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THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION



Montgomery Planning responds to county's draft fiscal impact statement on Thrive Montgomery 2050

County's draft fiscal impact statement fails to provide a meaningful basis for comparing the costs of implementing Thrive Montgomery 2050 to the costs of growth with a "non-Thrive" scenario

The [Montgomery County Planning Department](#) respectfully disagrees with the county's Office of Management and Budget (OMB) on their [draft fiscal impact statement \(FIS\)](#) on [Thrive Montgomery 2050](#). Discussed at the September 27 Montgomery County Council Planning, Housing and Economic Development (PHED) Committee virtual meeting, the draft FIS was presented by county staff as required by county law. Montgomery Planning staff provided comments to the PHED Committee on the flaws with this approach, such as the draft FIS only focuses on the perceived costs but failing to account for the potential benefits of Thrive Montgomery 2050 in terms of the increased tax base.

"Thrive Montgomery 2050, by its nature as a policy document and not a typical master plan, is not conducive to producing a traditional cost estimate no matter what approach is taken to develop such an estimate," said Montgomery Planning Director Gwen Wright. "The draft FIS does not provide a meaningful comparison between direct costs of Thrive Montgomery 2050 to the cost of a non-Thrive Montgomery 2050 alternative of continuing the current fiscal structure to accommodate the expected additional 200,000 residents and grow equitably and sustainably. It's about looking at all of the options that we have and prioritizing not whether we grow but making choices on where and the methods."

"We understand that OMB wanted to avoid speculating about numbers that are hard to pin down with certainty, but they made several assumptions about how much Thrive will cost without considering how much revenue it will generate," said Planning Board Chair Casey Anderson. "You cannot have it both ways – if Thrive succeeds in making the county a more attractive place to live and work it may bring more people and jobs to the county, but those additional people and jobs will generate more tax revenue along with the need to provide more services and infrastructure. It is impossible to assess the net fiscal impact of a plan like this by estimating costs without also estimating benefits."

Thrive Montgomery 2050 comprehensively updates the 1964 General Plan which has guided growth and development in the county for the last 60 years. Thrive Montgomery 2050 builds on the successes of the past and updates the county's long-term framework for land use and development by envisioning a more economically competitive, environmentally sustainable, and more racially and socially equitable county over the next 30 years. It emphasizes maximizing the efficiency of the county's land, creating a diversity of building types and design, and establishing complementary transportation infrastructure.

"I see little value in conducting a fiscal analysis of Thrive without comparing it to the status quo, which could easily be more expensive," said PHED Committee Chair Councilmember Hans Riemer. "In general, communities that are not growing are declining, and fiscal problems are worse for communities that are declining than those that are growing. What we see with Thrive Montgomery 2050 is a plan to accommodate our future growth with vibrancy and success."

The key points from Montgomery Planning staff regarding the issues in the county's FIS include:

1. A fundamental flaw with the FIS estimate is that it starts with **an unfounded assumption that Thrive Montgomery 2050 is going to increase the cost of accommodating population growth over the next 30 years compared to the county's current trajectory.** The goal of Thrive Montgomery 2050 is to change how we plan for development so that it is more compact, and thus, more efficient, cost effective, and sustainable. The population growth estimate of an additional 200,000 people is based on the Cooperative Forecast produced by the Metropolitan Washington Council of Governments (MWCOCG) that was conducted before the start of Thrive Montgomery 2050. The FIS extrapolates the estimates of current and planned capital projects and operating expenses over the next 30 years (with some credit for potential elimination of some of the projects due to Thrive), and then attributes ten percent of those costs to Thrive based on an arbitrary assumption that ten percent of the projected growth of 200,000 people will be caused by Thrive.
2. **The draft FIS only focuses on the perceived costs but fails to account for the potential benefits of Thrive Montgomery 2050 in terms of the increased tax base** as a result of attracting new development and employers with better job opportunities resulting in increased property tax revenue or increases to other revenues. The goal of Thrive Montgomery 2050 is to enhance the economic competitiveness of the county to make it more attractive to businesses and future residents. Economic growth will increase property and income tax revenues to the county. The FIS clearly admits that it does not account for additional income from increased property taxes, income taxes or increases to other revenues, which results in an incomplete assessment of the fiscal impacts of Thrive Montgomery 2050.
3. **The FIS also does not consider potential savings** from concentrating growth in infrastructure and amenity rich areas in a compact form of development. For example, under Thrive Montgomery 2050, reducing imperviousness through compact infill and redevelopment combined with improved transit will reduce the need for additional infrastructure upgrades such as more stormwater and flood mitigation measures. But under a non-Thrive Montgomery 2050 scenario, public costs for new stormwater measures and upkeep would continue to grow as storm events become more severe and road expansions alone could add significant amounts of new imperviousness. Another area of savings could come from Thrive Montgomery 2050's push for greater use of collocated facilities envisioned to serve complete, walkable communities.
4. **The FIS narrowly focuses on the one-time capital costs of construction but does not consider ongoing maintenance costs under a non-Thrive scenario.** The county already faces enormous maintenance costs. For example, the Washington Suburban Sanitary Commission's (WSSC's) rates continue to increase because of ongoing maintenance needs and debt service for already-necessary maintenance and capital improvements. WSSC noted in its [fiscal year 2021 budget proposal to the Montgomery County Council](#) that "40% of [its] water and sewer main (11,000 miles) are over 50 years old" (p. 13), that 73 cents of every water and sewer bill dollar is spent on debt service and operation/maintenance (p. 4-6), and that water and sewer rates are anticipated to increase by at least 6.5% each year through 2026 (p. 3-3). Likewise, the [Montgomery County Department of Transportation already maintains 5,200 lane miles of roadway, 1,665 miles of sidewalk, curb and gutter, bridges, culverts, and an extensive storm drain system.](#) For fiscal year 2022, the maintenance for this network is expected to require 102 full-time employees and cost almost \$17 million. And this work is expected to yield ratings of "good or better" quality for only 30% of primary and arterial roads. While the FIS notes that retrofitting some of this existing infrastructure to accommodate compact development may require extra up-front costs, a primary goal of Thrive Montgomery 2050 is to reduce long-term maintenance costs for this infrastructure by limiting expansion of the County's current inventory.

Questions, comments?

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About Thrive Montgomery 2050

During summer 2019, the Montgomery County Planning Department launched the update of Montgomery County's [General Plan](#), the county's long-term framework for land use and development. This effort, called [Thrive Montgomery 2050](#), will result in new countywide policies to help Montgomery County thrive in the decades to come by addressing challenges and opportunities. A lot has changed in the county since the General Plan was originally approved in 1964. Thrive Montgomery 2050 will guide future growth in response to the demographic shifts, technological innovations, changing lifestyles and economic disruptions that have taken place in recent decades. The new General Plan will consider many issues framed by three pillars: economic health, environmental resilience, and equity. This framework will help guide the recommendations of the plan with input from the community.

View the [Thrive Montgomery 2050 Planning Board Draft](#)

View the [Thrive Montgomery 2050 Planning Board Draft Recommended Actions and List of References](#)

View the [Thrive Montgomery 2050 webpage](#)

View the Thrive Montgomery 2050 Explainer (August 2021): [English](#) | [አማርኛ](#) | [汉语](#) | [Español](#) | [فارسی](#)
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