287</b>	<b>\$1,125,600</b>	<b>\$1,227,423</b>	<b>\$1,321,280</b>	<b>\$1,410,421</b>	<b>\$1,495,370</b>	<b>\$1,578,696</b>
SDC Debt Service Offset	\$5,772	\$5,772	\$5,748	\$5,748	\$5,748	\$5,748	\$5,748
Underwriters Discount Transfer	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
<b>TOTAL FUNDS AVAILABLE</b>	<b>\$1,014,059</b>	<b>\$1,133,372</b>	<b>\$1,235,171</b>	<b>\$1,329,028</b>	<b>\$1,418,169</b>	<b>\$1,503,118</b>	<b>\$1,586,444</b>
<b>EXPENDITURES</b>							
Salaries and Wages	\$158,146	\$199,283	\$208,250	\$217,622	\$227,415	\$237,648	\$248,342
Heat, Light, and Power	\$27,278	\$29,200	\$30,079	\$30,985	\$31,914	\$34,620	\$35,832
Regional Sewage Disposal	\$76,908	\$83,661	\$85,334	\$87,041	\$88,782	\$90,558	\$92,369
Debt Service	\$361,968	\$373,801	\$398,364	\$436,564	\$463,586	\$494,108	\$522,115
PAYGO	\$50,601	\$93,000	\$147,686	\$162,592	\$172,366	\$183,080	\$182,233
All Other	\$339,158	\$354,427	\$365,458	\$394,224	\$434,106	\$463,104	\$505,553
<b>TOTAL USE OF RESOURCES</b>	<b>\$1,014,059</b>	<b>\$1,133,372</b>	<b>\$1,235,171</b>	<b>\$1,329,028</b>	<b>\$1,418,169</b>	<b>\$1,503,118</b>	<b>\$1,586,444</b>
<b>REVENUE/EXPENDITURE SURPLUS/(GAP)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>YEAR END FUND BALANCE w/o additional reserve contribution</b>	<b>\$368,922</b>	<b>\$395,088</b>	<b>\$395,088</b>	<b>\$395,088</b>	<b>\$395,088</b>	<b>\$395,088</b>	<b>\$395,088</b>
<b>Additional Reserve Contribution</b>	<b>\$26,166</b>						
<b>TOTAL YEAR END FUND BALANCE</b>	<b>\$395,088</b>	<b>\$395,088</b>	<b>\$395,088</b>	<b>\$395,088</b>	<b>\$395,088</b>	<b>\$395,088</b>	<b>\$395,088</b>
Debt Service as a Percent of Water and Sewer Operating Budget	35.7%	33.0%	32.3%	32.8%	32.7%	32.9%	32.9%
Total End of Fiscal Year Operating Reserve	\$395,088	\$395,088	\$395,088	\$395,088	\$395,088	\$395,088	\$395,088
End of Fiscal Year Fund Balance as Percent of Operating Revenue	39.3%	35.1%	32.2%	29.9%	28.0%	26.4%	25.0%
Total Workyears (all funds)	1,963	2,040	2,040	2,040	2,040	2,040	2,040

### Assumptions:

1. The CE recommended operating budget is for FY26 only and incorporates the CE's revenue and expenditure assumptions for that budget.
2. The FY27-31 projections reflect WSSC Water's multi-year forecast and assumptions. 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 CE's FY26 Recommended water and sewer operating budget for WSSC Water.
3. The FY26 estimated spending affordability results are the values for the four spending affordability parameters implied by the FY26 budget approved by Montgomery and Prince George's counties, though Montgomery approved a 10.2% average rate increase and Prince George's County approved a 9.0% increase, and WSSC Water proposed a 9.8% increase, in the middle of Montgomery and Prince George's Counties. The FY26 proposed spending affordability results are the values of the spending affordability parameters associated with WSSC Water's proposed FY26 budget. The FY26 recommended spending affordability results are the spending affordability parameters associated with the County Executive's recommended WSSC Water budget for FY26. The FY27-31 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 FY26 estimated workyears shown correspond to the actual workyears as of December 2024.
5. Estimates of revenue in FY27-31 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 FY26 Proposed Long-Range Fiscal Plan for Water and Sewer Operating Funds may not match due to rounding.

Source: WSSC Water FY26 Proposed Budget Long-Range Financial Plan for Water and Sewer Operating Funds

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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

### Aging and Disability Services

- ★ Enhances supplemental funding for reimbursements to critical providers, including \$717,504 for a 3% increase to the Developmental Disability Provider Supplement and the Adult Medical Day Care Provider Supplement. This budget also adds \$112,045 to the base to annualize funding for the respite care provider reimbursement rate that was approved in FY24.

### Agriculture

- ★ The OAG recently completed building its Composting Education Hub at the Agricultural History Farm Park. This initiative was done in partnership with the Institute for Local Self Reliance and University of Maryland Extension Master Gardeners. The project goals include increasing on farm composting within the County for the purpose of generating compost, increase access to compost for agricultural producers, reducing reliance on and limit the use of fertilizers, improve soil quality and health, encourage waste management and permaculture business development, increase rainwater absorption, reduce municipal food waste and diverting food waste from landfills.
- ★ Moco Microhub Cold Storage - The MoCo Microhub was created in partnership between the OAG and the Montgomery County Food Council (who obtained a grant to fund the purchase of the cold storage unit). The unit which will be managed and maintained by the OAG will support small county farms with aggregation and storage of their products after harvesting before distribution to food programs for residents, including farm to school, farm to table, and farm to foodbanks.
- ★ The OAG submitted a high tunnel policy reform which eliminated the permit fee and the need for a building permit on non-agriculturally assessed properties. This initiative has made it considerably easier and less expensive for urban and suburban growers, particularly in historically disadvantaged and low-income areas, to utilize high tunnels for food production. As a result, it is expected to boost racial equity in agriculture, increase local food production, and reduce greenhouse gas emissions associated with food transport. Moreover, it enhances urban access to nutritious food, improving customer satisfaction and positively contributing to the community's health and environmental sustainability.

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## Alcohol Beverage Services

- ★ Open three new store locations, with updated and enhanced shopping environments, while proceeding with scheduled renovations to existing properties, in conjunction with landlord funded tenant improvement dollars.
- ★ Extend the newly implemented keg and specials picking process to the customer pickup window to minimize paper usage and enhance operational efficiency.
- ★ Upgrade the current conveyor system to enhance operational efficiencies, including increased productivity and reduced product breakage. This upgrade will also contribute to lowering employee injuries and minimizing overtime, creating a safer and more efficient work environment.
- ★ Develop a lifting technique training program aimed at reducing workplace injuries as part of the employee wellness initiative. This program will equip employees with proper lifting practices, promoting safety and long-term well-being in the workplace.
- ★ Enhance warehouse safety by mandating that all visitors and non-warehouse personnel wear safety vests. Additionally, increasing the number of safety lights on forklifts will contribute to reducing incidents, accidents, and near misses.

## Animal Services

- ★ Recruit a diverse pool of members to serve on the Animal Services Advisory Committee to ensure the membership mirrors the diversity of our community and includes a wide range of perspectives.
- ★ Provide affordable veterinary care to low- and moderate-income residents to ensure individuals receive quality care for their pets regardless of their financial circumstances.
- ★ Leverage private grant support to improve the technology systems that support the adoption process, including a web-based check-in system, an advanced scheduling/queue management platform, and updates to the facility for full Wi-Fi coverage to promote a faster, more seamless adoption process.

## Cable Television Communications Plan

- ★ Host strategic meetings with key stakeholders for member stations with the goal of gaining direction and support for the reorganization of the Connect Montgomery Alliance.
- ★ Work with TEBS to plan support for the dissolution of the existing Connect Montgomery Alliance organization and creation of a new, centralized approach to managing the County's cable access stations and audio/video production efforts.

## Community Engagement Cluster

- ★ Enhance engagement with multilingual communities through structured community forums and advisory group conversations, establishing regular two-way communication channels that elevate community input while creating streamlined pathways to connect vulnerable immigrant community members with vital legal, health, education, and economic resources in languages other than English.
- ★ Strengthen the Gilchrist Immigrant Resource Center's immigrant service referral system through the identification, verification, and cataloging of additional immigrant-serving organizations and resources, expanding access to comprehensive support services for immigrant communities throughout the County.

## Community Use of Public Facilities

- ★ Collaborated with the Montgomery County Department of Transportation (MCDOT) for the Adopt-A-Road program to adopt a street in Wheaton, MD. The Adopt-A-Road program will merge into CUPF's Climate Ready Office Challenge goals. Required street cleanings will play a key role in making sure the street CUPF adopted, along with surrounding areas, are cleaned and maintained. CUPF will utilize this program as an opportunity to encourage staff and County partners to join the #CUPFCares mission. Opportunities like the Adopt-A-Road program that will allow CUPF to showcase volunteerism efforts, while ensuring a safe and clean environment for the

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residents.

- ★ Developed an innovative digital magazine, which is available on social network sites and is updated every two weeks. The digital magazine is a valuable resource for increasing access to information to a diverse population.
- ★ Collaborated with the Department of Technology and Enterprise Business Solutions (TEBS) to start an educational outreach podcast. The podcast streams on several social media platforms to inform the community about CUPF services and other County resources.
- ★ Partnered with the Department of General Services, the Office of Energy and Sustainability, and community supporters to create a daily light display that illuminates the Veteran's Plaza pavilion with a radiant and dynamic display of colors, a breathtaking tribute to the diversity that reflects the Silver Spring Arts & Entertainment District.

## **Correction and Rehabilitation**

- ★ Increased funding for correctional facility food and pharmacy services to ensure adequate funding for health and medical care required for incarcerated individuals.
- ★ Fund mandatory in-service, commission-certified training of uniformed correctional officers.
- ★ Upgrade visiting phones to meet the evidence review and redaction standards of the State's Attorney and Police Department.
- ★ Increased overtime allocation to address continued vacancies and an increase in the incarcerated individual population.

## **County Attorney**

- ★ Implement Legal Files, a new case management cloud-based application with a technological advanced platform that offers a highly integrable case management to enhance OCA's ability to meet the daily demanding and challenging workload of Montgomery County Government.
- ★ Provide dedicated legal counsel to the Office of Grants Management entailing all aspects of finance, procurement, and budgeting for all grants made and received by Montgomery County Government.
- ★ Enhance legal counsel support to the Self-Insurance Fund, Workers-Compensation Division, to accomplish the substantially growth in workload experienced after the Maryland's Worker's Compensation Commission converted all notifications to electronic form.

## **County Executive**

- ★ Through the leadership of the Small Business Navigator, the Business Center implemented the Multicultural Accelerator in partnership with M&T Bank - hosting two cohorts of entrepreneurs in FY25.
- ★ The Business Center Team fully implemented the Client Relationship Management system, allowing for better customer service to businesses and tracking of data to refine future programs and services and continues proactive outreach two days a week and in all service regions in the County, ensuring businesses don't need to travel to County offices for help and resources.

## **Emergency Management and Homeland Security**

- ★ Maintain Nonprofit Security Grant Program funding to help Montgomery County nonprofits and faith-based organizations cover security personnel and planning costs.
- ★ Fund personnel costs for four emergency management employees currently supported by Urban Area Security Initiative grant funds.
- ★ Add funding to support Community Outreach, Volunteer and Donations Management, Training and Exercise Support, and Planning Support Programs. Funding will ensure the continuation of educational initiatives that equip residents with readiness to respond effectively to emergencies.

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- ★ Add funding to support Personal Protective Equipment (PPE), Emergency Management Accreditation (EMAP), and regular maintenance of the Emergency Operations Center (EOC).

## Environmental Protection

- ★ Add a new position to work on the Best Management Practice inspection program, focusing on stormwater management structures on private property.
- ★ Add funds to initiate outreach and communications to residents and affected businesses regarding the County's amended bag fee law. Under the revised law, plastic bags may no longer be offered at most retail establishments as of January 1, 2026, and the fee per non-plastic bag increases from \$0.05 to \$0.10.
- ★ Increase Funding for Clean Water Montgomery Grants to help property owners manage stormwater runoff on their properties and earn credit toward the County's MS4 Permit. Demand for the program continues to exceed available funding.

## Ethics Commission

- ★ Enhance the Commission's training program by creating a process by which all County employees will receive one hour of ethics training in accordance with the training mandate contained within the Public Ethics Law. The process will include both live virtual training and an alternative video training for those unable to attend the live sessions.

## Finance

- ★ Preliminary review to integrate artificial intelligence applications into the modeling of the tax revenue forecasts.
- ★ Transition point of sales and online payment systems from current vendor to JPMorgan Chase Merchant Services and Digital Bill Pay.
- ★ Upgrade the County's enterprise timekeeping and scheduling systems to the vendor's new software as a service platform before the vendor's end-of-life date for these products.
- ★ Upgrade the property tax billing system to the vendor's newer software as a service platform.
- ★ Launch an improved driver's license program to ensure compliance with County policies.

## Fire and Rescue Service

- ★ Replace uniformed staff with two civilian educators to expand MCFRS recruitment efforts at the Public Safety Training Academy (PSTA), overseeing the High School Cadet training program. This program, which attracts a diverse pool of participants, is undergoing enhancements to serve as a direct hiring pathway for recruit candidates.
- ★ Identify and implement service adjustments that will improve the delivery of services in accordance with the MCFRS Master Plan, particularly as it relates to Emergency Medical Services (EMS), including an increase to transport capacity by adding one Basic Life Support (BLS) Unit.
- ★ Identify process and service improvements to expand efforts to improve community resilience through education and preparation, in accordance with the MCFRS Master Plan.

## Fleet Management Services

- ★ Expand the fleet maintenance apprenticeship program by obtaining Maryland state registration for the existing program and adding more apprentice positions. These enhancements will enable DFMS to standardize the curriculum and apprentice experience and help reduce operating costs by reducing the amount of overflow work assigned to contractors. Further, the program will ensure the preservation of internal knowledge and experience, thereby avoiding knowledge gaps when an experienced technician or tradesperson retires.



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- ★ Increase funding for vehicle replacements to achieve Montgomery County's Climate Action Plan goals and modernize the fleet. Zero emission vehicles will be prioritized wherever there are feasible replacements for fossil fuel vehicles.
  - ★ Construct a solar microgrid to support zero emission bus fueling at the Gaithersburg bus depot. DFMS is collaborating with the DGS Office of Energy and Sustainability to plan the project, which will provide a clean and resilient energy source to charge electric buses and produce green hydrogen for fuel cell buses by using electricity to extract hydrogen from water.
  - ★ Collaborate with the DGS Office of Energy and Sustainability to build additional electric vehicle charging infrastructure at County facilities and fueling sites to support the transition to a zero emission fleet.

## **Food Systems Resilience**

- ★ Lead the final transitions from federally supported pandemic-era funding approaches to a long-term framework for strategic investment in food security programs. This transition includes reinforcing the solid foundation of existing food security resources developed during the pandemic, while strategically implementing new initiatives to close service gaps, align investments with values of equity and resilience, and better leverage Federal and State funds.
- ★ Launch the second round of the Community Food Assistance Grant program, supporting local service providers with direct funding and specialized access to shelf-stable and fresh food for distribution to food insecure residents while further strengthening the capacity and stability of the County's robust network of organizations.
- ★ Expand and enhance the implementation of the County's Strategic Plan to End Childhood Hunger recommendations: retail food access strategies including the MC Groceries program, the Food as Medicine and School-Based Food Assistance grant programs, and community partnerships to maximize enrollment in Federal nutrition programs.
- ★ Strengthen local food production and distribution through strategic and creative investments in projects that aggregate, process, and/or distribute food from local producers to increase immediate and long-term food security in the region. Direct purchases from local food farms, grants for Resident and Community Gardening projects, and operating and infrastructure funding for local food aggregation will expand local food production, market demand, and access for residents.
- ★ Engage with statewide, regional, and national partners to share best practices, maximize external resources, and implement collaborative strategies for policymaking that strengthen food system resilience and address the racial inequities and disparities present in all aspects of the food system. Expand interagency coordination mechanisms for local government agencies and facilitate a County emergency response framework planning process for food system disruptions.
- ★ Serve as a liaison between government and food system partners, including residents, businesses, and non-profit organizations to ensure policy development and implementation is directly informed by the insight and expertise of the community.

## **Grants Management**

- ★ Create a centralized system to establish reliable end-to-end tracking, approval, and reporting of grant funding received by the County.
- ★ Fund an attorney position within the Office of the County Attorney focused on grants issues to assist the Office of Grants Management (OGM) staff navigate potential changes to Federal grants.

## **Health and Human Services**

- ★ Continues the shift in focus of the Services to End and Prevent Homelessness (SEPH) service area toward rental assistance and Housing Stabilization Services (HSS) eviction prevention by annualizing for FY26 the funding provided in Supplemental #25-42. Adds \$6.9 million for the continuation of the Short-term Housing and Resolution Program (SHARP) which provides up to 12 months of rental assistance and navigation services to those experiencing homelessness, targeting families currently staying in motels used for overflow shelter and those staying in County family emergency shelters to move them to permanent housing. Adds another \$2.9 million in funding for HSS eviction prevention and the Rental Assistance Program (RAP) by offering financial assistance and short-term case management to connect households to needed resources, which may include landlord-tenant affairs, legal services, financial literacy, vocational support, and behavioral healthcare.

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- ★ Provides \$2.4 million to enhance Health Care for the Uninsured programs, including \$963,600 to bring the Montgomery Cares reimbursement rate to 45 percent of the cost of care and prevent potential clinic closures; \$903,600 to annualize a recommended FY25 supplemental that recognizes the cost of enrollment growth and expansion to a new clinic at the Islamic Center of Maryland; \$333,800 to annualize the cost of Care for Kids (CFK) enrollment growth; and an additional \$180,000 to improve reproductive health care access for CFK youth clients.
  - ★ Increases funding of \$2 million to maintain Rapid Rehousing (RRH) program due to increased rents and the end of COVID-era funding. Replaces American Rescue Plan Act (ARPA) funds with General funds of \$1.2 million to continue providing Housing Initiative Program permanent supportive housing services in FY26 to 39 households where at least one household member has a documented disability.
  - ★ Adds \$1.7 million to enhance and expand school health services. Provides \$1.5 million to provide for Blueprint-required community health nurse staffing in 11 new community schools, which is expected to be offset by approximately \$1.2 million in revenue. Also adds three nurse managers to support sustainable management staffing ratios and improve the delivery and operations of School Health Services (\$225,400).
  - ★ Provides funding for several enhancements to the Linkages to Learning program by providing funding for contractual staffing for Linkages to Learning at Greencastle Elementary School and Silver Spring International Middle School (\$214,100), funding a new Linkages to Learning at Burnt Mills Elementary School (\$200,000), and enhancing Linkages to Learning bilingual therapist contractor salaries to improve recruitment and retention of bilingual therapists (\$65,000).
  - ★ Restores one-time funding in FY26 for the Lighthouse Initiative (formerly Newcomers) for a total of \$7.1 million.
  - ★ Replaces a number of FY25 grant reductions with General funds in FY26: HIV, AIDS, and STI Services Grant Reductions (\$721,900); Maryland Family Network Grant Reduction (\$175,300); Senior Nutrition Services at the Silver Spring Recreation and Aquatic Center (\$147,900); and Infant and Early Childhood Mental Health Grant Reduction (\$130,900). Ensures continuity of Hepatitis B and Immunization Services (\$126,800) and Countywide food costs in Senior Nutrition Services (\$101,200) despite external revenues becoming insufficient to maintain these costs.
  - ★ Enhances supplemental funding for reimbursements to critical providers, including \$717,500 for a 3 percent increase to the Developmental Disability Provider Supplement and the Adult Medical Day Care Provider Supplement. Also adds \$112,000 to the base to annualize funding for the respite care provider reimbursement rate that was approved in FY24.
  - ★ Provides \$454,200 to enhance the availability and delivery of dental services, including \$300,000 to address the lack of affordable and accessible dental services in East County by partnering with community providers to serve 300 residents; and \$154,200 to continue the FY24 transition of contractual dental services staff capacity to County permanent staff positions.
  - ★ Accommodates increased utilization of domestic violence shelter services (\$425,000), and assumes abuse intervention services that cannot be procured due to state requirements (\$107,500 that is expected to be fully offset by revenues).

## **Housing and Community Affairs**

- ★ Provide \$121.3 million in funding to produce and preserve affordable housing units in Montgomery County. This funding commitment includes allocating \$12.4 million to the Montgomery Housing Initiative (MHI) Fund, \$102.0 million to the Affordable Housing Acquisition and Preservation CIP projects, \$5.0 million to the Affordable Housing Opportunity Fund, and \$1.9 million to the Revitalization for Troubled and Distressed Common Ownership Communities CIP projects.
- ★ Provide \$59.8 million in resources for the Montgomery Housing Initiative Fund to continue various programs and projects dedicated to creating and preserving affordable housing and related services. The funding will provide for the renovation of distressed housing, creation of housing units for special needs residents, rental assistance and rapid rehousing, homeless prevention and relocation assistance, homeowner downpayment assistance, home accessibility rehabilitation, services to the Building Neighborhoods to Call Home, and Housing First programs, and the creation of mixed-income housing.
- ★ Increase funding by \$1.5 million for the homeownership assistance programs, which provide additional resources for first-time homebuyers with downpayment assistance and needed counseling services.

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- ★ Continue funding to support the Rental Housing Division in implementing and executing rent stabilization mandates, ensuring landlords can gain a fair return on their investment, and effectively providing needed services for tenants through the collaboration between the Rent Stabilization Program and the Office of Landlord and Tenant Affairs.
  - ★ Increase licensing fees on multifamily rental units and short-term rentals to align with the fees charged by surrounding jurisdictions and offset staffing needs. The revenue generated from the licensing fees will support programmatic operations with four additional personnel to directly enforce required mandates and improve service delivery through Licensing and Registration, Code Enforcement, Landlord-Tenant Mediation, and Short-Term Residential Rental programs.
  - ★ Increase the registration fee for Common Ownership Communities to create a designated staff member to manage and administer the newly established loan program to revitalize troubled and distressed Common Ownership Communities (COC) and provide technical assistance to distressed COCs to help improve their long-term viability. This new loan program has identified two COC communities in FY25 that serve low-income homeowners for funding to address needed capital improvements and avoid the loss or displacement of housing units.
  - ★ Continue to actively underwrite affordable housing loans to preserve and produce affordable housing. Fifteen multi-family developments have already been identified for potential funding in FY26. These developments would maintain or create 2,353 units, including 2,018 affordable units.

## Human Resources

- ★ Expanded HR governance and human resources (HR) community engagement by hosting HR community meetings and workshops, increasing targeted correspondence, and launching the HR Liaison Intranet, "One-Stop HR Shop," the first SharePoint site of its kind at Montgomery County Government (MCG), which provides a comprehensive resource for all HR Liaisons.
- ★ Launched the High Intensity Recruitment Experience, featuring targeted promotions of "hard-to-fill" vacancies, using online sourcing platforms and elevating the County's profile as a preferred employer. This resulted in increased connections with job seekers, as well as increased consultancy and hiring support to County departments.

## Human Rights

- ★ Increase public outreach by developing a print and social media marketing campaign to boost public engagement on the Housing Justice Act and other County laws.
- ★ Collaborate with the Remembrance and Reconciliation Commission and community partners to create the reconciliation program for the community. The Commission and the Department of General Services are working on the completion of the historical marker site at the County Council Office Building.
- ★ Increase public engagement on illegal lending practices and banking regulation compliance and enforcement of the Community Reinvestment Act (CRA).

## Inspector General

- ★ The Education Oversight Division (EOD) was established in FY24 and is charged with bringing transparency and accountability to MCPS' operations by conducting investigations, reviews, and inspections aimed at detecting and deterring fraud, waste, abuse, misconduct, and mismanagement of school resources. In FY24, EOD addressed over 180 complaints, and identified \$200,000+ in questionable expenditures inconsistent with MCPS policy.
- ★ In FY25, EOD hired two new staff and began the first proactive engagement related to procurement practices at MCPS.

## Management and Budget

- ★ Organized and coordinated eleven operating budget forums during the development of the FY26 County Executive's Recommended Operating Budget, providing residents an opportunity to share their input. Two of the forums were conducted in non-English languages (Spanish and Chinese).

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- ★ Collaborated with the Office of Intergovernmental Relations to develop and launch a Microsoft SharePoint workflow, streamlining the submission and review of Federal Earmark Requests.
  - ★ Launched the Human Capital Monitoring Initiative to enhance accountability and resource management, equipping department staff with advanced tools to effectively analyze and manage human resource data.
  - ★ Partnered with the County Executive's Office to introduce the Telling Our Organizational Success Story initiative, a transformative effort that enhances processes, structures, and culture while valuing the contributions of over 9,000 employees through structural, procedural, training, cultural, and service improvements.
  - ★ Welcomed a delegation from the Philippines to showcase Montgomery County's budgeting approach, highlighting the Public Services and Capital Improvements Programs as models of transparent, data-driven governance, and community-centered priorities.

## Parking District Services

- ★ Improve Security Systems and public safety elements to address high-incident/high-crime threat areas in off-street parking. Support network improvements to sustain the new security cameras, additional fencing, and wayfinding painting to improve pedestrian safety.
- ★ Elevator modernization in the Metropolitan Garage (G49) which will increase reliability, enhance safety and energy efficiency, and to ensure compliance with all State/Local regulations.
- ★ Install canopy solar Panel on a Parking Facility roof to provide energy for low-voltage systems. Looking at opportunities to partner with Montgomery County Greenbank and/or other stakeholders to install Solar Canopies on garages in the Parking Lot Districts that can provide discounted electricity to Low-to-moderate-income (LMI) customers. The Community Solar project is at award stage for garages 4, 5, 7, and 9.
- ★ Convert Single Space Meter lots in Wheaton PLD to Master meter Pay and Display or Pay by Plate operations. Wheaton Lots - converting legacy coin-only single space meters with master meters which allows pay and display (coin, cash or CC) or Pay-by-Cell.
- ★ Convert end of life single space meters in the Transportation Management Districts (TMD) and PLDs to new and more capable single space meter systems. TMD off street and PLD lots/on-street replace of legacy smart meters with recently awarded single space smart meter contract.
- ★ Modernize and improve Parking and Revenue Control (PARC) System at G31 that features digital permitting, License Plate Recognition (LPR), and Pay-by-Cell (PBC) integration.

## Permitting Services

- ★ The Department of Permitting Services (DPS) has initiated the process of creating a five-year strategic plan with a consultant. The plan will focus on continuous improvement of the department over the next several years in the areas of high performance, technology, data, process streamlining, sustainability, organizational alignment, exceptional customer service, communication, and other key focus areas. The goal is to begin plan implementation in early FY26.
- ★ Three new DPS positions, including a Program Manager II and a Senior Permitting Services Specialist in the Commercial Building Construction Division, and an Administrative Specialist II in the Director's Office for Outreach, will enhance the workflow tasks within the plan review process of various permits and improve the turnaround time on plan reviews for small businesses, and enhance engagement with residents and the business community.

## Police

- ★ Enhance safety and security at Progress Place by adding County Security Guards to provide a more appropriate level of response to calls for service and increase Police availability in the Silver Spring area by reducing the need for uniform response to service requests at this location.
- ★ Invest in a digital forensic software to expedite investigation, reduce over-time and backlog, and collect critical evidence to resolve crime in our community after a search warrant is granted.



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- ★ Implement the Speed-on-Green Traffic Camera pilot program to reduce collisions, aggressive driving, and speeding at the intersections of Colesville Road and Georgia Avenue and Colesville Road and University Boulevard.

## Procurement

- ★ Initiating the consolidation of various contract lifecycle applications into an e-Procurement solution, integrating sourcing, contact management, vendor management, and compliance management.

## Public Health Services

- ★ Supports the Health Care for the Uninsured Programs with a \$1.9 million increase for Montgomery Cares reimbursement rates; \$903,632 to annualize the cost of enrollment growth in the Montgomery Cares program and expansion to a new clinic at the Islamic Center of Maryland. In addition, the Care for Kids (CFK) programs are supported with \$333,785 to annualize the cost of enrollment growth in the Care for Kids program and an additional \$180,000 to improve reproductive health care access.

## Public Information

- ★ Currently migrating the homegrown Identity and Access Management System (AccessMCG) to a cloud-based solution. This transition will enable the implementation of robust access controls, including zero trust security principles, multi-factor authentication, and conditional access policies, ensuring strict user verification and least privilege access. These improvements will strengthen the County's security against cyber threats while improving operational efficiency across departments.

## Public Libraries

- ★ Continue redevelopment of World Languages collections in alignment with the County's language priorities. Adds \$153,667 in FY26 funding to begin the revitalization of these collections, with purchases in Spanish, Chinese, Vietnamese, Korean, French, Amharic, Farsi, Russian, and Bengali, distributed to library branches where those languages are most spoken.
- ★ Meet demand for digital materials through Hoopla platform by adding \$121,464 in FY26 for ebooks, eaudiobooks, emagazines, emusic, and evideo.
- ★ Replace old water fountains ahead of renovations with filtered water bottle fillers to reduce the amount of plastic water bottles brought into its buildings in order to support a greener environment.
- ★ Record participation in the Summer Reading Challenge with 16,652 participants, a 21% increase from last year, including a new Adult Summer Reading program where 31% of adults completed their challenge. Teen enrollment increased by 318 participants, and 3,194 children under 12 earned Nationals tickets by completing specific reading goals. MCPL plans to expand its Winter Reading Challenge to all ages, adding new features like custom gameboards and a kickoff party to boost engagement.
- ★ Expand Teen Mental Health Week with additional programming through collaborative efforts between various Montgomery County departments (MCPL, Department of Recreation, and the Department of Health and Human Services). Teen Mental Health Week was a week-long initiative, from April 6th - April 13th, focused on raising awareness about mental health issues affecting teenagers, especially in the aftermath of the COVID-19 pandemic. Expanding the program into an annual offering helps to create a culture of compassion, understanding, and support for youth as they navigate the challenges of adolescence and beyond.
- ★ Expand MoComCon to a two-day event to continue MCPL's commitment to providing access to the whole community through innovative and diverse programming. By providing two days for MoComCon, MCPL allows more equitable access to this event and ensures that different age levels can focus on events tailored to their interests.
- ★ Increased emphasis on professional development training for MCPL staff through highlighting training programs offered by the County and library partners and streamlining training offerings through the implementation of a learning management system (LMS) software system. Began publishing the training calendar as an Airtable spreadsheet, which can be connected to staff outlook calendars and categorized by Strategic Goals to better collect data. MCPL plans to convert the Airtable database to Microsoft Lists to integrate into the SharePoint site.

## Racial Equity and Social Justice

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- ★ The Office of Racial Equity and Social Justice is transitioning all training programs to a self-guided format so that they can be accessed by all staff at any time. The Office is also creating Countywide guidance on equitable community engagement for departments to use in developing community engagement plans.

## Recreation

- ★ Expand Elementary Excel Beyond the Bell (EBB) Programs to Waters Landing and East Silver Spring Elementary Schools.
- ★ Partnered with the Maryland Senior Olympics on launching the first soccer event at Nancy H. Dacek North Potomac Community Recreation Center.
- ★ Developed a Winter Wellness Campaign to encourage seniors to stay active during the colder months when it becomes so easy to stay sedentary and passed out 1,000 free at home resistance bands to encourage continued movement at home.
- ★ Offered 92 different programs, at nine different locations, providing 1,781 total facilitated program hours, serving 5,148 total registered in winter 2024.
- ★ Increased the number of bi-lingual programming and senior programming to 4,164 registrations. Currently, there are 82 programs available for adults 55+, covering activities like dance, education, martial arts, fitness, games, music, and special events.

## Sheriff

- ★ Fund one-time costs for law enforcement vehicle upfitting, including Mobile Data Computers (MDC) and radios.

## State's Attorney

- ★ In FY25, the State's Attorney's Office launched a successful attorney retention program to address attrition.

## Technology and Enterprise Business Solutions

- ★ Currently migrating the homegrown Identity and Access Management System (AccessMCG) to a cloud-based solution. This transition will enable the implementation of robust access controls, including zero trust security principles, multi-factor authentication, and conditional access policies, ensuring strict user verification and least privilege access. These improvements will strengthen the County's security against cyber threats while improving operational efficiency across departments.
- ★ Engaged with the Office of Human Resources (OHR) to begin developing an AI chatbot that will serve as an additional resource for staff and County residents in the newly established Communication Center. This AI chatbot will enable the OHR Communication Center staff to better assist current and former County employees and individuals interested in joining the County team when they ask questions.
- ★ Deployed MoCoNet, the County's 300/300 Mbps residential broadband network, to six affordable housing developments and continued efforts to expand MoCoNet to seven additional Housing Opportunity Commission locations. This program helps close the digital divide and ensures that all residents can participate in the digital world.
- ★ Montgomery Connects is leveraging grant opportunities to provide technology training to older adults, especially those who have recently received a free computer through the program. Montgomery Connects will provide more training in senior residential buildings as grant funding becomes available.
- ★ Launched a pilot program to deploy Microsoft CoPilot 365 to help the County evolve and expand its digital capabilities, enhance productivity, streamline workflows, and empower our teams to achieve more.

## Transit Services

- ★ Prioritize transit in Montgomery County by making Ride On bus service fare free. Zero-fare bus systems offer a significant advantage to public transportation by eliminating the cost of travel for passengers. This initiative aims to encourage the use of buses, reduce traffic congestion, and lower carbon emissions by promoting more eco-friendly commuting options. By removing fares, these programs make

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transportation more accessible to everyone, especially those with limited financial resources, while also supporting environmental and social goals.

- ★ Create a more sustainable and equitable transit system for the County through the Ride On Reimagined Service and Implementation Plan. This comprehensive strategy was developed through over two years of meticulous research and planning, including a focus on the community's unique needs. The first year of the plan focuses on foundational improvements, such as upgrading infrastructure, enhancing existing routes, and introducing new services where there is the highest demand. In later years, the plan will expand service to increase accessibility and accommodate future growth.
- ★ Transition to a zero-emission bus fleet to achieve the County's goal of zero greenhouse gas emissions by 2035, as outlined in the Climate Action Plan. The Montgomery County Department of Transportation has developed a transition plan to develop concrete strategies for emission reduction, evaluate facility needs, determine appropriate fleet composition, and engage the community. By integrating innovative technologies and planning for necessary infrastructure, the County is not only addressing current environmental challenges but also setting a standard for future transit initiatives. This proactive approach demonstrates a dedication to creating a cleaner, healthier environment for all residents while contributing to global efforts against climate change.
- ★ Expand Ride On service through the Great Seneca Transit Network, which will significantly enhance mobility and access to vital job sectors, particularly in healthcare, biotech, and education. The first phase of the network is operational and serves the Shady Grove corridor and the Life Sciences Center along I-370. Key features of the network include new and upgraded transit stations, dedicated bus and bike lanes, transit signal priority for efficiency, enhancements to transit centers, and improvements for pedestrians and cyclists.

## Transportation

- ★ Implement the new State Invitation for Bid generator and streamline the project file structure on Sharepoint.
- ★ Formalize an abandonment petition application that will be embedded into the County's website.
- ★ Develop an education curriculum to improve industry knowledge and have, at a minimum, two team members obtain their Right of Way Agent certification through the International Right of Way Association.

## Urban Districts

- ★ The Bethesda Urban District will produce a new public street art installation to downtown Bethesda by covering the intersection of Arlington Road and Bethesda Avenue. The art installation will enhance the pedestrian crossing, and the original design will be made by a local artist.
- ★ The Bethesda Urban District will make modifications to the Metro Bus Bay that will include light features and art installations to the columns and a large vinyl wrap around the signal boxes.
- ★ The Friendship Heights Urban District convenes a Youth Advisory Council, engaging high school students in urban design and placemaking initiatives. The group focuses on neighborhood history, creating third spaces, and pedestrian experience.
- ★ The Friendship Heights Urban District installed two bright and colorful murals at the Wisconsin Circle Bus turnaround.
- ★ The Wheaton Urban District is advancing a placemaking initiative to enhance public spaces and foster community engagement. Through strategic activations, including weekend pop-ups, these efforts create a dynamic and inclusive urban environment.
- ★ As part of its commitment to Vision Zero, the Wheaton Urban District is enhancing pedestrian safety through targeted infrastructure upgrades, including the installation of improved LED lighting and accessibility enhancements throughout the district.

## Productivity Improvements

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## Alcohol Beverage Services

- ✱ Introduced a new podcast series, *Spirited Discussions: A Podcast by Montgomery County Alcohol Beverage Services*, to help residents and businesses understand alcohol products, trends, and policies in Montgomery County.
- ✱ Optimized the keg and specials picking process by transitioning from paper-based methods to iPads. This shift has significantly reduced the time required for picking kegs and special items, while enhancing order fulfillment accuracy.
- ✱ Implemented pre-shift stretching routines to reduce workplace injuries, promoting a safer and healthier environment for the workforce.

## Animal Services

- ✱ Restructure and realign positions within the department to provide cross training, improve efficiency, and prioritize the most critical needs of the department using existing resources.
- ✱ Conduct facility assessments to identify potential issues and proactively respond to repairs and equipment replacement.
- ✱ Leverage advanced technologies and systems to streamline processes, reduce operational inefficiencies, enhance problem-solving capabilities, and elevate the overall quality of services and outcomes.

## Board of Elections

- ✱ The Board of Elections will provide on-site training of election judges and canvassing of mail-in ballots, accommodating the changing voters' preferences that result in the highest number of vote by mail ballots in Maryland.
- ✱ The office expansion will improve operational efficiency and reduce use of outside facilities.
- ✱ Building on the initial efforts made in 2024 elections, Board of Elections will further utilize technological solutions to improve efficiency of election administration at polling places (use of tablets to replace paper forms and streamline real-time communication) and further improve communication with the voters.

## Cable Television Communications Plan

- ✱ Developed Over the Top (OTT) applications for sharing select Connect Montgomery Alliance (CoMo) programming. Led by the CoMo Engineering Committee, CoMo Programming Committee and the TEBS' Community Engagement Team, CoMo has made significant strides in developing a technical approach that will bring select CoMo Network programming to Apple TV, Amazon Fire, RokuTV, and other digital platforms. This effort is among several outlined in the FY25 strategic plan that call for progress in combining efforts to create a unified outcome from one entity, the Connect Montgomery Network. The County Cable Montgomery and Community Engagement Teams are leading the way in demonstrating this technology and have successfully launched apps on both Apple TV and RokuTV.

## Circuit Court

- ✱ Initiated Expanded Voir Dire, a pilot program running from January 1, 2025, through June 2025, which studies the impact of expanded jury selection effectiveness, case management, and public perception of the trial process.
- ✱ Expanded the Problem Solving Court, including Montgomery County Driving Under the Influence (DUI) Court which began in October 2023.
- ✱ Augmented the Family Law grant to include a new Case Manager to address an uptick in special juvenile immigration status case matters over the last two years.
- ✱ Instituted a Justice/Diversity, Equity, Inclusion, and Accessibility (DEIA) Coordinator to develop and execute outreach and marketing strategies about Court proceedings at local schools.

## Community Engagement Cluster



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- ✱ The Office of Community Partnerships strengthened multilingual engagement through ongoing in-language community forums, including the Operating Budget forums in Chinese and Spanish with simultaneous interpretation to ensure broader participation and input from diverse linguistic communities.
  - ✱ The Translation Unit expanded its reach by completing translation requests from 25 County agencies in Amharic, Chinese, French, Korean, Spanish, and Vietnamese, significantly increasing accessibility of government information and services for limited English proficient residents.
  - ✱ The Caribbean Community Liaison, in partnership with the East County Regional Service Office and other County and non-county government organizations, developed and implemented a comprehensive support system for the increased influx of migrants. Over the last 18 months, this collaborative effort delivered 25 resettlement workgroup conversations and 38 in-language community resource and engagement activities including: Community Group Learning English Classes, Legal Immigration Clinics, Workshops against Sexual Violence, Mental Health Screenings, Continuing Education resources, Workforce Development sessions, laptop distribution events, or food and clothing distribution events.
  - ✱ The Commission for Women provided leadership to the Montgomery County Human Trafficking Prevention Committee (HTPC). During 2024, the Committee trained members of the community about human trafficking, including members of the Montgomery County Public School system, fellow government entities, non-profit organizations, and supported local legislation that supported human trafficking victims.
  - ✱ The HTPC created and implemented an inaugural education and outreach campaign about human trafficking. Anti-trafficking information was placed on Ride On buses, recreation centers, and libraries, along with other prominent public areas.
  - ✱ The Commission for Women organized the 44th Annual Women's Legislative Briefing in January 2024, with over 500 participants. It was the first in-person briefing since the pandemic.
  - ✱ The Commission for Women provided 27 seminars to several hundred residents in 2024. The focus of the seminars is to enrich the lives of women and families by informing, educating, empowering, and supporting residents of the County.

## Community Use of Public Facilities

- ✱ CUPF has completed a comprehensive fee study to determine appropriate fees and fund balance target range and after more than 16 years without a fee increase, CUPF is adjusting its fee structure in FY26 to better meet the rising operational costs and ensure the continued quality of services. CUPF has included equity considerations when determining fee increases and the impact those increases will have on the community. The revised fee structure will allow CUPF to achieve long-term solvency and make improvements that will facilitate improved administration and operations.
- ✱ Continue to work on improvements to the Vermont Systems Inc. (VSI) scheduling platform.

## Consumer Protection

- ✱ Established the Permit Review and Early Protection (PREP) program to proactively identify unregistered home sellers through permit reviews and provide education to ensure compliance and consumer protection.
- ✱ Enhanced the Office's ability to resolve new home construction disputes, strengthen investigations, and ensure builder compliance.
- ✱ Launched the *Consumer Connection* podcast to inform residents about scams, consumer rights, and smart purchases through expert discussions.
- ✱ Established a Scams Workgroup to enhance consumer education and awareness of emerging fraud tactics. The initiative will equip residents with the knowledge and resources to recognize, prevent, and respond to scams effectively.
- ✱ Conducted 22 in-person and virtual outreach and educational events in FY25 including related to home improvement, identify theft prevention, scam prevention, and more.

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## Correction and Rehabilitation

- ✴ Host one-day processing events at the Montgomery County Public Safety Headquarters to bolster recruitment.
- ✴ Awarded Maryland Department of Housing and Community Development grant to facilitate the enhancement and creation of cutting-edge computer labs for both the Detention Services and the Community Corrections Divisions.

## County Attorney

- ✴ Collaborate with the Office of Human Resources and the Office of Labor Relations to accomplish the drafting, approval, and publishing of updated Montgomery County Personnel Regulations.
- ✴ Continue providing training to Montgomery County's Management Leadership Services (MLS) workforce on significant topics such as the supervision and management of represented and unrepresented employees.

## County Executive

- ✴ Internal Audit completed eight audit reports in FY24 and FY25, including the following audits: Cash Management Reviews in the Police Department and Alcohol Beverage Services; Marriott Conference Center Management Agreement Audit; Information Technology Governance; Information Technology Data Security and Governance; and Purchasing Card Administration in Department of General Services, the Community Engagement Cluster, and the Department of Health and Human Services. The audits are expected to be published in FY25.
- ✴ The Innovation Accelerator built significant new momentum this past year. Projects from new Accelerators ranged from improving HR transactions to making it easier for members of the public to use public facilities. We also partnered with the Maryland-National Capital Park and Planning Commission and the Department of Environmental Protection to launch the first Climate Accelerator as part of the Climate Action Plan. This Accelerator created cross-departmental links between employees working on climate change issues ranging from emergency management to transportation demand management. The Innovation Team was also awarded the 2024 National Association of Counties (NaCo) Achievement Award for its work with the Accelerator and Ride On Problem Solving Committees.
- ✴ The Business Center Team assisted more than 1,200 businesses with direct queries and engaged more than 830 businesses with proactive outreach.
- ✴ The Business Center Team developed and implemented 29 events to support the County's innovation ecosystem at the Innovation Centers - an increase from three executed during FY24.

## Emergency Management and Homeland Security

- ✴ Partnered with the Office of Grants Management (OGM) to launch the FY25 Nonprofit Security Grant Program, awarding \$1.2 million to 117 applicants for community security enhancements.
- ✴ Pursued Federal Emergency Management Agency (FEMA) reimbursement for County COVID-19 expenses, submitting \$218 million. Of this, \$185 million was eligible, \$117 million reimbursed, and \$68 million remains under review, with \$50 million near obligation.
- ✴ Managed \$4.6 million in Federal Homeland Security grants for public safety, funding personnel, equipment, training, and infrastructure enhancements.
- ✴ As of February, responded to 43 emergencies, including fires, floods, evacuations, hazardous spills, and major regional events like the January 2025 aircraft disaster.
- ✴ In 2024, sent 487 emergency alerts on weather, transit, public health, and more to 250,400 Alert Montgomery subscribers, a 4.8 percent increase over the previous year.
- ✴ Held 79 community outreach events on emergency preparedness, including the first Ready Montgomery Seminar, educating hundreds on response skills and climate resilience.

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- ✱ OEMHS is developing a Public Safety Joint Operations Center to enhance real-time coordination across agencies. It will house the Fire Operations Center, OEMHS Watch Desk, Montgomery County Police Department (MCPD) Real-Time Intelligence Center, and Drone as a First Responder Program, improving emergency response and efficiency.
  - ✱ Led climate adaptation efforts, hosting the first Resilience Hub Workshop for 125+ participants, expanding Spanish-language outreach, and advising on the Comprehensive Flood Management Study.
  - ✱ Redesigned the Emergency Management Group, aligning nearly 350 members by role for targeted training, communications, and strategic assignments, with exercises set for Spring/Summer 2025.

## Environmental Protection

- ✱ Established regulations and launched a new electric leaf blower campaign and a related rebate program. Launched a county-wide campaign to inform the public about the ban on the sale of gas-powered leaf blowers and the upcoming ban on the use of gas-powered leaf blowers, and developed a new online application portal to manage rebate program.
- ✱ Continued to grow and improve the annual Montgomery County Energy Summit. Attracting 200-300 attendees each year, this educational conference and networking event is DEP's flagship event to educate and engage with the commercial and multifamily building community on sustainable green building and County energy requirements. DEP continues to build the event's reach year-over-year with new partnerships, keynote speakers, and cutting-edge educational opportunities.
- ✱ Won a grant for \$2.7 million for up to 17 electric vehicle charging stations from the Maryland Department of Transportation through the Carbon Reduction Program. Funding will support the installation of EV charging stations at 17 county-owned locations, including parking garages, Park-N-Ride lots, libraries, and community centers.

## Ethics Commission

- ✱ Enhanced the Commission's ability to offer increased training opportunities for County employees.
- ✱ Implemented a training video to support the mandatory one-hour online ethics training program for new employees. This video is available for those unable to attend the live on-line training provided by Commission staff.
- ✱ Implemented an improvement to the lobbying activity reporting system to require reporting of the specific matters on which lobbying has occurred. When activity reports were filed in July 2024, lobbyists were required to list each matter on which lobbying occurred during the reporting period, using bill numbers, formal designations, or other specific references or details to describe the matter.

## Finance

- ✱ Replaced the Central Vendor Registration System with a new system built in-house that provides more functions and capabilities than the previous system.
- ✱ Completed negotiations for a new contract for the claims administration services and broker services contract selected from a competitive request for proposal process.
- ✱ Successfully executed a new contract for merchant card services selected from a competitive request for proposal process.
- ✱ Develop an automated system for Debt Service budget preparation and publication integrating Debt Service estimates with actuals and linking those estimates to the Office of Management and Budgets budget preparation and publication system.

## Fire and Rescue Service

- ✱ Opened new Clarksburg Fire Station 35, replacing a temporary leased facility with a new state of the art County owned station.
- ✱ Supported local fire rescue departments (LFRD) by adjusting staffing at both Glen Echo Fire Station 11 and Burtonsville Fire Station 15.

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- ✱ Added two personnel to the Community Risk Reduction team to focus efforts on increasing the resilience of the children and seniors in Montgomery County.
  - ✱ Funded a Community Action Coordinator (lieutenant) position to focus on improving resilience to three primary issues that cause death: cardiac arrest, overdoses, and penetrating traumas. In March 2024, the community action coordinator led a coordinated effort and team of people to deliver a hands-only CPR "blitz", which trained people on the application of hands-only CPR.
  - ✱ Emergency Medicine and Integrated Healthcare Services (EMIHS), implemented a Whole Blood initiative aimed at enhancing emergency medical care for our community's most critically ill patients - those experiencing major blood loss with evidence of significant physiological compromise. This program can significantly improve outcomes for those suffering from severe hemorrhage.
  - ✱ Incorporated the use of floor-below nozzles as a tactical option for high-rise firefighting operations and purchased smoke curtains for deployment on fires, which will give the department an advantage in preventing smoke spread in large buildings.
  - ✱ Expanded employee health and wellness initiatives by adding two contract positions at Fire and Rescue Occupational Medical Services (FROMS) and establishing a clinic for uniformed employees to address physical injuries with an athletic trainer. Increased funding, in coordination with the International Association of Fire Fighters (IAFF) for advanced cancer screening opportunities. Enhanced mental wellness services by hiring a part-time therapist, a full-time administrative aide, and relocating the program to a new office suite.
  - ✱ Under the alternative destination program, MCFRS can now transport EMS patients who have low acuity behavioral health complaints or acute toxication to the stabilization room at the Crisis Center, reducing the stress on the strained emergency departments.
  - ✱ Convened a group to review all aspects of the Incident Response Policy (IRP) and make necessary adjustments.
  - ✱ Revolutionized the annual Kelly day pick process, a process by which staff select a pay day off, through automation of the process.

## **Fleet Management Services**

- ✱ Received a grant from the Maryland Energy Administration for medium and heavy-duty zero emission vehicles following a successful application by DFMS. The grant funds will be used to purchase nine medium and heavy-duty electric vehicles and one zero emission construction vehicle.
- ✱ Procured a 38-foot Mobile Medical Unit for the Department of Health and Human Services to provide health services to disadvantaged and rural communities.
- ✱ Received and delivered over 200 electric vehicles to County departments to date.
- ✱ Partnered with the Montgomery County Department of Transportation to procure approximately 100 electric Ride On buses through FY27. The buses will operate at the Silver Spring and Gaithersburg Ride On bus depots to fully utilize the solar microgrids at these locations.
- ✱ Procured recent model, lightly-used electric vehicles at significantly lower cost than new electric vehicles due to changes in the rental car industry causing companies to downsize their electric vehicle inventories. This has enabled a leap forward in converting the fleet to zero emissions in support of the County's Climate Action Plan goals.

## **Food Systems Resilience**

- ✱ Implement a centralized grantee and contract vendor performance data reporting platform with core standard metrics to evaluate impact across all programs and data reporting requirements appropriately scaled to organizational capacity. The data collected and analyzed will afford a greater ability to identify level of need and service trends in real time, evaluate program performance, and inform future funding decisions.
- ✱ Conduct geographic and demographic gap analyses of County food system financial investments and assets. Implement strategy to visualize and communicate available food systems data collected both internally and externally to inform policymaking, budgetary decisions, and intersectional collaboration.



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- ✱ Launch resident and program participant direct feedback and communications mechanisms across programs through year-round client satisfaction surveys, community surveys, resource referral distribution lists, and proactive engagement with community boards, committees, and organizations.
  - ✱ Strategically transform the funding strategy for the coordination of County-based Food Recovery initiative through a new competitive grant program supporting collaboration, resource and data sharing, organics recycling capacity, and an increased edible food supply for the local network of food recovery organizations.
  - ✱ Increase alignment and interconnectivity of OFSR programs to amplify impact of investments, connect residents with assistance best suited to their unique needs, and streamline the resource referral process for increased efficiency and effectiveness.

## General Services

- ✱ The Department of General Services (DGS) remains committed to expanding affordable housing, with ongoing and future developments in Burtonsville, Clarksburg, Derwood, Rockville, Wheaton, and White Flint.
- ✱ Implemented the Asset Works inventory management system to track and manage County facility components, enabling better predictive maintenance and reducing unforeseen service disruptions.
- ✱ DGS transformed the Executive Office Building's terrace and lobby in preparation of its renaming to the Isiah "Ike" Leggett Executive Office Building on February 24, 2025.
- ✱ The HVAC Renovation and Upgrade Project for the Executive Office Building and Judicial Center is set for completion by May 2025, replacing outdated equipment to improve energy efficiency, airflow, and comfort.
- ✱ Completed \$3.65 million in capital repairs to ensure County facilities meet ADA Title II requirements.
- ✱ Initiated the "Em-POWER-Maryland" program funded Pepco and Potomac Edison Virtual Commissioning (VCx) to ensure future Building Energy Performance Standards (BEPS) compliance and reduce energy use and improve efficiency.
- ✱ Department staff trained over 3,500 County employees on Americans with Disabilities (ADA) compliance, policies, disability etiquette, and ensuring equal access to County programs and services. DGS ensured countywide ADA Title II compliance, fulfilling reasonable accommodation requests and achieving zero ADA complaints or related litigation.
- ✱ DGS plays a critical role in the County's agreement with United Therapeutics, supporting the company's growth at its urban campus in downtown Silver Spring and providing substantial public benefits. DGS is also building a new state-of-the-art fiber hub for the Montgomery County Department of Technology and Enterprise Business Solutions, marking the first phase of a multi-phase transaction.
- ✱ Over the past year, Facilities responded to 31,350 service requests, repairs, maintenance, and emergencies across 400+ buildings and properties.
- ✱ Completed a comprehensive community outreach and land planning effort for a new net-zero bus operations and maintenance facility serving the Department of Transportation and Montgomery County Public Schools, along with mixed-use development on Jeremiah Park in Derwood. The new depot is central to the County's goal of achieving 100% reduction in greenhouse gas emissions by 2035. DGS is working on selecting a development partner to design, build, finance, operate, and maintain the new depot.

## Grants Management

- ✱ Continue to provide outside stakeholders with clear, consistent communication on County grants through the weekly Grants Opportunities Newsletter, Grant Program Forecasts, monthly OGM Forums, and engagement in partner events.

## Health and Human Services

- ✱ In conjunction with the Department of Technology and Enterprise Business Solutions, DHHS is building a more up-to-date and secure enterprise Integrated Case Management (eICM) 2.0 with an expected go-live date in FY26.

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- ✱ In FY25, a new Request for Proposals (RFP) was posted for a new Electronic Health Record (EHR) contract. Proposals are being reviewed, and a new contract is expected to be in place in early FY26 with a go-live expected in the third quarter of FY26.
  - ✱ QLESS is a lobby management system that was implemented in heavily trafficked DHHS locations in 2017. The initial implementation focused on serving some programs at some locations. Based on the success of this system in helping programs manage the lobbies since 2017, the department has been expanding to different locations and programs. The department will continue to expand to other locations in FY25 and FY26, including to the mobile medical and dental van and Vital Records Office, as the learning from the product implementation has revolutionized how customers are served.
  - ✱ DHHS is working diligently to enhance data capabilities and improve performance and outcome measures that will lead the department to more data-driven decision-making processes. In FY25, 67 employees began a pilot DataCamp project that includes 17 hours of training on Data Literacy. At the end of the pilot the department hopes that post-tests will show a marked improvement in understanding the importance of data collection, data cleanliness, data analysis, and data visualization. Assuming significant improvements are seen during the pilot, DHHS will put out an RFP to provide data literacy training to all DHHS employees with the intent to create a department-wide data culture.
  - ✱ The DHHS IT Applications team built a replacement system for HighGear in ServicePoint. Like HighGear, the System for Payments, direct purchase Orders, Careers, and Kontracts (SPOCK) provides a workflow for tasks that require multilevel approvals and tracking of approval status. This has cut down the use of paper and back and forth emails dramatically. The move from HighGear to SPOCK also provides cost savings as a homegrown system.
  - ✱ The FY25 focus for the Community Connect (Client Portal) team will be on Phase III, which is the Provider Portal Module of the platform. This section of the system is aimed at providing a space for improved invoicing and transactional processes relating to customer benefits approved through the County. Both the customer and provider will be able to see the completed transactions from benefit approval to service payments. Phase IV of the product will evolve in the next couple of years with a focus on customer needs enhancements as post-launch customer feedback is incorporated into the development of improvements to the complete customer service experience.

## Housing and Community Affairs

- ✱ DHCA's Multifamily Housing Development Team successfully closed 17 residential real estate loan transactions in FY24, providing more than \$84.5 million towards these developments to preserve, rehabilitate, or produce 1,133 affordable housing units at an average cost of \$74,632 per unit.
- ✱ DHCA's Moderately Priced Dwelling Unit (MPDU) program continues to generate new affordable units throughout the County. During FY24, the MPDU program generated 398 new MPDUs offered for sale (70 units) or rent (328 units).
- ✱ The Commission on Common Ownership Communities successfully closed 80 cases in FY24. Of those, 66 cases were closed before a hearing, representing a success rate of 82.5 percent of all cases.
- ✱ The Focused Neighborhood Assistance (FNA) program continues to provide additional funding in FY24 for site improvements and new lighting throughout the neighborhood in the Montclair Manor community of Silver Spring and completing the drainage improvements, new asphalt pedestrian pathways, and landscaping projects in the Wedgewood Community of Gaithersburg.

## Human Resources

- ✱ Launched NEOGOV and its associated online platform GovernmentJobs.com, significantly reducing the time and effort for candidates to apply and creating a streamlined and trackable end-to-end process for the County's hiring process, resulting in an average 250 percent increase in applications per job posting.
- ✱ Launched an HR Liaison engagement strategy, which includes more frequent communications, new workshops, and a dedicated Intranet site, "One-Stop HR Shop," which consolidated four different sites into one site that serves as a comprehensive resource for all HR Liaisons.
- ✱ In FY24 the County had a net gain of 294 permanent employees, the largest net gain in over five years, resulting from enhancements

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to the County's sourcing and recruitment framework, paid advertising, and increased community engagement.

- ✱ In FY24, 66 percent of new hires identified as a racial minority, which is above the 59 percent threshold of the Montgomery County labor force.
- ✱ Developed and implemented the Position Description Management system, the first centralized position description database for MCG, and instituted a requirement for updated position descriptions prior to commencement of recruitment activities for all vacancies.
- ✱ Developed and implemented automated imaging and benefits updates to manage changes to employee beneficiary records and to provide confirmation messages for changes made using Oracle's employee self-service feature, reducing errors and delays in processing, as well as providing documented records for reference.
- ✱ Launched a new supervisor/manager orientation program, to orient new leaders to their administrative and managerial responsibilities, as well as effective leadership practices.

## Human Rights

- ✱ Developed a Standard Operating Procedure (SOP) which established regulations for case processing and investigations.
- ✱ Partnered with the U.S. Equal Employment Opportunity Commission on a new case management system to better manage employment cases and improve efficacy in the complaint process.

## Inspector General

- ✱ OIG formalized a process for tracking the status of corrective actions to ensure departments are held accountable and appropriately addressing the findings and recommendations in reports.

## Labor Relations

- ✱ Implemented centralization plan reassigning countywide labor and employee relations functions to the Office of Labor Relations.
- ✱ Negotiated a new Collective Bargaining Agreement (CBA) with the Fraternal Order of Police and a new Direct Bargaining Agreement (DBA) with the Montgomery County Volunteer Fire-Rescue Association.
- ✱ Modified the County's Collective Bargaining Issues Development and Strategy Process for Term Bargaining in order to streamline and expedite the process, and re-established a Collective Bargaining Policy Committee to set County priorities ahead of term bargaining.
- ✱ Launched a new OLR intranet site to provide resources to departments.
- ✱ Created and implemented multiple Standard Operating Procedures for ensuring that labor and employee relations issues are addressed timely and consistently, and developed training content on multiple labor and employee relations subjects that will ultimately become a comprehensive training library to guide and support departments.
- ✱ Continued countywide Labor Management Relations Committee (LMRC) subcommittees on health and safety topics; department-level LMRCs in nearly every department in the County; and quarterly training for all LMRC members.
- ✱ Continued to improve grievance processing through use of a new grievance tracker as well as software that allows OLR to track the status of all grievances in real time.

## Management and Budget

- ✱ Collaborated with the County Executive's Office to facilitate the Montgomery County Resident Survey, gathering resident feedback on services and priorities to better guide fiscal decision-making.

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- ✱ Leveraged Microsoft Teams, SharePoint, and Forms functionality to enhance the recruitment process by simplifying evaluation forms, centralizing collaborative documents, and optimizing scheduling for improved efficiency and effectiveness.
  - ✱ Improved workflows for departments to submit and track requests to OMB, enhancing ease of use and providing greater visibility into request progress.

## Parking District Services

- ✱ Developed a comprehensive Internet of Things 'IoT' infrastructure network linking all existing and future garages to enhance utility digital services in the parking industry.
- ✱ Established an elevator modernization program to gradually overhaul components, using non-proprietary parts per County requirements.
- ✱ The LED Lights Capital Improvement Project is now in its third phase, with control systems being installed to manage energy consumption, enhance internal efficiency, and respond to utility reduction demands.
- ✱ Life safety improvements remain a priority for the Parking Management Division, with ongoing projects to upgrade air quality, sensors, fire alarms, fire suppression, and monitoring systems.
- ✱ Pilot LPR integration into select Off-Street Parking Pay by Plate facilities to better track payment records and offer automated payment reminder and/or enforcement.
- ✱ Implement new security guard services contract to enhance PLD off-street parking security and incident reporting.
- ✱ Digital permits for garage specific parking in the PLD.
- ✱ Expand Cloud-based security cameras with integrated notification system.

## Permitting Services

- ✱ Well and Septic applications can now be submitted, paid, and reviewed electronically reducing the number of visits and/or mail deliveries to DPS. It is mandatory that any legal document that requires recordation be submitted and paid electronically to DPS via Simplifile. Nearly 200 documents have been recorded since its inception in late 2023 resulting in faster permit issuance and a reduction in trips to/from DPS and the courthouse. Since DPS executes the submission, the department can be confident the documents in Land Records are accurate.
- ✱ The third-party e-solar program is designed to alleviate the workload for the commercial electrical review team who assists the residential plan review team. By FY26, the department aims to have 40% of eligible projects utilize e-solar.

## Police

- ✱ MCPD continues to expand the Drone as First Responder pilot program by converting contracted positions into merit positions and by adding the Germantown site, increasing the number of locations served to five. This program aims to increase effectiveness of Police Officers' response to incidents by improving their decision-making process with data from aerial perspective.
- ✱ Enhance the Real-Time Information Center by converting contracted positions to merit staff to improve MCPD's effectiveness and accuracy to address crime in our County.

## Procurement

- ✱ Develop strategies to enhance contract efficiency, ensure accountability, and improve the County's procurement process. Provide training and consultative support to departments to ensure compliance with regulations and policies. The Office of Procurement secured a spot in Harvard University's competitive virtual training boot camp to maximize vendor value and improve vendor performance documentation.



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- ✱ Support minority, female, and disabled-owned (MFD) businesses in transitioning from subcontractors to prime contractors through Pathway to Primes program. This program offers networking, capacity-building, and resource access to promote inclusion, equity, and long-term business growth in public procurement.
  - ✱ Organize a quarterly regional procurement compliance forum to share best practices, discuss policies, and enhance economic opportunities for disadvantaged businesses, promoting diversity, inclusion, and compliance. Introduced a local veteran business preference program to engage the local veteran business community in Montgomery County's local small business contracting opportunities.
  - ✱ Increase Minority, Female, Disabled-owned business subcontracting goals based on the FY25 Disparity Study, directing more County funds to traditionally economically disadvantaged businesses.
  - ✱ Ensure contract compliance with County code and regulations through the Contract Review Committee (CRC), which evaluates actions that fail to meet compliance standards during a weekly public forum. The department has streamlined the CRC meeting process with the CRC Request application and emphasizes accountability and responsible financial management. This approach prioritized cost-effective procurement for essential services while maintaining transparency and due process in both regular and emergency procurement procedures to safeguard public safety and prevent mismanagement of funds.

## Public Libraries

- ✱ Launched new full-service Digital Library Card in Spring 2024, allowing customers to self-verify their identification 24/7 from anywhere. Additionally, a Google Wallet and Apple Pay option is now available for customers to access their card from a smart phone.
- ✱ Utilize new Electric Outreach Van to assist MCPL in reaching communities in areas where it is difficult to access a physical library building. This will help mitigate the disruption caused for the community while the Damascus Library is closed for refresh.
- ✱ Replaced vendor for computer and print management in the branches for more efficient customer printing and computer management.
- ✱ Plan to implement updated barcode scanners at library service desks to expedite and improve accuracy in new customer registration process.
- ✱ Develop RFP for a new materials handler for the Collection Management warehouse which will improve efficiency in the distribution of materials to branches putting them in the hands of the customers more quickly.
- ✱ Pursue procurement of new people counters in branches to improve accuracy of foot traffic statistics to measure library customer visits, and optimize services provided based on data collected.
- ✱ Develop AI chatbot as an additional customer service tool.
- ✱ Use Microsoft Power Automate to streamline many functions of the HR and Staff Development Unit such as streamlining the onboarding process by collecting data available via Microsoft profiles and pulling that data into the spreadsheets, consolidating manually entered completions of onboarding steps into one place, and automating the certification process with color coding of due dates.

## Recreation

### ✱ Youth Development:

#### Accomplishments

- Received NACo Awards for expansion of Teen Programming during summer months - increased the number of Teen Camp locations.
- Launched Summer Basketball Series and Teens Day and Night Out programs at multiple locations - which served a total of 1,158 youth.
- Expanded Elementary Excel Beyond the Bell Programs to two new sites: Harriet Tubman and Watkins Mill Elementary Schools.

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### Collaborations & Partnerships

- Collaborated with Montgomery County Fire & Rescue on a Hands Only CPR Awareness Campaign that brought the lifesaving knowledge and skill set to 159 youth.
- Partnered with the Housing Opportunities Commission to host the Fun, Food, Fitness summer program for youth on location within Cider Mill Apartments.
- Collaborated with the Montgomery Village Foundation to host a Summer Street Soccer Tournament at North Creek Community Center in Montgomery Village. Provided youth with a healthy meal paired with recreational fun.

### ✱ **Countywide Programs:**

#### Accomplishments

- Received NaCo awards for Flag Football with Officiating Program and Rec Your Way.
- Successfully held the largest All Staff Camp Global Training, featuring guest speaker Michael Brandwein.
- Utilized report tags in department's database more efficiently in sort program offerings for performance measures, telling the department's story, and reporting on data more efficiently.

#### Expansion of Youth Sports

- Expanded Youth Lacrosse Instructional League to two locations Bauer and Calverton-Galway. The Youth Lacrosse enrichment program is currently at various summer camps locations.
- Launched skateboarding classes at the Damascus Community Recreation Center serving youths between 8-12 years old.
- Added a Girl's Varsity division in the High School Summer Basketball League in summer 2024.

### ✱ **Senior Programming:**

#### Accomplishments

- Received 2024 NACo Awards for: 55+ BBQ Bonanza, Centenarian Celebration, Senior Outdoor Adventures in Recreation (SOAR), and Winter Wellness Campaign.
- Received 2024 Maryland Recreation and Parks Association (MRPA) Showcase Award for the "Maryland, My Maryland" category for the Centenarian Celebration.
- Expanded the summer Senior Adventure Camp to two new locations, Ross Boddy & Silver Spring, while increasing more camper seats for participation. In Summer 2025, the department expects to increase programming.
- Implemented Maryland's new coupon card system for Farmers Market coupons, which allowed Recreation to distribute and assign pre-loaded cards that could be used to purchase fresh produce from location participating farmers markets throughout the County.

### ✱ **Communication & Public Outreach:**

#### Accomplishments

- Increased the total Rec Assist award from \$200 to \$400 per eligible household member in 2024. The department has seen a significant increase in funds used by families participating in the financial assistance program to sign up for Montgomery County Recreation's programs and activities.
- Continued to raise awareness about the Rec Assist program through the efforts of the Community Outreach Team. This has resulted in an increase of families signing up for programs. Rec Assist has been a big asset in providing equitable access to services for County residents.

## **Recycling and Resource Management**

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- ✴ Established four Food Scraps Recycling Drop-Off collection points at existing farmers markets. Program provides residents convenient access to drop-off their food scraps for recycling. Markets are located in Silver Spring, Bethesda, Derwood, and Olney. Three of these markets operate year-round, one operates seasonally, and all operate during the weekends.
  - ✴ Continued Phase I and Phase II of the Single-Family Residential Curbside Food Scraps Recycling Pilot Program. Through this program, which was recognized with a 2024 Achievement Award by the National Association of Counties, over 1,126,000 pounds of food scraps have been recycled by 1,535 participant households in parts of Silver Spring, Potomac, Bethesda, and Rockville.
  - ✴ Coordinated and organized bulk volume sale of successfully tested rodent-proof backyard food scraps compost bins. Residents were provided the opportunity to purchase either the dual chamber tumbler or the stationary model at a discounted price. Almost 200 food scraps compost bins were sold, evenly split between the two options.

## **Sheriff**

- ✴ Collaborated with public safety agencies, businesses, and colleges including Planet Fitness, Montgomery College, Hood College, and Liberty University to promote hiring opportunities.
- ✴ Planned Family Justice Center (FJC) initiatives including partnering with the Domestic Violence Coordinating Council and community groups to host RespectFest 2026 to educate 1,200 teens on dating violence, implementing a paperless record-keeping system, launching a Spanish-language intake app, continuing domestic violence workshops, and supporting the Development Services Group in securing Federal funding for a Family Justice Center evaluation study.
- ✴ The FJC and the Domestic Violence Coordinating Council will launch an October campaign for Domestic Violence Awareness Month, highlighting education and services.
- ✴ Expand the Sheriff's Office staff to fill vacancies and enhance Courthouse Security per best practices.

## **Technology and Enterprise Business Solutions**

- ✴ Partnered with the Department of Housing and Community Affairs Rent Stabilization team to expeditiously implement a new system in line with Executive Regulation 2-24 on rent stabilization laws. TEBS has completed the first two out of three stages to ensure compliance with the new regulations and improve user experience.
- ✴ Continued to build on early success with the nationally recognized Artificial Intelligence Center of Excellence (AICOE), leveraging advancements in AI across County government. With a proactive approach, the AICOE actively collaborates with various County departments, effectively addressing their unique needs.
- ✴ Deployed the Monty 2.0 chatbot, which facilitated over 22,000 conversations in its first year of operation, giving residents instant access to thousands of knowledge topics in over 100+ global languages. Monty facilitated a similar number of meaningful conversations per day (43-44) as an average MC311 customer service representative (36-55).
- ✴ TEBS continues work on the Web Redesign Project, known as Web 2.0, to improve its website and enhance the user experience. The project is in the Discovery Phase, during which TEBS is collaborating with a vendor partner to gather insights from community members and stakeholders. A website redesign and upgrade for the County government will significantly improve the overall experience for residents, promote ADA compliance, enhance operational efficiency, ensure security, and facilitate better communication and engagement.

## **Transit Services**

- ✴ The County has added 26 battery electric buses as replacements for diesel-fueled buses in the Ride On bus fleet. An additional 86 electric buses are planned to be added to expand the fleet to 112 electric buses by the end of FY26.

## **Transportation**

- ✴ Modify the property owner brochure to meet Federal compliance for Bus Rapid Transit.

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- ✱ Improve the Cost Estimate Workbook for more accurate project estimations for acquiring property.

## Urban Districts

- ✱ The Urban Districts created a more efficient process for collecting Optional Method Development (OMD) fees by switching from an invoiced-based payment system to direct inclusion on property tax bills. The resulting action led to an increase in revenue for the County and cut down on man hours by ensuring future collections be processed through the capabilities of the Department of Finance.
- ✱ The Bethesda Urban District increased civic engagement by hosting National Night Out and the Drone as a First Responder Townhall. Future engagement efforts will focus on children and families through community partnerships for a summer event.
- ✱ The Friendship Heights Urban District convenes a business public safety program with regular cross jurisdictional security meetings for business and community members with Montgomery County Police Department, District of Columbia Metropolitan Police Department, and Metro Transit police.
- ✱ The Friendship Heights Urban District enlivened vacant retail with gallery and retail pop ups, including a temporary bookstore at Wisconsin Place.
- ✱ The Wheaton Urban District implemented a seven-day-a-week program for litter collection, trash removal, and recycling services, ensuring a cleaner and more sustainable public space.
- ✱ The Silver Spring Urban District leads strategic marketing initiatives, including a comprehensive overhaul of the Urban District website, to improve engagement, accessibility, and functionality for diverse audiences. Additionally, integrated messaging across social media platforms and newsletters showcases local businesses and fosters a stronger connection with a broad group of stakeholders.
- ✱ The Silver Spring Urban District emphasizes interagency collaboration and coordination on key initiatives, notably leading efforts to update the Silver Spring Urban District's Streetscape Standards. Silver Spring Urban District works across a network of County agencies and service providers to enhance support for the unhoused community accessing resources at Progress Place.





# Appendices

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- 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

	FY25 Approved Ending Fund Balance	FY26 Recommended Ending Fund	Change in Fund Balance	% Change
<b>TAX SUPPORTED</b>				
<b>Montgomery County Government</b>				
County General Fund	30,926,874	76,111,083	45,184,209	146.1%
Bethesda Urban District	83,878	103,121	19,243	22.9%
Fire	267,498	197,085	-70,413	-26.3%
Mass Transit	372,085	121,021	-251,064	-67.5%
Recreation	316,115	559,139	243,024	76.9%
Revenue Stabilization Fund	676,177,529	714,868,384	38,690,855	5.7%
Silver Spring Urban District	145,794	124,237	-21,557	-14.8%
Wheaton Urban District	180,181	94,923	-85,258	-47.3%
<b>Montgomery College</b>				
Emergency Repair Fund	602,070	789,738	187,668	31.2%
Current Fund MC	44,488,291	14,385,298	-30,102,993	-67.7%
<b>Maryland-National Capital Park and Planning Commission</b>				
Administration Fund	1,420,310	1,534,343	114,033	8.0%
Park Fund	5,464,482	5,630,512	166,030	3.0%
<b>NON-TAX SUPPORTED</b>				
<b>Montgomery County Government</b>				
Cable Television	1,174,158	1,448,304	274,146	23.3%
Water Quality Protection Fund	4,090,150	9,020,801	4,930,651	120.5%
Bethesda Parking District	7,460,761	6,206,271	-1,254,490	-16.8%
Community Use of Public Facilities	109,585	1,995	-107,590	-98.2%
Liquor Control	5,027,929	5,046,366	18,437	0.4%
Permitting Services	36,451,144	32,703,438	-3,747,706	-10.3%
Silver Spring Parking District	2,572,566	53,720	-2,518,846	-97.9%
Solid Waste Collection	3,674,659	4,460,951	786,292	21.4%
Vacuum Leaf Collection	1,373,673	1,335,339	-38,334	-2.8%
Wheaton Parking District	1,710,181	2,147,777	437,596	25.6%

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**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 ten percent reserve target in FY22, FY23, and FY24 and is projected to do so in FY25 and FY26.
- Bethesda Urban District

The change in fund balance is to meet the policy level of 2.5 percent of resources.
- Silver Spring Urban District

The change in fund balance is to meet the policy level of 2.5 percent of resources.
- Wheaton Urban District

The change in fund balance is to meet the policy level of 2.5 percent of resources.
- 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.

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**Explanation of Changes in Fund Balance Greater Than 10% (Continued):**

- 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 with this reserve policy.
- Bethesda Parking District

The change in fund balance is due to lower revenue projections and funding the Security Camera Project.
- Current Fund MC

The FY26 fund balance decrease is primarily due to allocating fund balance to capital projects.
- 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 with this reserve policy.
- Emergency Repair Fund MC

The FY26 fund balance increase is primarily a result of reduced demand for emergency expenditures during FY25.
- Water Quality Protection Fund

The change in fund balance is due to rates being adjusted to smooth out the impacts of planned debt issuances that will be used to pay for flood mitigation work. The first debt issuance is programmed for FY28.
- Cable Television

The change in fund balance is due to a higher than expected FY24 actual ending fund balance carrying forward to FY26.
- Community Use of Public Facilities

The FY26 ending fund balance is estimated below the reserve policy level due to increased expenditures.
- Silver Spring Parking District

The change in fund balance is due to lower revenue projections and funding the Security Camera Project.
- Wheaton Parking District

The change in fund balance is due to better revenue projections.
- Permitting Services

The change in fund balance is due to lower revenue projections and higher operating costs.
- Solid Waste Collection

The change in fund balance is due to FY25 revenues projected to come in higher than budgeted, resulting in a higher base for growth in FY26.

# TRENDS AND PROJECTIONS

Demographic and Planning Indicators	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31
<b>POPULATION</b>									
Annual Increase	1,058,474	1,062,777	1,067,098	1,073,918	1,080,782	1,087,589	1,094,641	1,101,637	1,108,614
Population Growth Since 2014	5,953	4,303	4,321	6,820	6,864	6,907	6,952	6,996	6,977
County Resident Births (Prior Calendar Year) (a)	4.0%	4.4%	4.8%	5.5%	6.2%	6.8%	7.5%	8.2%	8.9%
<b>HOUSEHOLDS</b>									
Household Annual Growth (%)	12,160	12,310	12,440	12,550	12,660	12,780	12,900	13,020	13,020
Household Growth Since 2014	392,629	394,225	395,828	398,358	400,904	403,466	406,045	408,640	411,228
Household Growth Since 1992	0.3%	0.4%	0.4%	0.6%	0.6%	0.6%	0.6%	0.6%	2.6%
Household Size	7.6%	8.1%	8.5%	9.2%	9.9%	10.6%	11.3%	12.0%	13.9%
	34.8%	35.4%	35.9%	36.8%	37.7%	38.6%	39.4%	40.3%	41.2%
	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70
<b>RESIDENT EMPLOYMENT (Jan = Calendar Year)</b>									
Resident Employment Annual Growth (%)	538,156	539,584	540,251	541,317	543,719	546,246	548,646	550,719	552,138
Resident Employment Growth Since 2014	1.4%	0.3%	0.1%	0.2%	0.4%	0.5%	0.4%	0.4%	1.5%
Resident Employment Per Household	3.4%	3.7%	3.8%	4.0%	4.5%	5.0%	5.4%	5.8%	12.8%
Jobs in County (a)	1.37	1.37	1.36	1.36	1.36	1.35	1.35	1.35	1.34
<b>PERSONAL INCOME (\$ Millions)</b>									
Per Capita Personal Income	513,800	518,400	522,900	527,400	532,000	536,500	541,100	545,600	545,600
Annual Growth (%)	\$105,890	\$110,690	\$115,110	\$119,830	\$124,050	\$128,080	\$132,560	\$137,390	\$142,160
	\$100,040	\$104,150	\$107,870	\$111,580	\$114,780	\$117,750	\$121,100	\$124,710	\$128,230
	7.1%	4.1%	3.6%	3.4%	2.9%	2.6%	2.8%	3.0%	11.7%
<b>CONSUMER PRICE INDEX (CPI) - Fiscal Year</b>									
Consumer Price Index (CPI) - Calendar Year (%)	4.83%	3.11%	2.60%	2.65%	2.68%	2.41%	2.19%	2.19%	2.26%
<b>ASSESSABLE TAX BASE (\$ Millions)</b>									
Annual Growth (%)	\$214,055	\$222,621	\$234,331	\$248,449	\$260,816	\$270,938	\$278,826	\$287,235	\$296,635
	3.5%	4.0%	5.3%	6.0%	5.0%	3.9%	2.9%	3.0%	3.6%
<b>INVESTMENT INCOME YIELD (%)</b>									
Annual Growth (%)	3.43%	5.33%	4.75%	4.10%	3.75%	3.25%	3.00%	3.00%	3.00%
Annual Increase (Decrease)	160,554	160,223	159,182	160,576	160,470	161,070	161,643	161,911	162,178
	-0.3%	-0.2%	-0.6%	0.9%	-0.1%	0.4%	0.4%	0.2%	1.1%
<b>MONTGOMERY COLLEGE ENROLLMENTS (B)</b>									
Annual Growth (%)	17,137	17,781	18,835	19,494	19,693	20,026	20,223	20,411	20,411
Annual Increase (Decrease)	0.0%	3.8%	5.9%	3.5%	1.0%	1.7%	1.0%	0.9%	0.0%
Full Time Equivalents Students (Sept = Calendar Year) (C)	14,533	16,163	17,147	15,515	15,726	15,954	16,208	18,737	18,737
Annual Growth in FTES (%)	16.9%	11.2%	6.1%	-9.5%	1.4%	1.4%	1.6%	15.6%	0.0%

- (a) Projections related to County Resident Births and Jobs in the County are provided by M-NCPPC and are as of March 2025.  
 (b) Projections related to Montgomery College Enrollments are provided by Montgomery College and include projections through FY30.  
 Since no projections are provided for FY31, the projections for FY30 were used.  
 (c) Projections related to Montgomery College Full Time Equivalents are provided by Montgomery College and include projections through FY30.  
 Since no projections are provided for FY31, the projections for FY30 were used.

**Changes in Assumptions: Economic, Demographic, and Revenues**  
**December 2018 through March 2025**

A	N Projected FY25	M % Chg. FY25-26	N Projected FY26	M % Chg. FY26-27	N Projected FY27	M % Chg. FY27-28	N Projected FY28	M % Chg. FY28-29	N Projected FY29	M % Chg. FY29-30	N Projected FY30	M % Chg. FY30-31	N Projected FY31
<b>Population</b>													
December 2018	1,140,746		n/a		n/a		n/a		n/a		n/a		n/a
March 2019	1,140,746		n/a		n/a		n/a		n/a		n/a		n/a
December 2019	1,115,663	0.8%	1,124,587		n/a		n/a		n/a		n/a		n/a
March 2020	1,115,663	0.8%	1,124,587		n/a		n/a		n/a		n/a		n/a
December 2020	1,103,440	0.8%	1,111,738	0.8%	1,120,098		n/a		n/a		n/a		n/a
March 2021	1,103,440	0.8%	1,111,738	0.8%	1,120,098		n/a		n/a		n/a		n/a
December 2021	1,101,590	0.7%	1,109,670	0.7%	1,117,810	0.7%	1,126,010		n/a		n/a		n/a
March 2022	1,097,702	0.8%	1,105,957	0.8%	1,114,273	0.8%	1,122,652		n/a		n/a		n/a
December 2022	1,097,702	0.8%	1,105,957	0.8%	1,114,273	0.8%	1,122,652	0.8%	1,131,094		n/a		n/a
March 2023	1,083,052	0.8%	1,091,196	0.8%	1,099,402	0.8%	1,107,669	0.8%	1,115,998		n/a		n/a
December 2023	1,065,410	0.6%	1,072,219	0.6%	1,079,072	0.6%	1,085,969	0.6%	1,092,910	0.6%	1,099,895		n/a
March 2024	1,065,410	0.6%	1,072,219	0.6%	1,079,072	0.6%	1,085,969	0.6%	1,092,910	0.6%	1,099,895		n/a
December 2024	1,067,098	0.6%	1,073,918	0.6%	1,080,782	0.6%	1,087,689	0.6%	1,094,641	0.6%	1,101,637	0.6%	1,108,614
March 2025	1,067,098	0.6%	1,073,918	0.6%	1,080,782	0.6%	1,087,689	0.6%	1,094,641	0.6%	1,101,637	0.6%	1,108,614
<b>MOE Enrollment</b>													
December 2018	174,322		n/a		n/a		n/a		n/a		n/a		n/a
March 2019	174,322		n/a		n/a		n/a		n/a		n/a		n/a
December 2019	171,492	-0.1%	171,319		n/a		n/a		n/a		n/a		n/a
March 2020	171,492	-0.1%	171,319		n/a		n/a		n/a		n/a		n/a
December 2020	168,551	1.1%	170,382	0.2%	170,761		n/a		n/a		n/a		n/a
March 2021	168,551	1.1%	170,382	0.2%	170,761		n/a		n/a		n/a		n/a
December 2021	164,779	0.4%	165,358	0.4%	166,022	0.1%	166,160		n/a		n/a		n/a
March 2022	164,779	0.4%	165,358	0.4%	166,022	0.1%	166,160		n/a		n/a		n/a
December 2022	165,536	0.0%	165,520	0.4%	166,215	0.6%	167,238	0.0%	167,238		n/a		n/a
March 2023	165,536	0.0%	165,520	0.4%	166,215	0.6%	167,238	0.0%	167,238		n/a		n/a
December 2023	163,382	0.4%	164,106	0.8%	165,461	0.7%	166,554	0.6%	167,543	0.0%	167,543		n/a
March 2024	161,580	1.1%	163,382	0.4%	164,106	0.8%	165,461	0.7%	166,554	0.6%	167,543		n/a
December 2024	159,182	0.9%	160,576	-0.1%	160,470	0.4%	161,070	0.4%	161,643	0.2%	161,911	0.2%	162,178
March 2025	159,182	0.9%	160,576	-0.1%	160,470	0.4%	161,070	0.4%	161,643	0.2%	161,911	0.2%	162,178



**Changes in Assumptions: Economic, Demographic, and Revenues**  
**December 2018 through March 2025**

A	N Projected FY25	M % Chg. FY25-26	N Projected FY26	M % Chg. FY26-27	N Projected FY27	M % Chg. FY27-28	N Projected FY28	M % Chg. FY28-29	N Projected FY29	M % Chg. FY29-30	N Projected FY30	M % Chg. FY30-31	N Projected FY31
<b>College Enrollment (FTE)</b>													
December 2018	18,744		n/a		n/a		n/a		n/a		n/a		n/a
March 2019	20,459		n/a		n/a		n/a		n/a		n/a		n/a
December 2019	18,744	0.0%	18,744		n/a		n/a		n/a		n/a		n/a
March 2020	18,747	0.0%	18,747		n/a		n/a		n/a		n/a		n/a
December 2020	19,292	0.0%	19,292	0.0%	19,292		n/a		n/a		n/a		n/a
March 2021	19,292	0.0%	19,292	0.0%	19,292		n/a		n/a		n/a		n/a
December 2021	13,543	1.6%	13,762	0.0%	13,762	0.0%	13,762		n/a		n/a		n/a
March 2022	13,543	1.6%	13,762	0.0%	13,762	0.0%	13,762		n/a		n/a		n/a
December 2022	13,543	1.6%	13,762	1.4%	13,956	0.0%	13,956	0.0%	13,956		n/a		n/a
March 2023	13,543	1.6%	13,762	1.4%	13,956	0.0%	13,956	0.0%	13,956		n/a		n/a
December 2023	15,183	2.2%	15,515	1.4%	15,726	1.4%	15,954	1.6%	16,208	0.0%	16,208		n/a
March 2024	15,183	2.2%	15,515	1.4%	15,726	1.4%	15,954	0.0%	15,954	0.0%	15,954		n/a
December 2024	17,147	-9.5%	15,515	1.4%	15,726	1.4%	15,954	1.6%	16,208	15.6%	18,737	0.0%	18,737
March 2025	17,147	-9.5%	15,515	1.4%	15,726	1.4%	15,954	0.0%	15,954	17.4%	18,737	0.0%	18,737
<b>CPI (Fiscal Year)</b>													
December 2018	2.9%		n/a		n/a		n/a		n/a		n/a		n/a
March 2019	2.7%		n/a		n/a		n/a		n/a		n/a		n/a
December 2019	1.6%	-1.1%	1.5%		n/a		n/a		n/a		n/a		n/a
March 2020	1.6%	-1.1%	1.5%		n/a		n/a		n/a		n/a		n/a
December 2020	2.4%	0.0%	2.4%	0.0%	2.4%		n/a		n/a		n/a		n/a
March 2021	2.4%	0.0%	2.4%	0.0%	2.4%		n/a		n/a		n/a		n/a
December 2021	2.4%	-1.6%	2.4%	-3.3%	2.3%	-3.9%	2.2%		n/a		n/a		n/a
March 2022	2.4%	0.0%	2.4%	-3.8%	2.3%	-5.3%	2.2%		n/a		n/a		n/a
December 2022	1.8%	23.7%	2.2%	6.4%	2.3%	1.3%	2.4%	3.8%	2.5%		n/a		n/a
March 2023	2.2%	1.4%	2.2%	0.9%	2.2%	4.9%	2.3%	-0.4%	2.3%		n/a		n/a
December 2023	2.1%	7.8%	2.2%	-3.2%	2.2%	0.5%	2.2%	4.6%	2.3%	1.3%	2.3%		n/a
March 2024	2.2%	3.7%	2.3%	0.9%	2.3%	-3.5%	2.2%	1.8%	2.3%	0.9%	2.3%		n/a
December 2024	2.8%	-11.7%	2.5%	-4.8%	2.4%	-2.1%	2.3%	-0.9%	2.3%	-0.9%	2.3%	-0.9%	2.3%
March 2025	2.6%	1.9%	2.7%	1.1%	2.7%	-10.1%	2.4%	-9.1%	2.2%	0.0%	2.2%	3.2%	2.3%

**Changes in Assumptions: Economic, Demographic, and Revenues**  
**December 2018 through March 2025**

A	N Projected FY25	M % Chg. FY25-26	N Projected FY26	M % Chg. FY26-27	N Projected FY27	M % Chg. FY27-28	N Projected FY28	M % Chg. FY28-29	N Projected FY29	M % Chg. FY29-30	N Projected FY30	M % Chg. FY30-31	N Projected FY31
<b>Growth Resident Employment (%)</b>													
December 2018	0.7%		n/a		n/a		n/a		n/a		n/a		n/a
March 2019	0.8%		n/a		n/a		n/a		n/a		n/a		n/a
December 2019	0.8%	-0.8%	0.8%		n/a		n/a		n/a		n/a		n/a
March 2020	0.8%	-0.2%	0.8%		n/a		n/a		n/a		n/a		n/a
December 2020	1.3%	-23.1%	1.0%	-30.0%	0.7%		n/a		n/a		n/a		n/a
March 2021	1.4%	-21.4%	1.1%	-27.3%	0.8%		n/a		n/a		n/a		n/a
December 2021	0.9%	-11.1%	0.8%	-12.5%	0.7%	0.0%	0.7%		n/a		n/a		n/a
March 2022	1.0%	-20.0%	0.8%	-12.5%	0.7%	0.0%	0.7%		n/a		n/a		n/a
December 2022	1.7%	-58.8%	0.7%	0.0%	0.7%	0.0%	0.7%	-14.3%	0.6%		n/a		n/a
March 2023	2.0%	-55.0%	0.9%	-22.2%	0.7%	0.0%	0.7%	-14.3%	0.6%		n/a		n/a
December 2023	0.9%	11.1%	1.0%	-40.0%	0.6%	-16.7%	0.5%	0.0%	0.5%	-20.0%	0.4%		n/a
March 2024	0.1%	1100.0%	1.2%	-50.0%	0.6%	-16.7%	0.5%	0.0%	0.5%	-20.0%	0.4%		n/a
December 2024	0.3%	0.0%	0.3%	66.7%	0.5%	0.0%	0.5%	-20.0%	0.4%	0.0%	0.4%	-50.0%	0.2%
March 2025	0.1%	100.0%	0.2%	100.0%	0.4%	25.0%	0.5%	-20.0%	0.4%	0.0%	0.4%	-25.0%	0.3%
<b>Personal Income (CY)</b>													
December 2018	120,760		n/a		n/a		n/a		n/a		n/a		n/a
March 2019	125,400		n/a		n/a		n/a		n/a		n/a		n/a
December 2019	125,700	4.8%	131,700		n/a		n/a		n/a		n/a		n/a
March 2020	125,200	4.8%	131,200		n/a		n/a		n/a		n/a		n/a
December 2020	116,500	4.5%	121,800	4.4%	127,200		n/a		n/a		n/a		n/a
March 2021	113,600	5.5%	119,800	4.8%	125,600		n/a		n/a		n/a		n/a
December 2021	123,150	4.3%	128,400	4.2%	133,820	4.3%	139,540		n/a		n/a		n/a
March 2022	118,000	4.7%	123,500	4.5%	129,000	4.5%	134,800		n/a		n/a		n/a
December 2022	115,150	4.2%	120,040	3.8%	124,620	3.8%	129,360	3.7%	134,180		n/a		n/a
March 2023	110,180	4.4%	115,030	3.9%	119,490	3.5%	123,700	3.2%	127,710		n/a		n/a
December 2023	107,450	4.6%	112,360	4.3%	117,180	3.9%	121,700	3.4%	125,850	3.3%	129,960		n/a
March 2024	107,450	4.6%	112,410	4.4%	117,310	4.1%	122,070	3.6%	126,450	3.3%	130,670		n/a
December 2024	111,470	4.3%	116,250	3.8%	120,650	3.7%	125,060	3.5%	129,480	3.4%	133,930	3.2%	138,280
March 2025	115,110	4.1%	119,830	3.5%	124,050	3.2%	128,080	3.5%	132,560	3.6%	137,390	3.5%	142,160

**Changes in Assumptions: Economic, Demographic, and Revenues**  
**December 2018 through March 2025**

A	N Projected FY25	M % Chg. FY25-26	N Projected FY26	M % Chg. FY26-27	N Projected FY27	M % Chg. FY27-28	N Projected FY28	M % Chg. FY28-29	N Projected FY29	M % Chg. FY29-30	N Projected FY30	M % Chg. FY30-31	N Projected FY31
<b>Property Tax Revenues</b>													
December 2018	2,202.3		n/a		n/a		n/a		n/a		n/a		n/a
March 2019	2,160.7		n/a		n/a		n/a		n/a		n/a		n/a
December 2019	2,004.7	2.3%	2,050.8		n/a		n/a		n/a		n/a		n/a
March 2020	2,098.7	2.3%	2,146.9		n/a		n/a		n/a		n/a		n/a
December 2020	2,042.0	2.9%	2,101.5	2.9%	2,163.1		n/a		n/a		n/a		n/a
March 2021	2,040.5	2.8%	2,098.1	2.9%	2,157.9		n/a		n/a		n/a		n/a
December 2021	2,102.1	3.0%	2,166.1	2.7%	2,224.3	2.4%	2,278.6		n/a		n/a		n/a
March 2022	2,072.0	3.0%	2,134.4	2.9%	2,195.6	2.9%	2,258.6		n/a		n/a		n/a
December 2022	2,007.5	1.7%	2,041.2	0.8%	2,056.9	0.8%	2,073.6	1.1%	2,096.9		n/a		n/a
March 2023	2,281.9	2.7%	2,343.9	1.7%	2,384.7	0.8%	2,403.8	0.6%	2,417.7		n/a		n/a
December 2023	2,204.6	2.5%	2,259.8	2.8%	2,322.9	3.0%	2,391.8	2.0%	2,439.4	2.1%	2,490.3		n/a
March 2024	2,285.6	3.6%	2,367.1	2.6%	2,429.4	2.1%	2,479.7	1.5%	2,516.1	3.4%	2,601.4		n/a
December 2024	2,287.5	5.9%	2,423.6	4.8%	2,539.5	4.1%	2,643.3	3.6%	2,738.2	3.4%	2,831.4	3.2%	2,921.4
March 2025	2,289.7	8.8%	2,490.3	5.2%	2,619.2	4.1%	2,725.6	3.0%	2,807.7	3.1%	2,895.8	3.4%	2,994.3
<b>Income Tax Revenues</b>													
December 2018	2,043.0		n/a		n/a		n/a		n/a		n/a		n/a
March 2019	2,021.1		n/a		n/a		n/a		n/a		n/a		n/a
December 2019	1,977.8	5.3%	2,083.2		n/a		n/a		n/a		n/a		n/a
March 2020	2,020.6	3.8%	2,096.9		n/a		n/a		n/a		n/a		n/a
December 2020	1,865.0	5.3%	1,964.2	5.5%	2,072.7		n/a		n/a		n/a		n/a
March 2021	1,947.8	5.2%	2,049.1	6.0%	2,171.1		n/a		n/a		n/a		n/a
December 2021	1,967.2	4.3%	2,051.1	5.0%	2,154.6	5.3%	2,267.8		n/a		n/a		n/a
March 2022	2,054.8	4.1%	2,138.9	4.5%	2,236.2	4.9%	2,344.9		n/a		n/a		n/a
December 2022	2,018.9	3.3%	2,085.3	3.5%	2,157.7	4.3%	2,250.4	4.4%	2,350.4		n/a		n/a
March 2023	2,023.6	5.2%	2,128.0	5.3%	2,241.2	7.1%	2,400.1	5.3%	2,526.2		n/a		n/a
December 2023	2,023.7	2.9%	2,082.7	3.4%	2,153.2	5.3%	2,267.9	4.1%	2,361.6	3.7%	2,448.5		n/a
March 2024	2,051.1	4.2%	2,137.0	4.2%	2,226.1	4.0%	2,314.3	4.0%	2,406.6	3.7%	2,496.7		n/a
December 2024	2,175.3	1.3%	2,203.7	3.9%	2,290.7	3.1%	2,361.3	3.2%	2,436.7	3.2%	2,513.6	3.1%	2,592.1
March 2025	2,170.1	4.1%	2,259.9	3.6%	2,341.2	2.5%	2,400.1	3.0%	2,472.2	3.2%	2,551.5	3.3%	2,636.3

**REVENUE SUMMARY  
TAX SUPPORTED BUDGETS  
(\$ Millions)**

KEY REVENUE CATEGORIES		App. FY25	Est. FY25	% Chg. FY25-26	Rec. FY26	% Chg. FY26-27	Projected FY27	% Chg. FY27-28	Projected FY28	% Chg. FY28-29	Projected FY29	% Chg. FY29-30	Projected FY30	% Chg. FY30-31	Projected FY31
<b>TAXES</b>		5-23-24	5-23-24	Rec/App	3-14-25										
1	Property Tax	2,285.6	2,289.7	9.0%	2,490.3	5.2%	2,619.2	4.1%	2,725.6	3.0%	2,807.7	3.1%	2,895.8	3.4%	2,994.3
2	Income Tax	2,051.1	2,170.1	10.2%	2,259.9	3.6%	2,341.2	2.5%	2,400.1	3.0%	2,472.2	3.2%	2,551.5	3.3%	2,636.3
3	Transfer Tax	94.7	99.7	10.5%	104.7	14.6%	120.0	10.5%	132.6	4.5%	138.5	4.5%	144.7	3.3%	149.4
4	Recordation Tax	44.9	47.1	10.3%	49.5	14.6%	56.7	10.5%	62.7	4.5%	65.5	4.5%	68.4	3.3%	70.6
5	Energy Tax	191.3	177.1	-5.6%	180.5	0.6%	181.6	0.3%	182.1	0.1%	182.3	0.1%	182.5	0.1%	182.6
6	Telephone Tax	55.8	58.8	3.7%	57.9	1.9%	59.0	2.1%	60.2	2.0%	61.4	2.0%	62.6	1.9%	63.8
7	Hotel/Motel Tax	23.1	22.1	-0.9%	22.9	2.8%	23.5	2.6%	24.1	2.5%	24.7	2.4%	25.3	2.3%	25.9
8	Admissions Tax	4.4	3.5	-20.5%	3.5	0.0%	3.5	0.0%	3.5	0.0%	3.5	0.0%	3.5	0.0%	3.5
9	E-Cigarette Tax	0.8	0.6	-27.3%	0.6	0.0%	0.6	0.0%	0.6	0.0%	0.6	0.0%	0.6	0.0%	0.6
10	<b>Total Local Taxes</b>	<b>4,751.7</b>	<b>4,866.7</b>	<b>8.8%</b>	<b>5,169.8</b>	<b>4.6%</b>	<b>5,405.3</b>	<b>3.4%</b>	<b>5,591.5</b>	<b>3.0%</b>	<b>5,756.4</b>	<b>3.1%</b>	<b>5,934.9</b>	<b>3.2%</b>	<b>6,127.0</b>
<b>INTERGOVERNMENTAL AID</b>															
11	Highway User	12.7	12.7	11.5%	14.2	0.0%	14.2	0.0%	14.2	0.0%	14.2	0.0%	14.2	0.0%	14.2
12	Police Protection	16.4	16.4	0.6%	16.5	0.0%	16.5	0.0%	16.5	0.0%	16.5	0.0%	16.5	0.0%	16.5
13	Libraries	5.2	5.2	10.8%	5.8	0.0%	5.8	0.0%	5.8	0.0%	5.8	0.0%	5.8	0.0%	5.8
14	Health Services Case Formula	5.6	5.0	-5.7%	5.3	0.0%	5.3	0.0%	5.3	0.0%	5.3	0.0%	5.3	0.0%	5.3
15	Mass Transit	41.6	41.7	0.2%	41.7	0.0%	41.7	0.0%	41.7	0.0%	41.7	0.0%	41.7	0.0%	41.7
16	Public Schools	970.5	970.5	2.1%	990.9	0.0%	990.9	0.0%	990.9	0.0%	990.9	0.0%	990.9	0.0%	990.9
17	Community College	56.1	56.1	0.0%	56.1	0.0%	56.1	0.0%	56.1	0.0%	56.1	0.0%	56.1	0.0%	56.1
18	Other	65.7	61.3	23.9%	81.5	0.0%	81.5	0.0%	81.5	0.0%	81.5	0.0%	81.5	0.0%	81.5
19	<b>Total Intergovernmental Aid</b>	<b>1,173.8</b>	<b>1,168.9</b>	<b>3.2%</b>	<b>1,211.8</b>	<b>0.0%</b>	<b>1,211.8</b>	<b>0.0%</b>	<b>1,211.8</b>	<b>0.0%</b>	<b>1,211.8</b>	<b>0.0%</b>	<b>1,211.8</b>	<b>0.0%</b>	<b>1,211.8</b>
<b>FEES AND FINES</b>															
20	Licenses & Permits	14.8	14.7	-0.3%	14.8	1.5%	15.0	1.5%	15.3	1.5%	15.5	1.5%	15.7	1.5%	16.0
21	Charges for Services	59.2	68.0	-4.1%	56.8	2.1%	58.0	1.9%	59.1	1.8%	60.2	1.8%	61.2	1.8%	62.3
22	Fines & Forfeitures	27.8	30.6	10.1%	30.6	1.6%	31.1	1.6%	31.6	1.6%	32.1	1.6%	32.6	1.6%	33.1
23	Montgomery College Tuition	63.9	70.0	13.6%	72.6	2.1%	74.2	1.9%	75.6	1.8%	76.9	1.8%	78.3	1.8%	79.7
24	<b>Total Fees and Fines</b>	<b>165.8</b>	<b>183.3</b>	<b>5.4%</b>	<b>174.8</b>	<b>2.0%</b>	<b>178.2</b>	<b>1.8%</b>	<b>181.5</b>	<b>1.7%</b>	<b>184.6</b>	<b>1.7%</b>	<b>187.8</b>	<b>1.7%</b>	<b>191.0</b>
<b>MISCELLANEOUS</b>															
25	Investment Income	52.5	67.1	5.3%	55.3	-10.0%	49.7	-12.3%	43.6	-7.0%	40.6	0.2%	40.6	0.0%	40.6
26	Other Miscellaneous	21.5	19.9	15.4%	24.8	2.7%	25.4	2.4%	26.1	2.2%	26.6	2.2%	27.2	2.3%	27.8
27	<b>Total Miscellaneous</b>	<b>74.0</b>	<b>87.0</b>	<b>8.2%</b>	<b>80.1</b>	<b>-6.1%</b>	<b>75.2</b>	<b>-7.3%</b>	<b>69.7</b>	<b>-3.5%</b>	<b>67.2</b>	<b>1.0%</b>	<b>67.9</b>	<b>0.9%</b>	<b>68.5</b>
28	<b>TOTAL REVENUES</b>	<b>6,165.3</b>	<b>6,305.9</b>	<b>7.6%</b>	<b>6,636.4</b>	<b>3.5%</b>	<b>6,870.5</b>	<b>2.7%</b>	<b>7,054.5</b>	<b>2.3%</b>	<b>7,220.1</b>	<b>2.5%</b>	<b>7,402.3</b>	<b>2.6%</b>	<b>7,598.3</b>
29	<b>Total Tax Supported Revenues</b>	<b>6,165.3</b>	<b>6,305.9</b>	<b>7.6%</b>	<b>6,636.4</b>	<b>3.5%</b>	<b>6,870.5</b>	<b>2.7%</b>	<b>7,054.5</b>	<b>2.3%</b>	<b>7,220.1</b>	<b>2.5%</b>	<b>7,402.3</b>	<b>2.6%</b>	<b>7,598.3</b>
30	<b>Capital Projects Fund</b>	<b>227.4</b>	<b>231.1</b>	<b>2.3%</b>	<b>232.6</b>	<b>0.8%</b>	<b>234.5</b>	<b>-7.3%</b>	<b>217.3</b>	<b>-15.1%</b>	<b>184.5</b>	<b>-1.9%</b>	<b>181.0</b>	<b>0.0%</b>	<b>181.0</b>
31	<b>Grants</b>	<b>160.6</b>	<b>160.6</b>	<b>4.9%</b>	<b>168.5</b>	<b>2.7%</b>	<b>173.0</b>	<b>2.4%</b>	<b>177.2</b>	<b>2.2%</b>	<b>181.1</b>	<b>2.2%</b>	<b>185.0</b>	<b>2.3%</b>	<b>189.2</b>
32	<b>Total Adjusted Governmental Revenues</b>	<b>6,553.3</b>	<b>6,697.7</b>	<b>7.4%</b>	<b>7,037.6</b>	<b>3.4%</b>	<b>7,278.0</b>	<b>2.3%</b>	<b>7,448.9</b>	<b>1.8%</b>	<b>7,585.7</b>	<b>2.4%</b>	<b>7,768.4</b>	<b>2.6%</b>	<b>7,968.6</b>



## Non Agency Uses of Resources

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- Capital Investment (CIP Current Revenue and PAYGO) and Debt Service are based on the latest Executive Recommendation (current through March 14, 2025). Additional changes may be transmitted to the County Council in April 2025.
- FY26-31 Retiree Health Insurance Pre-Funding values are based on the latest actuarial funding schedule (the actuarial valuation as of July 1, 2023).
- Revenue Stabilization (Rainy Day) Fund balance is projected at \$684.9 million at the end of FY25. The mandatory contribution is estimated to be \$0 in FY25 and \$35.6 million of investment income is estimated to be added to the fund in FY25. Additional mandatory contributions are projected consistent with the Revenue Stabilization Fund law (Sec. 20-65, Montgomery County Code).
- The FY26-31 reserves (Revenue Stabilization Fund plus the General Fund unrestricted balance) are consistent with legal requirements and the minimum policy target. The FY26 CE Recommended budget more than satisfies the County's policy to increase and 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 describes the revenue sources, both tax-supported and non-tax supported, used to fund the County Executive's Recommended FY26 Operating Budget, and the amount of revenue the County anticipates receiving from those sources. The chapter details the demographic and economic assumptions, including discussions of the national, State, and local economies, that were made in the development of the revenue forecast.

## REVENUE FORECAST ASSUMPTIONS

### Policy Assumptions

Revenue and resource estimates presented are the result of the recommended policies of the County Executive for the FY26 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.

### Demographic Assumptions

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

- The County population will continue to increase from 1,058,474 in 2023 to 1,129,811 by 2034. This reflects an average annual growth rate of 0.6 percent.
- Current projections estimate the number of households to increase from 392,629 in 2023 to 419,091 by 2034. Household growth over that period is projected to grow at an average annual rate of 0.6 percent.
- County births, which are one indicator of future elementary school populations and childcare demand, are projected to gradually increase from an estimated 12,310 in 2024 to 13,020 by 2031.
- The County expects Montgomery County Public School student enrollment to increase by 3,564 between FY25 and FY31.
- Montgomery College full-time equivalent student enrollments are projected to decrease from 17,147 in FY25 to 16,208 in FY29.

### Economic Assumptions

Montgomery County's economy continued to experience mixed economic performance during calendar year (CY) 2024, with growth in resident income levels and mildly improved home sales, but flat resident employment, as well as a notable decrease in the number and value of construction projects. These mixed signals provide support for continued revenue growth in the short term, but possibly warn that in the long term this growth may not be sustainable.

The economic assumptions presume that the United States will not experience a recession in the coming year. Despite considerable uncertainty in Federal policies and actions, economic indicators as yet do not broadly signal a potential slow-down in economic activity, supporting the decision not to incorporate a recession and the accompanying reduced level of revenue growth into the projections.

However, unanticipated and unmeasurable events can affect long-term revenue and expenditure projections. 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;
  - Domestic or global health incidences; and
  - Major international economic and political changes.

## ECONOMIC OUTLOOK

The future forecast for the local Montgomery County economy is mixed. While resident income levels are anticipated to experience positive growth consistent with long term trends, resident employment and jobs located in Montgomery County (payroll employment) are expected to grow slower than past trends, by less than 1 percent each. The slow growth in both resident employment and payroll employment could generate considerable headwinds that limit local economic activity and, ultimately, revenue growth. The Montgomery County economic outlook incorporates the assumption that the economy will experience stable conditions and continue to grow at a moderate pace.

Revenue projections over the six-year horizon 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. Economic indicator projections are dependent on several factors - fiscal and monetary policy, real estate, employment, consumer and business confidence, the stock market, mortgage interest rates, and geopolitical risks.

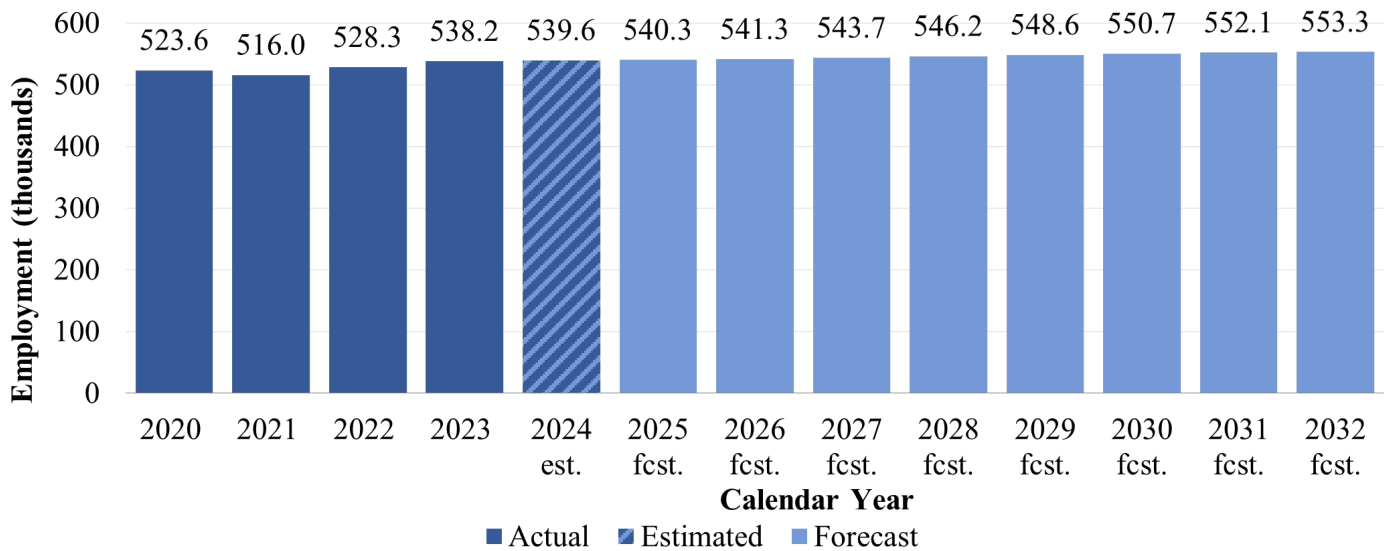
### Employment

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Resident employment refers to the number of residents employed, regardless of whether that job is located in Montgomery County or elsewhere. Montgomery County receives income tax on resident income regardless of where income is earned and thus resident employment is a key indicator for income tax revenues.

Based on data from the Maryland Department of Labor, Licensing and Regulation (DLLR) and the U.S. Department of Labor, Bureau of Labor Statistics, resident employment grew by 0.27 percent from CY2023 to CY2024, a slowdown from the prior two years. FIN forecasts that resident employment will increase at an average annual rate of 0.3 percent from CY2024 to CY2032. Resident employment is expected to attain its pre-pandemic levels by CY2030, a full decade after the pandemic occurred.

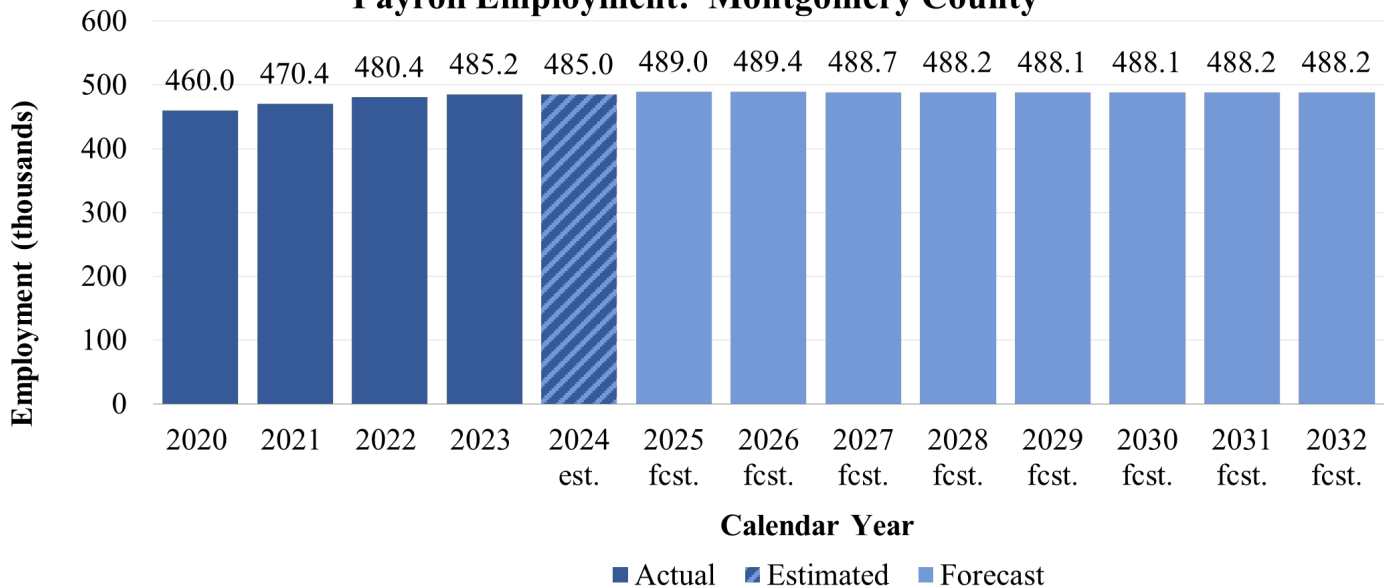
### Resident Employment: Montgomery County



SOURCES: Maryland Department of Labor, Licensing and Regulation; Moody's Analytics; Montgomery County Department of Finance

Payroll employment refers to the number of jobs located in Montgomery County and its growth is a result of business development and job creation locally, which is indicative of the strength of the local economy. FIN assumes that payroll employment will remain essentially unchanged from CY2025 to CY2032.

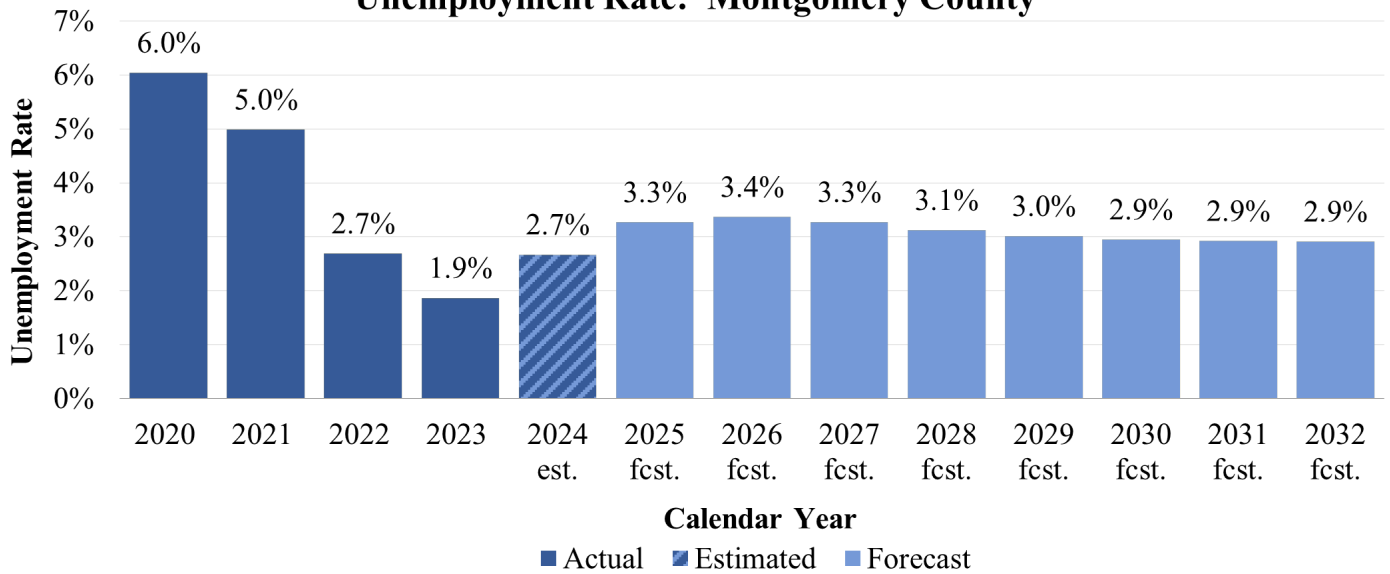
### Payroll Employment: Montgomery County



SOURCES: Bureau of Labor Statistics, U.S. Department of Labor; Moody's Analytics; Montgomery County Department of Finance

The unemployment rate is an indicator of general economic strength as a lower rate is usually associated with strong employment and with increasing wage income. In CY2024, the County's unemployment rate climbed from 1.9 percent to 2.7 percent, the result of an increase in the labor force by 5,999 people but an increase of 1,428 employed residents. FIN assumes that the economy will remain at or near full employment, with unemployment between 2.9 percent and 3.4 percent, throughout the forecast period.

## Unemployment Rate: Montgomery County

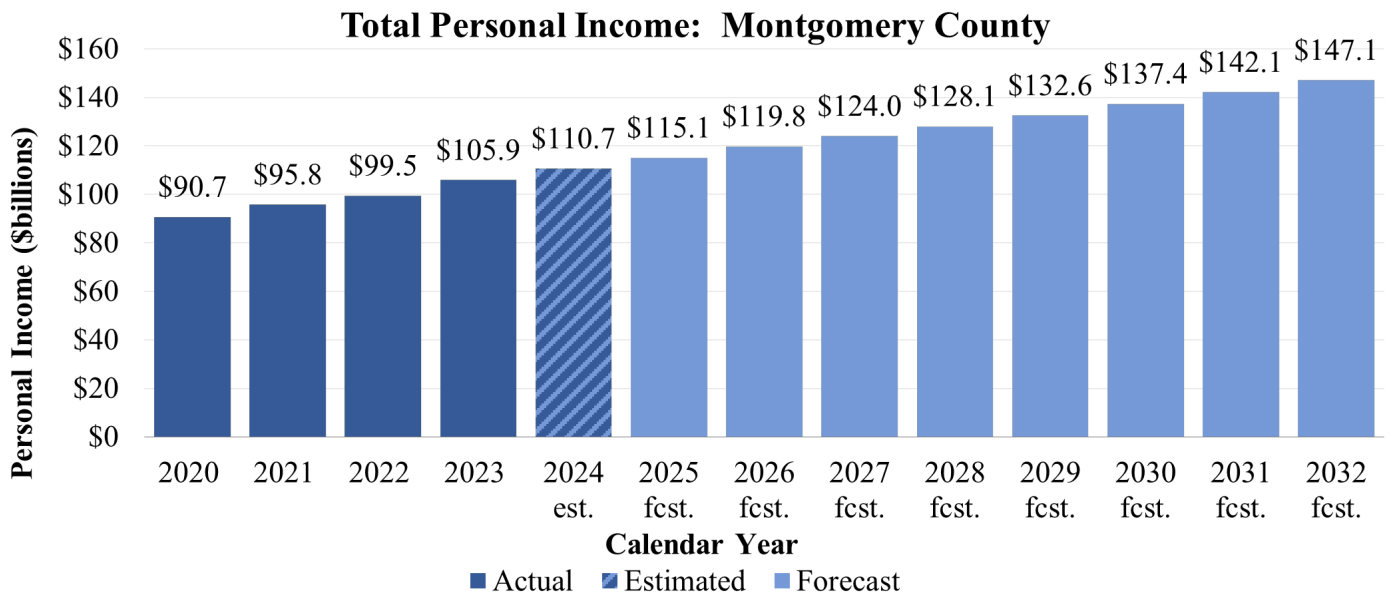


SOURCES: Bureau of Labor Statistics, Local Area Unemployment Statistics; Montgomery County Department of Finance

## Resident Income

Total personal income refers to the sum of wage and salary income and non-wage income, which includes transfer payments, proprietor's income, and dividends/interest/rental income, but excludes capital gains. Total personal income and its components are key factors for income tax revenues and the forecast growth in that revenue source.

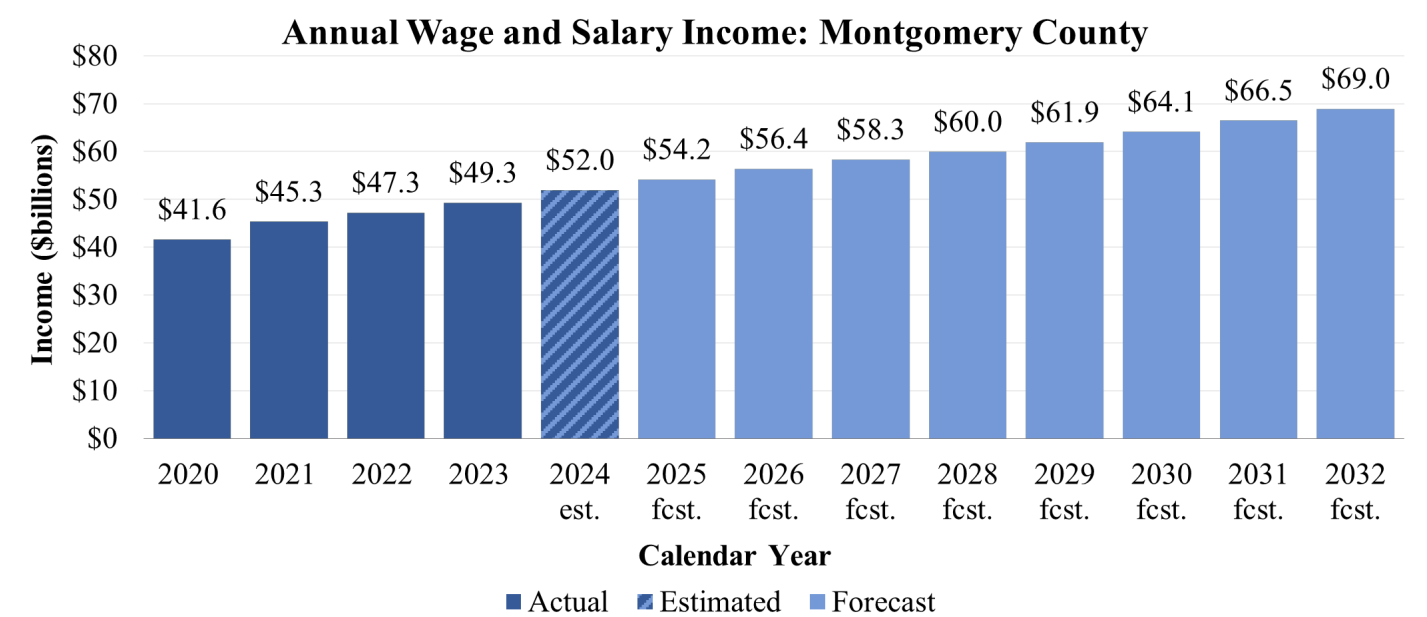
Total personal income grew steadily coming out of the pandemic, at an annualized 4.25 percent pace from CY2019 to CY2024, reflecting the strength in the regional labor market and growth in household finances during this period. FIN assumes that total personal income in Montgomery County will continue to grow, increasing at an average annual rate of 3.6 percent from CY2024 to CY2032, an indication that income tax may continue increasing at a similar pace in nominal terms.



SOURCES: Bureau of Economic Analysis, U.S. Department of Commerce; Moody's Analytics; Montgomery County Department of Finance

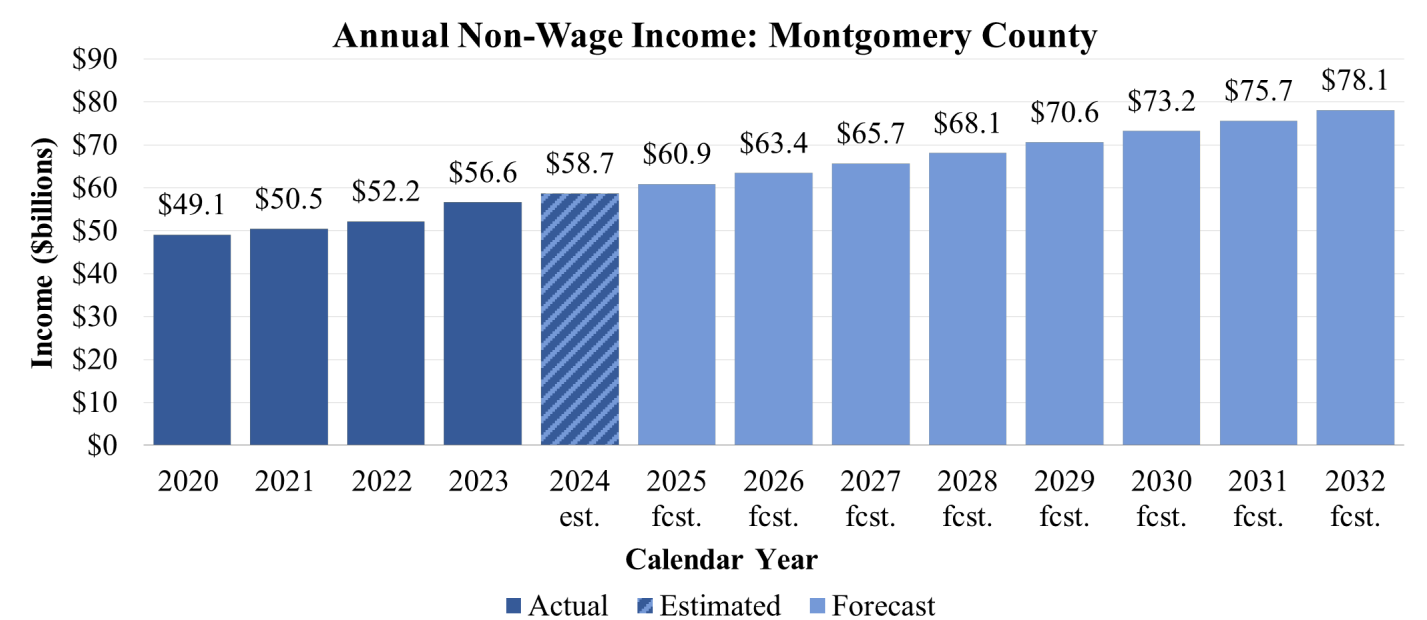
Wage and salary income refers to employment income earned by salaried and waged employees and is impacted by labor market conditions, inflation patterns, and population growth/demographic changes in Montgomery County. FIN assumes wage and salary income will continue growing but at a slightly reduced pace from the recent past; wage and salary income grew at a 5.0 percent annualized pace from CY2019 to CY2024 and is expected to continue growing at a 3.6 percent annualized pace from CY2024 to

CY2032. This growth rate is despite the fact that the number of employed residents is expected to stagnate, and thus reflects an increase in nominal terms in the wage per hour of employee labor.



SOURCES: Bureau of Economic Analysis, U.S. Department of Commerce; Moody's Analytics; Montgomery County Department of Finance

Non-wage income<sup>1</sup> refers to various types of income not obtained through wages and salary, such as retirement and health benefits (see note below for specific components). FIN forecasts that non-wage income in Montgomery County will increase at an average annual rate of 3.6 percent from CY2024 to CY2032, unchanged from the 3.6 percent average annual growth from CY2019 to CY2024.



SOURCES: Bureau of Economic Analysis, U.S. Department of Commerce; Moody's Analytics; Montgomery County Department of Finance

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

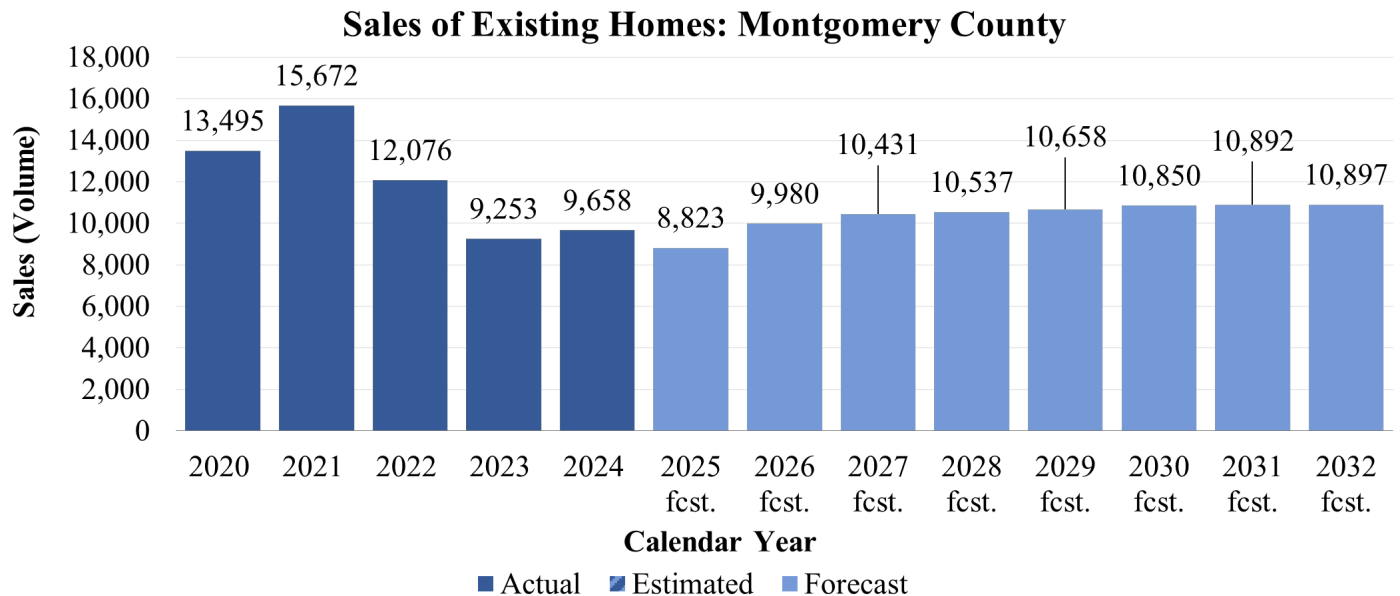
Residential Real Estate

The sales of existing homes in Montgomery County influences the amount of transfer and recordation tax revenue. The number



of homes sold reflects dynamics in the real estate market, the demand and supply of homes for sale, and is highly influenced by the level of interest rates.

Finance anticipates that sales of existing homes will continue at the reduced pace experienced since CY2023 when the Federal Reserve began raising interest rates, and that during the forecast period sales will not again attain the elevated levels experienced during the pandemic. While interest rates have come down recently, the cost of new mortgages remains high and as a result the supply of homes for sale remains suppressed. FIN anticipates another downturn in home sales in CY2025 as the Federal Reserve pauses its recent downward movement of interest rates, followed by an uptick in home sales in CY2026 and CY2027 to levels similar to CY2024.

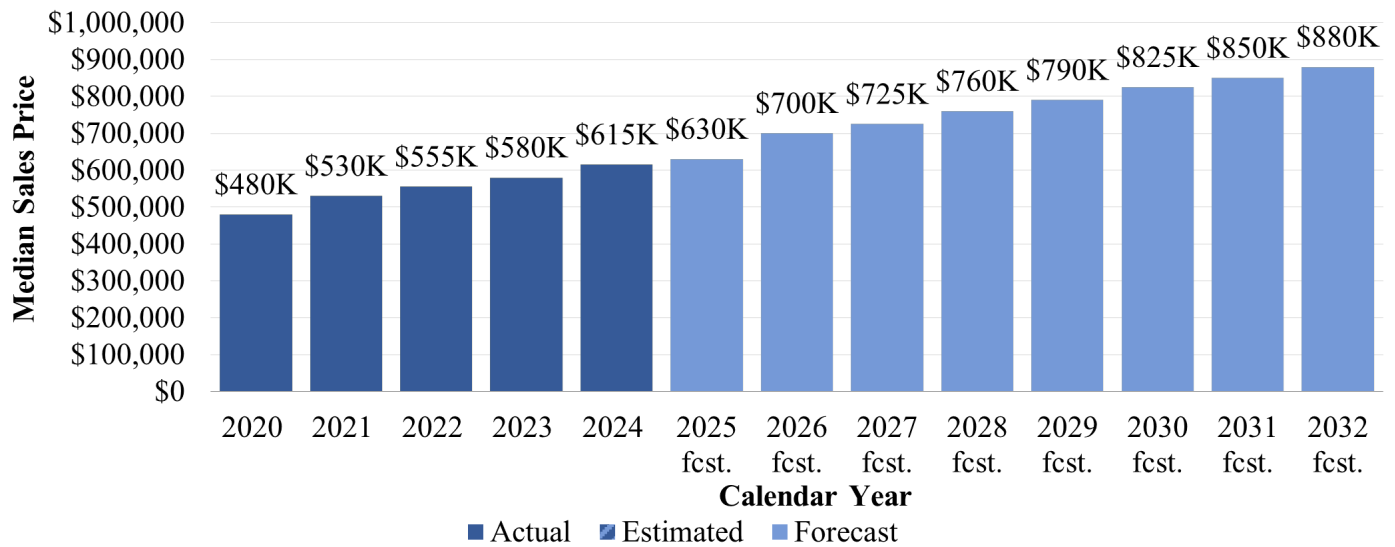


SOURCES: Metropolitan Regional Information Systems, Inc.; Moody's Analytics; Montgomery County Department of Finance

The median sales price for housing in Montgomery County reflects the value residents place on living within the County. The price of homes sold directly affects transfer and recordation tax revenues and influences the assessed value of property which in turn determines property tax revenues.

Home prices continue to reflect elevated desire to live in Montgomery County and the relative lack of supply of homes for sale, with prices increasing at a 6.5 percent average annualized pace since CY2019. FIN expects that growth to moderate only slightly to a 4.6 percent average annualized pace of growth from CY2024 to CY2032.

## Median Sales Price for an Existing Home: Montgomery County



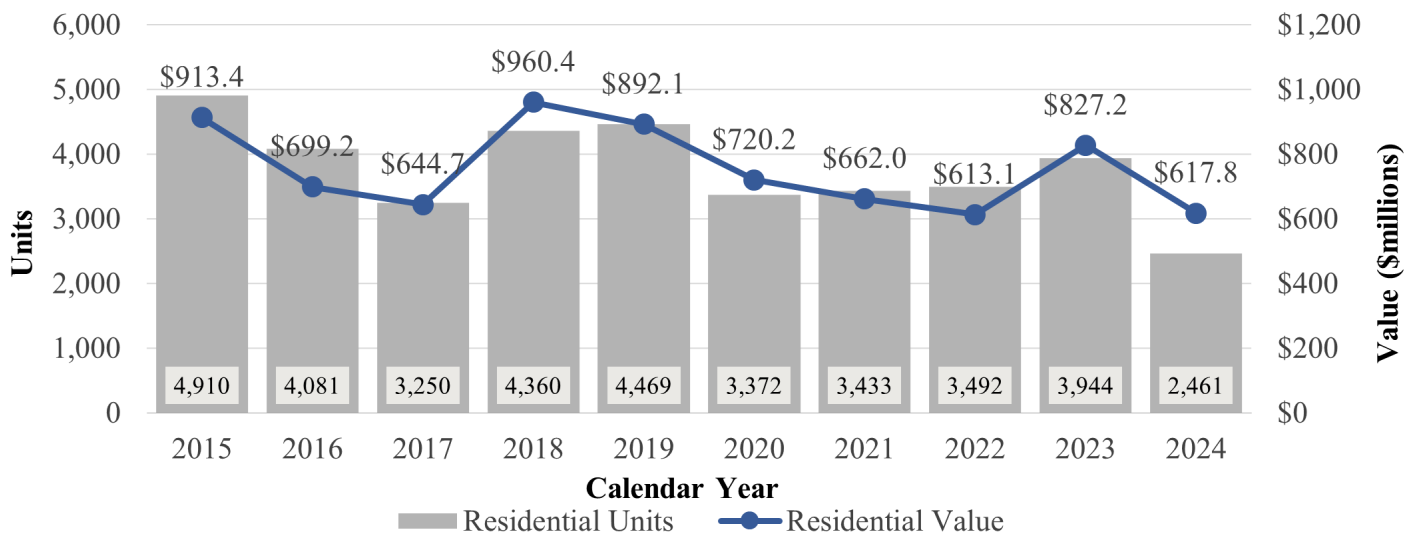
SOURCES: Metropolitan Regional Information Systems, Inc.; Moody's Analytics; Montgomery County Department of Finance

## Construction Activity

Construction is one of the driving forces of the economy and provides insight into the future trajectory of assessed values of properties and by extension property tax revenues.

The number of new residential units and the total value of those units dropped notably in CY2024, by 37.6 percent and by 25.3 percent respectively. This comes after a 5-year period during which the amount and value of new residential units remained relatively constant, potentially indicating that high interest rates and increased construction costs are affecting the ability to finance new projects. Montgomery County does not forecast future construction activity.

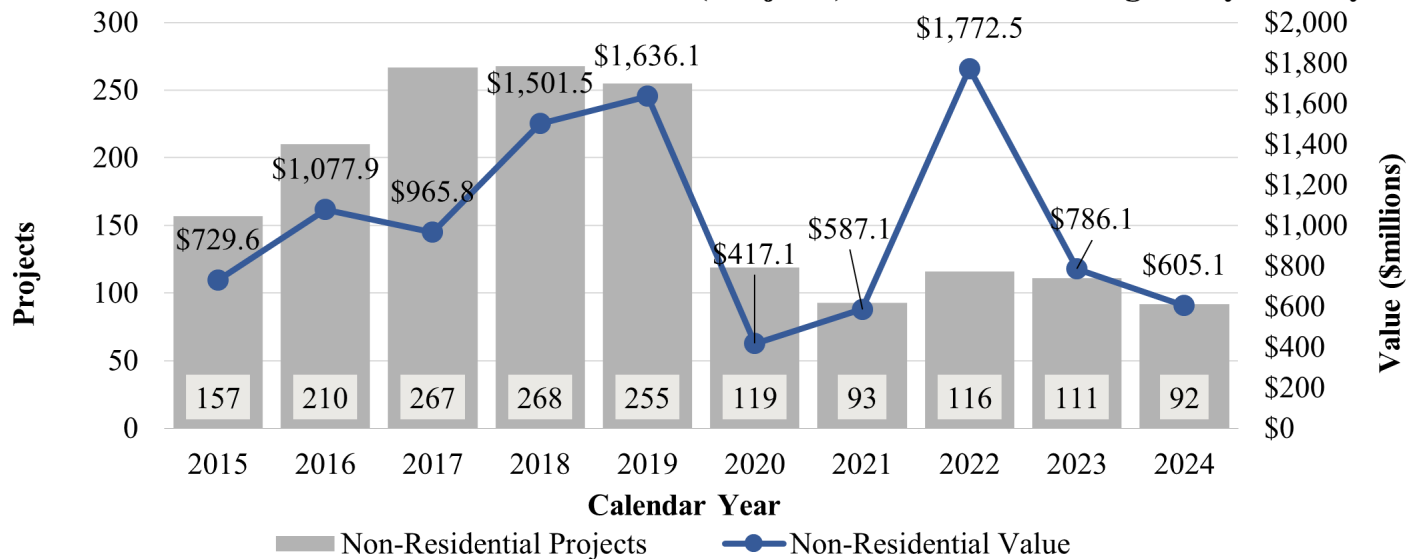
## Number of New Residential Starts (Units) and Value: Montgomery County



SOURCES: Dodge Data & Analytics and Montgomery County Department of Finance

The number of projects and the value of new non-residential constructions projects in Montgomery County dropped notably after CY2019, a decline FIN attributes to the disruption COVID-19 caused to the use of space and by extension the non-residential real estate market. Non-residential projects continued at this lower rate in CY2024 with little change since CY2019 in number of projects and, except in CY2022, in the value of those projects.

## Number of New Non-Residential Starts (Projects) and Value: Montgomery County



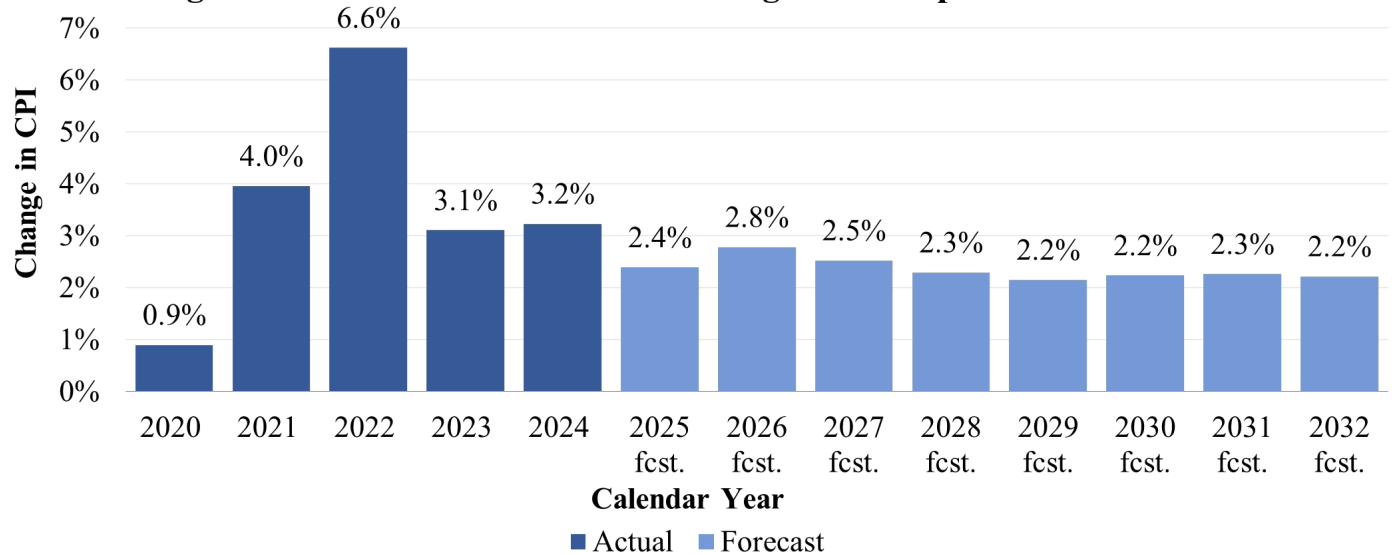
SOURCES: Dodge Data & Analytics and Montgomery County Department of Finance

## Inflation

The Consumer Price Index (CPI) is based on the prices of goods and services, both domestic and imported, that consumers purchase. Inflation is influenced by trends in labor costs and simultaneously influences future wage and salary demands, which in turn impacts the County's income tax revenues. The change in home values is also influenced by the pace of inflation, indirectly influencing the County's property tax revenues.

FIN assumes that while inflation in the Washington-Arlington-Alexandria, DC-VA-MD-WV metropolitan statistical area will not return to the heights experienced during the pandemic during the forecast period, Federal policies related to immigration and tariffs will cause a slight bump in inflation in CY2026. FIN expects that inflation will then moderate downward to 2.3 percent in CY2028 and stay at that general level until CY2032.

## Change in Consumer Price Index: Washington Metropolitan Statistical Area

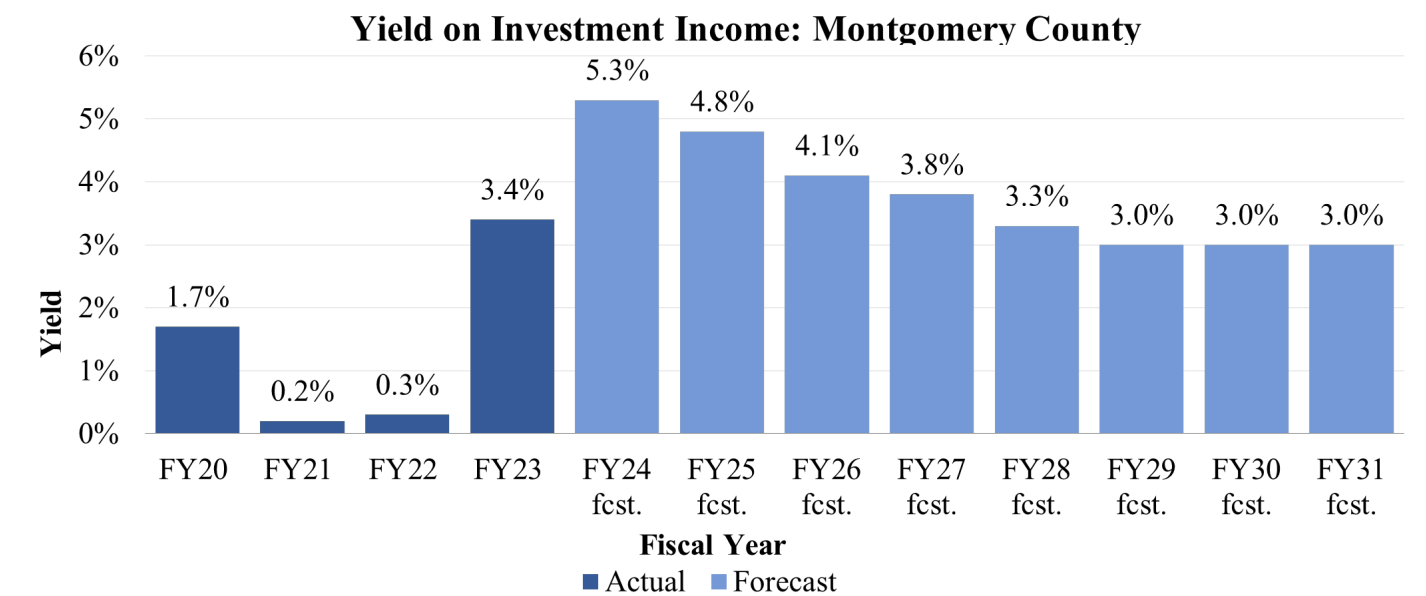


SOURCES: Bureau of Labor Statistics, U.S. Department of Labor; Moody's Analytics; Montgomery County Department of Finance

## Interest Rates

Montgomery County invests public funds that are not needed for immediate expenditures in short-term investments whose return is highly correlated with the Federal funds rate. The County's yield on investment income drives the amount of revenue produced from the investment of operating cash and is also conversely an indicator of the rates the County must pay to borrow money.

Increases in the targeted Federal funds rate from FY22 to FY24 increased investment yields, with the County earning a 5.3 percent rate on its short-term portfolio for FY24. The Federal Reserve has since lowered interest rates during 2024 and Montgomery County's investment yield has already begun to fall. FIN expects to receive a yield of 4.8 percent in FY25, falling to 4.1 percent in FY26, and then moderating down further in FY27 and FY28 before reaching an assumed level of 3 percent from FY29 to the end of the forecast period.



SOURCES: Montgomery County Department of Finance

## TOTAL REVENUES IN TAX-SUPPORTED FUNDS

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 for all County funds are based on estimates of County income from its own sources such as taxes, user fees, charges, and fines, and State and Federal government assistance. This section displays projections and descriptions of total revenues available for the "tax-supported" portions of the program, which are subject to the Spending Affordability Guideline (SAG) limitations. Total tax-supported revenues consist of both tax revenues (i.e., property tax, income tax, etc.) and non-tax revenues (i.e., intergovernmental revenues, fees, licenses, etc.). Details on non-tax revenues in the tax-supported funds can be found in the "Other Revenues in Tax-Supported Funds" section of this chapter.

Non-tax supported funds represent another type of financial burden on households and businesses and are therefore 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.

### Revenue Assumptions

Projections for revenues are included in six-year schedules for County Government Special Funds and for Montgomery College, Maryland-National Capital Park and Planning Commission (M-NCPPC), and WSSC Water (WSSC) in the relevant sections of this document. See the Montgomery County Public Schools (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.

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. 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

This section discusses the tax-specific portion of revenues from the total tax-supported fund. Each tax includes relevant fiscal policy considerations that directly affect the FY26 estimates, while also discussing crucial economic indicators driving the forecasts.

### Property Tax

Property taxes are the largest source of revenue for the County and exhibits the least volatility to market conditions due to the reassessment process. The State Department of Assessments and Taxation (SDAT) holds the responsibility of assessing the market taxable value of Maryland properties, which are divided into three groups. Each year, the State reassesses one group, resulting in a complete reassessment of the County triennially (every three years). Increases in value of the assessments are phased over the three-year period, while decreases are effective in the first year. The "levy year" refers to the specific year for which the assessments are analyzed to set the tax rates for the upcoming fiscal year.

In addition to the general Countywide tax rate, there are special district tax rates, such as certain urban areas and recreation. The weighted average tax rate for FY26 includes a \$0.0820 general fund property tax 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 FY24 approved budget included a \$0.0470 general fund property tax for school purposes, and the recommended FY26 budget incorporates an additional \$0.0350 property tax for school purposes. The resulting proposed \$0.0820 property tax 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.

FY26 Estimate	\$2,490.3 million	48.2% of the FY26 Total Tax-Supported Revenues
FY25 Revised Estimate	\$2,289.7 million	47.0% of the FY25 Total Tax-Supported Revenues
% change	↑8.76%	

#### Recommended General Fund Rate FY26 (LY25)

Assessed Real Property	\$0.7560 per \$100
Assessed Personal Property	\$1.8900 per \$100

#### Weighted Average Real Property Rate FY25 (LY24)

Charter Limit	\$0.9875 per \$100
School Purpose Funding	\$0.0820 per \$100
<b>Total Weighted Average Real Property Tax Rate</b>	<b>\$1.0605 per \$100</b>

SDAT Property Assessment Value Trends (triennial basis – 1/3 of total increase implemented each year)

Group # Year Assessed	Residential Property	Commercial Property
Group 2 FY24 (LY23)	↑20.2%	↑20.9%
Group 3 FY25 (LY24)	↑22.0%	↑17.7%
Group 1 FY26 (LY25) Estimate	↑19.4%	↑14.3%

### Income Tax

Income tax revenues are affected by resident employment, as well as wage and salary income trends. 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, and the subtraction of Maryland standard or itemized deductions and personal exemptions. The Maryland Comptroller's Office administers the local income tax as part of the State income tax. The County receives its income tax revenues largely through quarterly distributions from withholding and estimated payments that are sent to the State. Additional distributions reconcile the quarterly distributions from the previous tax year and distribute delinquent payments, interest and penalties and other collections.

On May 8, 2020, the Maryland General Assembly enacted SB523 that amended Article II, Section 17(c), of the Maryland Constitution - Chapter 641. Specifically, the bill authorized a PTE (partnerships, limited liability companies, S- corporations, and business trusts) 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. Because of this option to pay at the entity level, future patterns of estimated and final payments may be impacted.

FY26 Estimate	\$2,259.9 million	43.7% of the FY26 Total Tax-Supported Revenues
FY25 Revised Estimate	\$2,170.1 million	44.6% of the FY25 Total Tax-Supported Revenues
% change	↑4.1%	

## Transfer and Recordation Taxes

Transfer tax revenues are derived from the legal transfer of property; recordation tax is an excise tax imposed as compensation for registering the purchase or sale of property as public record. The revenues received strongly correlate with real estate trends, which are highly volatile. Economic indicators such as growth in personal income, formation of households, and mortgage interest rates can cause significant changes in the number of residential home sales. The volume and value of commercial property sales are affected by business activity and investment, office vacancy rates, property values, and financing costs.

FY26 Estimate	<b>\$154.2 million total</b>	3.0% of the FY26 Total Tax-Supported Revenues (General Fund)
Transfer Tax	\$104.7 million	
Recordation Tax	\$49.5 million	
FY25 Revised Estimate	<b>\$146.8 million total</b>	3.0% of the FY25 Total Tax-Supported Revenues (General Fund)
Transfer Tax	\$99.7 million	
Recordation Tax	\$47.1 million	
<b>Total % change</b>	<b>↑5.0%</b>	

## Fuel-Energy Tax

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 fuel-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.

FY26 Estimate	\$180.5 million	3.5% of the FY26 Total Tax-Supported Revenues
FY25 Revised Estimate	\$177.1 million	3.6% of the FY25 Total Tax-Supported Revenues
% change	↑1.9%	

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## Telephone Tax

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The telephone tax is levied as a fixed amount per landline, wireless communications, and other communication devices. 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, the growth of which has moderated over the past couple of years.

FY26 Estimate	\$57.9 million	1.1% of the FY26 Total Tax-Supported Revenues
FY25 Revised Estimate	\$56.8 million	1.2% of the FY25 Total Tax-Supported Revenues
% change	↑1.9%	

Traditional Landline	\$2.00 per month
Multi Business Lines (Centrex)	\$0.20 per month
Wireless Communication	\$3.50 per month

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## Hotel/Motel Tax

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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, schools, and organizations visit the nation's capital for various events; many visitors to Washington, D.C. use hotels in the County, especially those in the southern portion of the County.

FY26 Estimate	\$22.9 million	0.4% of the FY26 Total Tax-Supported Revenues
FY25 Revised Estimate	\$22.1 million	0.5% of the FY25 Total Tax-Supported Revenues
% change	↑3.5%	

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## Admissions/Amusement Tax

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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.

FY26 Estimate	\$3.5 million	0.1% of the FY26 Total Tax-Supported Revenues
FY25 Revised Estimate	\$3.5 million	0.1% of the FY25 Total Tax-Supported Revenues
% change	0.0%	

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## E-Cigarettes Tax

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The electronic cigarette tax is a tax on any product containing or delivering nicotine or any other substance intended for human consumption that can be used by a person to simulate smoking through inhalation of vapor or aerosol from the product. On March 31, 2020, the Montgomery County Council enacted legislation that prohibited an electronic devices manufacturer from

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distributing flavored electronic cigarettes to certain retail stores in Montgomery County. This has resulted in e-cigarette tax revenues declining each year from the peak of \$1.4 million in FY20.

FY26 Estimate	\$0.6 million	<0.1% of the FY26 Total Tax-Supported Revenues
FY25 Revised Estimate	\$0.6 million	<0.1% of the FY25 Total Tax-Supported Revenues
% change	↓4.8%	

## ■ OTHER REVENUES IN TAX-SUPPORTED FUNDS

### General Intergovernmental Revenues

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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 Maryland 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 FY26. 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 FY26 Recommended Budget assumes a \$42.9 million, or 3.7 percent, increase in intergovernmental revenues from the revised FY25 estimate, of which 81.8 percent of the \$1.212 billion in revenues would be allocated to the Montgomery County Public Schools, 6.7 percent to other intergovernmental, 4.6 percent to Montgomery College, and 3.4 percent to mass transit, and 3.4 percent to the remaining intergovernmental revenues.

### Licenses and Permits

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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 FY26 Recommended Budget assumes a 0.5 percent increase over the revised estimates for FY25, resulting in \$14.8 million in available resources in FY26.

### Charges for Services

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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 FY26 Recommended Budget assumes a decrease of 16.5 percent as compared to the revised estimates for FY25, resulting in \$56.8 million in available resources in FY26.

### Fines and Forfeitures

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Revenues from fines and forfeitures relate primarily to photo red light and speed camera citations, and parking fines (excluding the County's four Parking Districts). The FY26 Recommended Budget assumes that fines and forfeitures will increase 0.0 percent from the revised estimates for FY25, resulting in \$30.6 million in available resources in FY26.

### College Tuition

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Although College tuition is not included in the County Council's Spending Affordability Guidelines (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 FY26 Recommended Budget assumes a 3.7 percent increase in tuition (revenues) from an estimated \$70.0 million in FY25 to \$72.6 million in FY26.

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## Investment Income

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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 operating 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 that determine pooled investment income are: (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 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 rate a total of eleven times, reaching an effective rate of 5.33 percent by August 2023. The FOMC subsequently made several reductions to the effective rate in the fall of 2024. The forecast incorporates expectations that the FOMC will pause the reduction in the targeted Federal fund rate for 2025, resulting in an effective rate of between 4.25 and 4.5 percent for the remainder of CY2025.

The revised FY25 tax-supported investment income estimate of \$67.1 million assumes a yield of 4.75 percent and an average daily portfolio balance of \$2.050 billion. The FY26 projected estimate of tax-supported investment income of \$56.6 million assumes a yield of 4.10 percent and an average daily portfolio balance of \$2.000 billion.

## Other Miscellaneous

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The County receives miscellaneous revenues from a variety of sources. For the FY26 Recommended Budget, miscellaneous revenues will increase 24.6 percent from the revised estimates for FY25, resulting in \$24.8 million in available resources in FY26.



# 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 the 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 toward 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 guide government managers and elected officials to set priorities, 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

The major fiscal policies currently applied to the PSP/Operating Budget and financial management of Montgomery County are summarized below (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.

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



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

- Federal law and regulations,
- Maryland law and regulations,
- Montgomery County Charter, and
- Montgomery County law and regulation.

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## 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.

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## Generally Accepted Accounting Principles (GAAP)

The application of fiscal policy in the financial management of annual operating expenditures must conform with GAAP standards. 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.

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## 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, S&P Global, and Fitch. While key aspects of maintaining the highest credit rating are related to the management of the County's CIP, others are directly applicable to the annual Operating Budget, such as:

- 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.

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## Intergovernmental Agreements

Fiscal Policy for operating budgets must provide guidance for, and be applied within, the context of agreement 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 them 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

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Development Block Grant, and

- Prince George's County on the approval of the annual operating budgets of the WSSC Water and the Maryland-National Capital Park and Planning Commission.

## POLICIES FOR FISCAL CONTROL

### Structurally Balanced Budget

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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

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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 (RSF), as defined in the Revenue Stabilization Fund law (Section 20-65, Montgomery County Code). The County had originally planned to achieve the ten percent target by FY20, but due to the negative impact on revenues from the COVID pandemic, reserves targets were not achieved until FY21.

Reserves exceeded the County's 10.0 percent target in FY22, FY23, and FY24. Reserves for FY25 were budgeted at 10.8 percent but due to strong tax revenue growth they are projected to further increase in FY25 to 13.5 percent. Reserves are forecast to be 11.2 percent at the end of FY26.

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 work collaboratively to identify targeted budget reductions that will minimize the impact on the County's service delivery to reduce the need to use County Government Reserves.

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

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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.

### Pay-as-you-go (PAYGO)

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The County should allocate to the CIP each year as PAYGO at least ten percent of the amount of the General Obligation Bonds planned for issuance that year. While a ten percent PAYGO cash allocation is the intended policy goal, during times of extreme financial duress such as that experienced during the COVID pandemic in FY21 and FY22, the PAYGO allocations were temporarily reduced or suspended. In the current year (FY25), PAYGO is at the ten percent policy level. In FY26, PAYGO is recommended to be \$1.2 million above the policy level. Further out, FY27 and FY28 are recommended to be \$1.0 million above policy level, and FY29 and FY30 are programmed at the ten percent policy level.

### Compensation Sustainability Policy

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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 2) how the recommended rate of compensation growth can be sustained over time.

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## 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.

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## 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 (MCPS) 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 WSSC Water 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 appropriations of an operating contribution to the HOC.

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## Financial Management

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

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## 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 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 balance. For the Liability and Property

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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 RSF, which are included with the General Fund for financial reporting purposes, separate budgets are legally adopted.
- Outstanding encumbrances 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 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 the 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 of 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 the distribution of net operating revenues and reimbursements for net operating losses.

## Internal Accounting Controls

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The County will develop and manage its accounting systems 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 judgements by management.

## Audits

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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.

## Vacant Positions and the Budget

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The budget development process includes a review of vacant positions within Executive Branch departments and an analysis of whether they can be deleted or repurposed to another function within County government.

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For the upcoming fiscal year, reasonable assumptions are made regarding the number of positions that will remain vacant due to turnover and labor market conditions and the budget is adjusted accordingly. This analysis includes a review of overtime usage and spending on contracts for services that would be delivered by County employees but cannot be because of vacant positions. The intention is for vacancies, overtime, and contractual spending to be regularly reviewed and adjusted.

## POLICIES FOR EXPENDITURES AND ALLOCATION OF COSTS

### Content of Budgets

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The Operating Budget includes all programs and facilities which are not included in the CIP. There are three major impacts of the 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 CIP section in this document for more detail.

### Expenditure Growth

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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 WSSC Water. 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 CIP 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

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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

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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

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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

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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.

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## 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.

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## 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.

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## 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.

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## 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 a 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.

The County is projected to end FY25 with reserves of \$906.6 million, \$236.8 million more than needed to meet the County's policy of maintaining ten percent of adjusted governmental revenues in reserve.

For FY26, the County faces new uncertainties regarding Federal grants and employment. The budget assumes a cushion of reserves to reduce the impact of new Federal priorities in the event Federal aid is significantly scaled back and local employment falls. Income tax revenues are projected to increase by 10.2 percent in FY26, although changes at the Federal level may impact that number.

Transfer and recordation taxes were flat in FY25, but revenues from these sources are forecasted to grow 10.5 percent in FY26, with stronger growth expected in FY27. 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
3. Changes to federal employment and spending priorities

Inflationary pressures for utilities, fuel, contracts, and other operating costs are affecting all areas of the County's operations. Inflation-related increases in 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.

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The MCPS budget faces similar cost pressures. The labor market, particularly for teachers, is very competitive. Salary increases will be needed to attract and retain top talent. Enrollment growth, student technology device needs, and cost increases for fuel, supplies, and contracts result in additional cost increases. MCPS' requested budget increase is anticipated to support the State-mandated Blueprint for Maryland Future services.

During the COVID pandemic, the County used Federal funds to enhance safety net services to protect the 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. When Federal funding for these programs concluded, the County chose to use its own funds to maintain the availability of many of these services.

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 an 8.2 cent property tax that is dedicated solely to MCPS, an increase of 3.5 cents from FY25.

For FY26, it is estimated that the County will end the year with \$791.0 million in reserves, equal to a reserves percentage of 11.2 percent of adjusted gross revenue. This is 1.2 percentage points above the policy level and equates to \$87.2 million more than required to meet the County's fund balance policy.

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 RSF, which together will represent ten 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 ten percent reserve target must be made to the RSF. If greater than ten percent total reserve, then 50 percent of certain excess revenues must be transferred to the Fund. RSF funds may not be used unless appropriations become unfunded due to revenue shortfalls.

After establishing its reserves policy in 2010, the County committed to a multi-year plan to achieve the ten percent target. For a number of years, the County made progress toward achieving the ten percent reserves target and achieved it in FY21 . During the COVID pandemic, the County revised its policy to specify that if the total reserves fell below the ten percent goal, the County must replenish the reserves to its policy goal within three fiscal years.

While the County's reserve policy is 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 ten 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 the RSF, which is used only in the case of revenue shortfalls. Under current fiscal conditions, if there is ten percent of adjusted governmental revenues in reserve, it 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 ten percent fund balance target for four years, the Department of Finance, the Office of Management and Budget, and the Office of the County Attorney are working with the County Council and the County's financial advisors to update the reserve policy and the Revenue Stabilization Fund law to better reflect current circumstances as the County Government strives to balance fiscal prudence with residents' needs and a desire to limit unnecessary taxation.

Regarding OPEB expenses, the County Council passed Resolution No. 20-337 in December 2023, establishing a new OPEB policy. Previously, the policy had been solely to build reserves. The new policy sets a clear funded ratio target with a defined timeframe, while allowing for utilization when actuarially determined. In FY25, the actuarial analysis assumed an actuarial determined contribution (ADC) that was \$8.9 million less than the pay-as-you-go amount, and in accordance with the new policy, the FY25 budget assumed utilization of \$8.9 million to pay for a portion of retiree health care benefits costs. In FY26, the actuarial analysis assumed an ADC that was \$13.5 million less than the pay-as-you-go amount, and the FY26 budget assumes utilization of \$13.5 million to pay for a portion of retiree health care expenses.

The Office of Management and Budget coordinates with the Office of Racial Equity and Social Justice to incorporate racial equity considerations into the decision-making process for budgeting . Departments are asked to state how their programs consider racial/ethnic disparities and/or disproportionalities in their outcomes, how programs seek to address identified inequities, the potential for disproportionate effects on communities of color and low-income communities and how those effects could be mitigated, and how programs can 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 incorporates climate change considerations into the decision-making process for

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budgeting . For example, departments are 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 in Climate Change later in this publication provides more details on the process and outcomes of this effort.

To develop the Recommended FY25-30 CIP, the County prioritized investments in schools, affordable housing, facilities to address barriers to residents' well-being, transportation networks, and maintenance of core infrastructure. Priority was given to projects that advance racial equity, social justice, and efforts to combat the impact of climate change.

The County continues to limit issuance of General Obligation Debt to curb the impact of debt service on the operating budget. 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.

Budgeting PAYGO above the ten percent policy level and usage of set aside have helped the County mitigate the impact of construction cost increases and revenue shortfalls in the Impact Tax. Projected revenue shortfalls made it necessary to reduce and 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 allow the County to construct a balanced, fiscally responsible FY26 budget consistent with current economic and fiscal realities while achieving the County Executive's key priority outcomes.

## CURRENT CIP FISCAL POLICIES

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### 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.
- 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 as a set-aside for future needs.

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### Policy on Funding the 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.

A project deemed to be debt-eligible should:

- Have a useful life at least as long as the debt issue with which it is 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 toward more public/private partnerships, especially regarding projects aimed at revitalization or redevelopment of the County's central business districts, there are more instances when public monies leverage private funds. Generally, these instances 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. Financing in partnership situations ensure that tax-exempt debt is issued only for those improvements that meet the IRS requirements for the use of tax-exempt bond proceeds.

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## Policy on General Obligation Debt Limits

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General Obligation Debt usually takes the form of bond issues. General tax revenues for repayment are pledged for repayment. Payment of 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

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To maintain the 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 approximately 3.5 percent.

These ratios are 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

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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. Also, declining annual payments of interest on the outstanding bonds, positively affects 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

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

## Policy on Use of Revenue Bonds

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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 have 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

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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.

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## 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.

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## 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.

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## 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.

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## Policy on the 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. It may also be appropriate in 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.

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## 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 of 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 project not eligible for debt financing by virtue of its 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 RSF, the County will, whenever possible after funding pension and OPEB



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contributions above the annual actuarial goal (if unfunded liabilities exist), use one-time revenues for the funding of PAYGO above the County's ten percent goal or other nonrecurring expenditures so as to not incur ongoing expenditure obligations for which revenues may not be adequate in future years.

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## 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.

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## 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. For the FY25-30 Recommended Biennial CIP, PAYGO remains above the ten percent policy minimum.

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## 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 operating and maintenance costs of the facility.

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## 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.** Transportation Impact Taxes fund capital improvements that expand transportation capacity in the county. 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 district), and rural Green Policy areas (e.g., agricultural reserve). In November 2024, the County Council approved the 2024-2028 Growth and Infrastructure Policy. Impact tax rates and policies were set in December 2024 following recommendations in the Growth and Infrastructure Policy. The new policy continues existing impact tax rates but modifies geographic boundaries of transportation policy areas to align with planned transportation infrastructure improvements and County policy goals. The new policy adds a 50 percent discount for single-family residences under 1,800 square feet, exempts office to residential conversions, and adds the existing exemption for bioscience facilities to the County Code. Additionally, the new policy expands eligibility for impact tax credits to infrastructure improvements built on state roadways.

**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. The school impact taxes vary by housing, commensurate with the average student generation rate of that type of residential development. Non-exempt dwelling units in a development with at least 25 percent 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 (UPP).** In addition to the impact tax payment, an applicant for a new residential building permit must pay the Utilization Premium Payment fee as a condition of preliminary plan approval in areas served by schools that exceed adequacy levels of the utilization rate and seat deficit. The fee is calculated by applying the appropriated UPP factor

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for each school level to the undiscounted and unexempt impact tax rate applicable to the residential unit associated with the permit. The collection of the fee should be allocated to capital projects from MCPS that create capacity in the same school service area that generated the fee. In the Growth and Infrastructure Policy for 2024-2028 approved by the County Council, the allocation of the fee was extended to include capacity projects from MCPS in schools adjacent from where the funds were collected.

**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 CIP.

**Systems Development Charge (SDC).** This charge, enacted by the 1993 Maryland General Assembly, authorizes WSSC Water 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 sewage treatment, transmission, and collection facilities.

## POLICIES FOR GOVERNMENTAL MANAGEMENT

### Productivity

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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

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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

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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

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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, is cost effective, and is consistent with other public objectives and policies.

### Risk Management

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The County will control its exposure to financial loss through a combination of commercial and self-insurance. The County will 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

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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

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units and those outside such units.

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

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## 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.

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## Retiree Health Benefits Trust

Over an eight-year period beginning with FY09, 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. This approach allows the County to use a discount rate higher than its operating investment rate for accounting and budgeting purposes, which results 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 FY26 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. The FY26 budget adheres to the newly adopted policy. With the new OPEB policy, the County will focus on ensuring the assets are utilized in a fiscally responsible manner while protecting the long-term viability of the Trust.

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## 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 is accomplished through bid, auction, or other lawful method to the purchaser offering the highest price except under circumstances as specified by law.

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## 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.

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## 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.

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## 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.

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# POLICIES FOR REVENUES AND PROGRAM FUNDING

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## Diversification of Revenues

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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

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

## Property Tax

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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, Section 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. Montgomery County exercised this option in FY24 by implementing a 4.7 cent schools property tax, which continued in FY25. In FY26, the recommended budget increases this tax by 3.5 cents, for a total of 8.2 cents. The revenue generated by this is dedicated to schools and is not subject to the County's property tax limit, pursuant to State law.

## County Income Tax

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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

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

Most special districts have a property tax to pay for 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 rate increases by Section 305 of the County Charter.

## Special Funds

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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 the district's public purposes, the County may consider transferring part of the fund balance to support other programs, as allowed by law. For

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example, a portion of the Parking Lot Districts' fee revenue is transferred to the Urban Districts.

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## 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.

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## 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: A) OPEB more than the annual actuarial pre-funding contribution and/or pension prefunding more than the annual actuarial goal, if unfunded liabilities exist, then B) for other unfunded liabilities, 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 RSF (see below) have already been allocated to the RSF.

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## 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.

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## 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 sale 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.

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## 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.

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## 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 RSF, which together will represent ten percent of Adjusted Governmental Revenues, except during periods 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, MCPS (less the County's local contribution), Montgomery College (less the County's local contribution), and M-NCPPC, plus the revenues of the County Government's grant fund and capital projects fund.

The County's RSF 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 percent of any excess revenue or A) an amount equal to the lesser of 0.5 percent of Adjusted Governmental Revenues or the amount needed to obtain a total reserve of ten percent 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 that have become unfunded.

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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 ten percent of adjusted governmental revenue, 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 FY25 were budgeted at 10.8 percent but due to strong tax revenue growth they are now projected to be 13.5 percent in FY25. Reserves are forecast to be 11.2 percent at the end of FY26.

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

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**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 and 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 of or amount of use, and of adjusting charges in accordance with the 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 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

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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;
- allocation of available public resources to those programs meeting the broadest public need or demand in the most efficient way possible;
- use of "market" information generated by user-demand for more effective planning and alternative choices for future programs, services, and facilities;
- collection of user fees from individual citizens who choose their level of use from among programs, services, and facilities where individual choice may be exercised, resulting in improved cost-effectiveness and accountability for the spending of public funds ; and
- coverage of costs of programs and services by those receiving direct benefit ensuring dedicated sources of funds for programs and services to designated special areas or user groups rather than the County as a whole.

### Criteria

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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 the 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. The costs must be 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, or rent and 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 the 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, and mode of 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 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 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 user 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

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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 the imposition of charges. It should be noted that law on such issues is frequently in dispute. As a result, 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 as 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 to 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.

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# 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.

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- 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:

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.

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 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.

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.

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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 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**



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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. In June 2023, the County Council established a 20 percent cap on the amount the transportation impact tax rates could increase and allowed for carryover of any rate increase exceeding the cap to the following biennial rate increase. 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

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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. In June 2023, the County Council established a 20 percent cap on the amount the school impact tax rates could increase and allowed for carryover of any calculated rate increase exceeding the cap to the following biennial rate increase.

**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 FY25-30 capital budget.

**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 Water 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

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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. Generally, 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 was 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. Effective October 2023, the County raised recordation tax premium rates and adjusted the allocation of all proceeds to direct one-third to MCPS capital projects, one-third to County Government capital projects, and one-third to rental assistance programs in the Housing Initiative Fund.

**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

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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 WSSC Water 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 Water 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 Water 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 Water 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

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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 Water 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. Given the status of this toll lane project, the timing of receipt of Op Lanes funding is uncertain. In 2022, the General Assembly established the Bus Rapid Transit Fund, supported by State lottery proceeds. When funding is available, Montgomery County will receive at least \$20 million annually to support eligible Bus Rapid

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Transit projects.

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



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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 25, \$24,314,000) 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 eight Councilmembers.
- In April 1994, the Council adopted Resolution No. 12-1558 establishing a spending affordability process for WSSC Water. The process limits WSSC Water 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.

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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

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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.

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## INCORPORATING RACIAL EQUITY INTO THE CAPITAL BUDGET

During the FY25 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:

- OMB and ORESJ developed criteria and selected projects that are either new or in a phase of development where the application of a racial equity analysis would be most impactful;
- worked to include projects likely to advance racial equity;
- sought to limit negative impacts of any fiscal delays or reductions on projects assessed to advance racial equity;
- 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 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 FY25 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; 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.

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# Glossary

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**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); WSSC Water (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 WSSC Water, expenditures equal to tuition and tuition-related charges received by Montgomery College, 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 seven 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 Expenses 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.



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**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 so 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 a government asset 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** - 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 eight Councilmembers are required to exceed spending limits, and the unanimous vote of all eleven members is needed to exceed the limit on tax levies. See also Spending Affordability Guideline (SAG).

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**COLLECTIVE BARGAINING AGREEMENT** - A legal contract between the County Government or an agency as an 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 311 (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 deliver the services described in the program.

**COUNCIL TRANSFER OF APPROPRIATION** - A transfer of unencumbered appropriation balance by the County Council between agencies, departments, 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.

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**DIVISION** - A primary organizational unit within a government department or agency. Divisions are usually responsible for administering core 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** - An individual 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 Expenses) 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

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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 worked (or 2,496 hours worked for fire fighters) and .50 FTE equals 1,040 hours worked.

**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, the debt service fund, the 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,

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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** - Costs that cannot be directly attributed to the implementation of one single grant but are incurred when implementing grants across an organization. Indirect costs pay for a portion of the County's cost to provide support and administrative services to grants such as legal, procurement, fiscal, and labor relations. The County calculates its indirect cost rate via a cost allocation plan developed by an independent contractor per the Federal regulation 2 CFR part 200.

**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 residents. 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.

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**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), WSSC Water (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.



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**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 that 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 residents 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.

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**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.

**RETIREEES 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 performed by the County government that are the means for achieving desired outcomes, that have 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.

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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
<b>ABS</b>	Alcohol Beverage Services	<b>CJIS</b>	Criminal Justice Information System
<b>ACFR</b>	Annual Comprehensive Financial Report	<b>CNG</b>	Compressed Natural Gas
<b>ADA</b>	Americans with Disabilities Act	<b>COB</b>	Council Office Building
<b>AHCMC</b>	Arts and Humanities Council of Montgomery County	<b>COBRA</b>	Consolidated Omnibus Budget Reconciliation Act
<b>ALARF</b>	Advance Land Acquisition Revolving Fund	<b>COC</b>	Common Ownership Communities
<b>APFO</b>	Adequate Public Facilities Ordinance	<b>COG</b>	Council of Governments
<b>ARPA</b>	Advanced Research Projects Agency	<b>COMAR</b>	Code of Maryland Regulations
<b>ATMS</b>	Advanced Transportation Management System	<b>CPI-U</b>	Consumer Price Index - Urban
<b>BAN</b>	Bond Anticipation Note	<b>CR</b>	Current Revenue
<b>BEPS</b>	Base Erosion and Profit Shifting	<b>CRIMS</b>	Correction and Rehabilitation Information Management System
<b>BHI</b>	BioHealth Innovation	<b>CUPF</b>	Community Use of Public Facilities
<b>BIT</b>	Board of Investment Trustees	<b>CVB</b>	Conference and Visitors Bureau
<b>BOA</b>	Board of Appeals	<b>DBM</b>	Maryland State Department of Budget and Management
<b>BOE</b>	Board of Education (MCPS)	<b>DCM</b>	Device Client Management
<b>BOE</b>	Board of Elections (MCG)	<b>DFMS</b>	Division of Fleet Management Services
<b>CAO</b>	Chief Administrative Officer	<b>DGS</b>	Department of General Services
<b>CABLE TV</b>	Cable Television	<b>DEP</b>	Department of Environmental Protection
<b>CBD</b>	Central Business District	<b>DHCA</b>	Department of Housing and Community Affairs
<b>CCL</b>	County Council	<b>DOCR</b>	Department of Correction and Rehabilitation
<b>CCM</b>	County Cable Montgomery	<b>DOT</b>	Department of Transportation
<b>CDBG</b>	Community Development Block Grant	<b>DPS</b>	Department of Permitting Services
<b>CE</b>	County Executive	<b>ECC</b>	Emergency Communications Center
<b>CEX</b>	Office of the County Executive	<b>EDAET</b>	Expedited Development Approval Excise Tax
<b>CIP</b>	Capital Improvements Program	<b>EDF</b>	Economic Development Fund
<b>CEC</b>	Community Engagement Cluster	<b>EEOC</b>	Equal Employment Opportunity Commission
<b>CJCC</b>	Criminal Justice Coordinating Commission	<b>EITC</b>	Earned Income Tax Credit

Abbreviation	Description	Abbreviation	Description
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<b>EMTOC</b>	Equipment Maintenance and Transit Operations Center	<b>HRC</b>	Office of Human Rights
<b>EOB</b>	Executive Office Building	<b>HUD</b>	U.S. Department of Housing and Urban Development
<b>EOC</b>	Emergency Operations Center	<b>HVAC</b>	Heating, Ventilation, and Air Conditioning
<b>ERP</b>	Enterprise Resource Planning	<b>IAFC</b>	International Association of Fire Chiefs
<b>ERS</b>	Employee Retirement System	<b>IAFF</b>	International Association of Fire Fighters
<b>ESOL</b>	English for Speakers of Other Languages	<b>ICEUM</b>	Interagency Committee on Energy and Utility Management
<b>FEMA</b>	Federal Emergency Management Agency	<b>IJIS</b>	Integrated Justice Information System
<b>FFI</b>	Future Fiscal Impact	<b>IT</b>	Information Technology
<b>FIN</b>	Department of Finance	<b>ITPCC</b>	Interagency Technology Policy and Coordination Committee
<b>FLSA</b>	Fair Labor Standards Act	<b>LEP</b>	Limited English Proficiency
<b>FOP</b>	Fraternal Order of Police	<b>LER</b>	Labor and Employee Relations
<b>FRC</b>	Fire and Rescue Commission	<b>LFRD</b>	Local Fire and Rescue Department
<b>FTE</b>	Full-Time Equivalent	<b>LSBRP</b>	Local Small Business Reserve Program
<b>FY</b>	Fiscal Year	<b>MACo</b>	Maryland Association of Counties
<b>GAAP</b>	Generally Accepted Accounting Principles	<b>MC</b>	Montgomery College
<b>GASB</b>	Government Accounting Standards Board	<b>MCAASP</b>	Montgomery County Association of Administrative and Supervisory Personnel
<b>GDA</b>	General Development Agreement	<b>MCCF</b>	Montgomery County Correctional Facility
<b>GDP</b>	Gross Domestic Product	<b>MCCSSE</b>	Montgomery County Council of Supporting Service Employees
<b>GFOA</b>	Government Finance Officers Association	<b>MCDC</b>	Montgomery County Detention Center
<b>GIS</b>	Geographic Information Systems	<b>MCEA</b>	Montgomery County Education Association
<b>GO Bond</b>	General Obligation Bond	<b>MCEDC</b>	Montgomery County Economic Development Corporation
<b>GRIP</b>	Guaranteed Retirement Income Plan	<b>MCERP</b>	Montgomery County Employee Retirement Plans
<b>GWA</b>	General Wage Adjustment	<b>MCFRS</b>	Montgomery County Fire and Rescue Service
<b>HHS</b>	Department of Health and Human Services	<b>MCG</b>	Montgomery County Government
<b>HIPAA</b>	Health Insurance Portability and Accountability Act	<b>MCGEO</b>	Municipal and County Government Employees Organization
<b>HOC</b>	Housing Opportunities Commission	<b>MCPD</b>	Montgomery County Department of Police

Abbreviation	Description	Abbreviation	Description
<b>MCPL</b>	Montgomery County Public Libraries	<b>OZAH</b>	Office of Zoning and Administrative Hearings
<b>MCPS</b>	Montgomery County Public Schools	<b>PAYGO</b>	Pay-As-You-Go Financing
<b>MCT</b>	Montgomery Community Television	<b>PDF</b>	Project Description Form
<b>MFD</b>	Minority, Female, and Disabled	<b>PEG</b>	Public, Educational, and Governmental Cable Programming
<b>MHI</b>	Montgomery Housing Initiative	<b>PEPCO</b>	Potomac Electric Power Company
<b>MLS</b>	Management Leadership Service	<b>PILOT</b>	Payment in Lieu of Taxes
<b>M-NCPPC</b>	Maryland-National Capital Park and Planning Commission	<b>PIO</b>	Office of Public Information
<b>MOU</b>	Memorandum of Understanding	<b>PLAR</b>	Planned Lifecycle Asset Replacement
<b>MPDU</b>	Moderately Priced Dwelling Unit	<b>PLD</b>	Parking Lot District
<b>MSPB</b>	Merit System Protection Board	<b>POR</b>	Program of Requirements
<b>MTA</b>	Maryland Transit Administration	<b>PRO</b>	Office of Procurement
<b>NACo</b>	National Association of Counties	<b>PSCC</b>	Public Safety Communications Center
<b>NDA</b>	Non-Departmental Account	<b>PSP</b>	Public Services Program
<b>NOAH</b>	National Opportunities for Affordable Housing	<b>PSTA</b>	Public Safety Training Academy
<b>NTS</b>	Non-Tax Supported	<b>REC</b>	Department of Recreation
<b>OAG</b>	Office of Agriculture	<b>RMS</b>	Records Management System
<b>OAS</b>	Office of Animal Services	<b>RRF</b>	Resource Recovery Facility
<b>OBI</b>	Operating Budget Impact	<b>RSP</b>	Retirement Savings Plan
<b>OCA</b>	Office of the County Attorney	<b>SAG</b>	Spending Affordability Guidelines
<b>OCP</b>	Office of Consumer Protection	<b>SBAP</b>	Small Business Assistance Program
<b>OFSR</b>	Office of Food Systems Resilience	<b>SHA</b>	State Highway Administration
<b>OGM</b>	Office of Grants Management	<b>SWM</b>	Stormwater Management
<b>OHR</b>	Office of Human Resources	<b>TEBS</b>	Department of Technology and Enterprise Business Solutions
<b>OIG</b>	Office of the Inspector General	<b>TMC</b>	Transportation Management Center
<b>OIR</b>	Office of Intergovernmental Relations	<b>TMD</b>	Transportation Management District
<b>OEMHS</b>	Office of Emergency Management and Homeland Security	<b>TS</b>	Tax Supported
<b>OLO</b>	Office of Legislative Oversight	<b>WMATA</b>	Washington Metropolitan Area Transit Authority
<b>OLR</b>	Office of Labor Relations	<b>WQPB</b>	Water Quality Protection Bond
<b>OMB</b>	Office of Management and Budget	<b>WQPC</b>	Water Quality Protection Charge
<b>OPEB</b>	Other Post Employment Benefits	<b>WSM</b>	WorkSource Montgomery
<b>ORESJ</b>	Office of Racial Equity and Social Justice	<b>WSSC</b>	WSSC Water
<b>OSHA</b>	Occupational Safety and Health Administration	<b>WSTC</b>	Washington Suburban Transit Commission
<b>WY</b>	Work Year		



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