



FY 2027 Proposed Budget

Worksession #1
Strategic Initiatives and Revenues

March 9, 2026



FY 2027 Citywide Budget

The total proposed operating budget for all funds equals **\$187.1 million**

- ▶ 6.6% increase from the FY 2026 adopted budget
- ▶ Flat property tax rate proposed and throughout the forecast

The total proposed CIP across all program areas includes new appropriations of **\$35.2 million**

- ▶ Supports 56 capital projects
- ▶ Includes a General Fund transfer of \$12.3 million



The FY 2027 Budget also introduces a **new** digital budget document



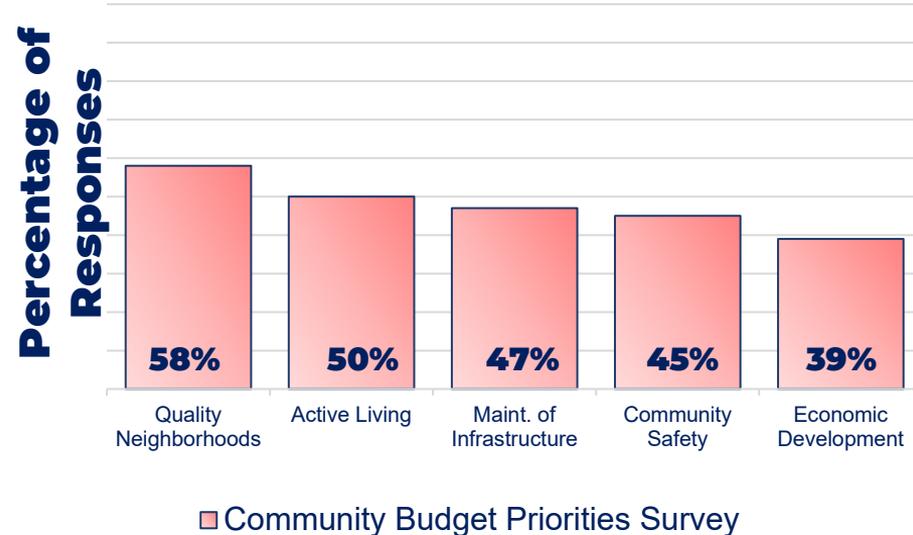
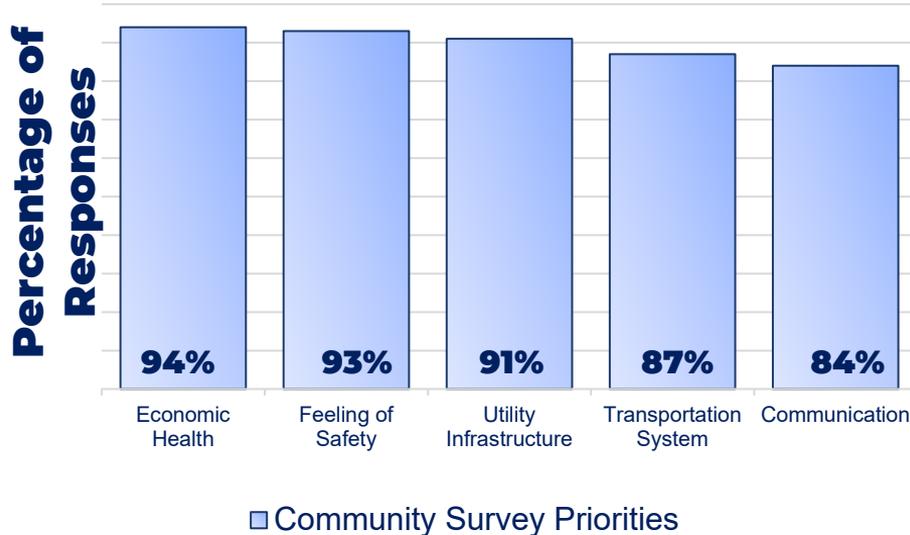
Community Priorities and Survey Results



Community Priorities

The **Community Survey** and the **Community Budget Priorities Survey** provide valuable insight that informs city staff and the elected body about the needs of the community.

The top 5 priorities from each are shown below.



Community Priorities

The **Community Budget Priorities Survey**
will be available until April 13th.



You can also access the survey by visiting

www.rockvillemd.gov/budget.

Scan the QR code

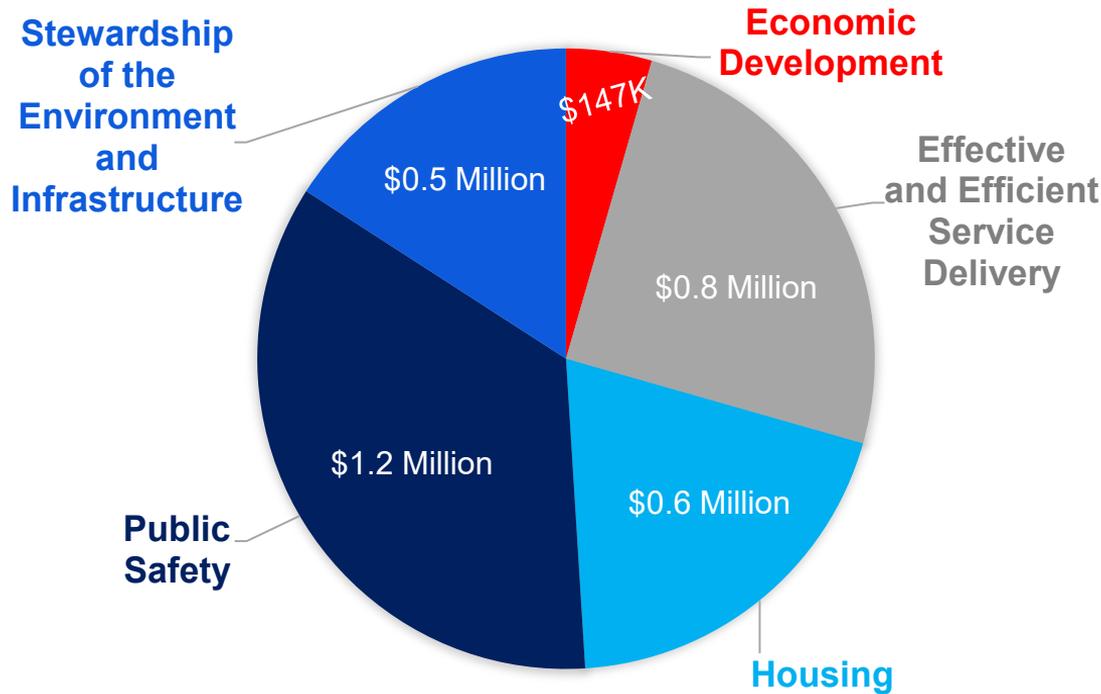




FY 2027 Strategic Initiatives



Guiding Principles

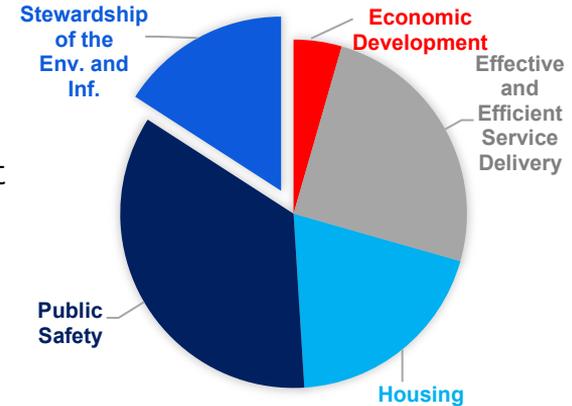


The **General Fund** makes up 67% of the operating budget and includes new funding for a number of initiatives that align with the Mayor and Council's Guiding Principles

Stewardship of the Environment and Infrastructure

The proposed operating budget includes funding for:

- ▶ The second EV bus for the Rockville Senior Center (partially grant funded)
- ▶ Expanded contractual services to address annual bulb planting in right-of-way areas
- ▶ Funding for expanded community garden plots
- ▶ Funding to support recycling in the parks that demonstrated the most success during the parks recycling pilot program

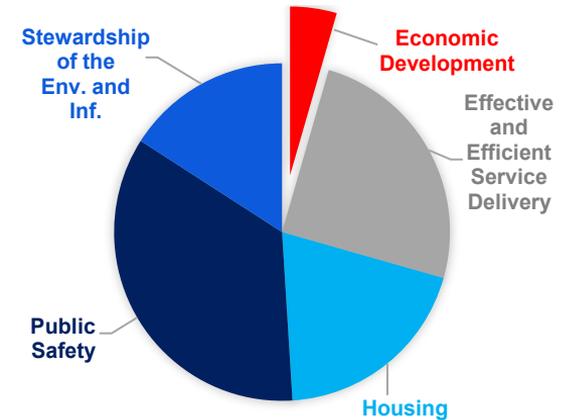


City workplans also include ongoing efforts in alignment with the [Climate Action Plan](#)

Economic Development

The proposed operating budget includes funding for:

- ▶ Rockville Economic Development, Inc.
 - Life/Bio Sciences marketing expansion
 - Operational increases
- ▶ Murals in Private Development Grant Pilot Program

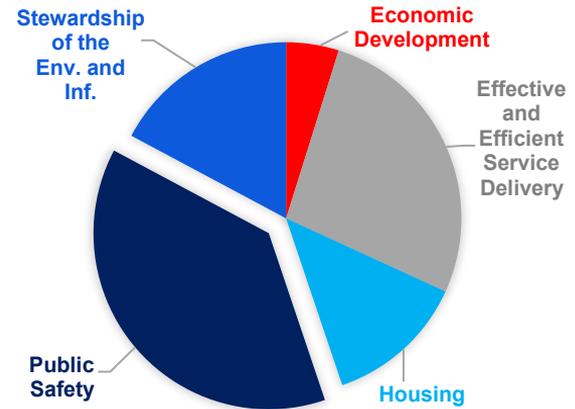


City workplans also include the completion of the city's [Economic Development Strategic Plan](#)

Public Safety

The proposed operating budget includes funding for:

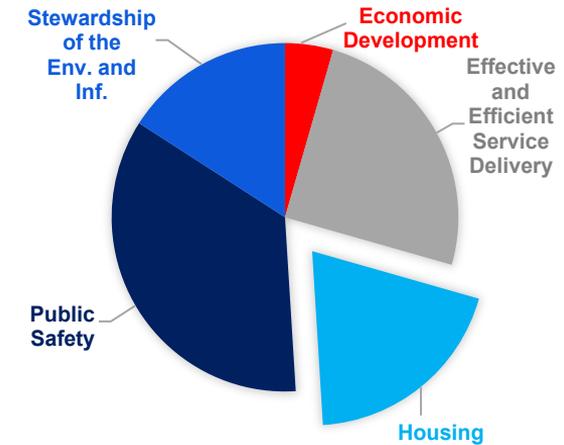
- ▶ The conversion of 2.0 FTE police officer overfill positions to permanent within in the RCPD
- ▶ The addition of a 1.0 FTE Sergeant to assist in the implementation of a Street Crimes special unit and improved patrol operations
- ▶ An increase to the pay rate for officer on-call overtime
- ▶ Year two of the two-year CCTV modernization initiative
- ▶ Funding for a school pathway lighting feasibility study
- ▶ Park pavilion and public restroom security improvements
- ▶ Rockville Volunteer Fire Department emergency vehicle replacement assistance



Housing

The proposed operating budget includes funding for:

- ▶ A 1.0 FTE Community Enhancement Codes Inspector to provide enhanced rental unit inspections
- ▶ The Housing Opportunities Fund (General Fund transfer)
 - Employee Homeownership Assistance Program
 - Homeownership Downpayment Assistance Program
 - Source for retaining and adding affordable units



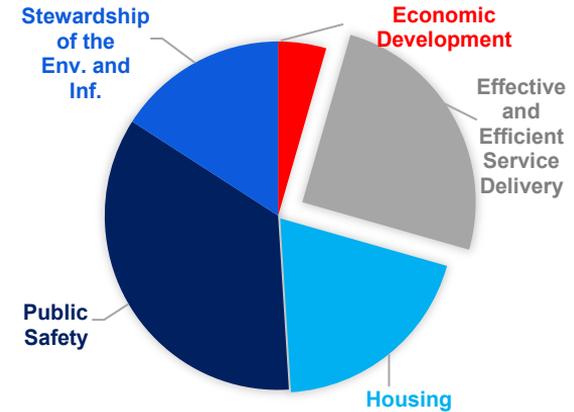
The \$500,000 contribution to the [Housing Opportunities Fund](#) will bring balances up to a level that will support a gap financing opportunity to bring additional affordable units to the city

Effective and Efficient Service Delivery



The proposed operating budget includes funding for:

- ▶ A new 1.0 FTE Assistant City Attorney position
- ▶ The addition of a 0.8 FTE childcare position at Montrose Discovery Preschool
- ▶ Expanded Community Services and Enrichment Grants
- ▶ Expanded Rockville Emergency Assistance funding
- ▶ Neighborhood signage initiative
- ▶ Temporary personnel funding to support Procurement
- ▶ Organizational development and Human Resources initiatives
- ▶ An extended outdoor swim season, following a successful pilot program

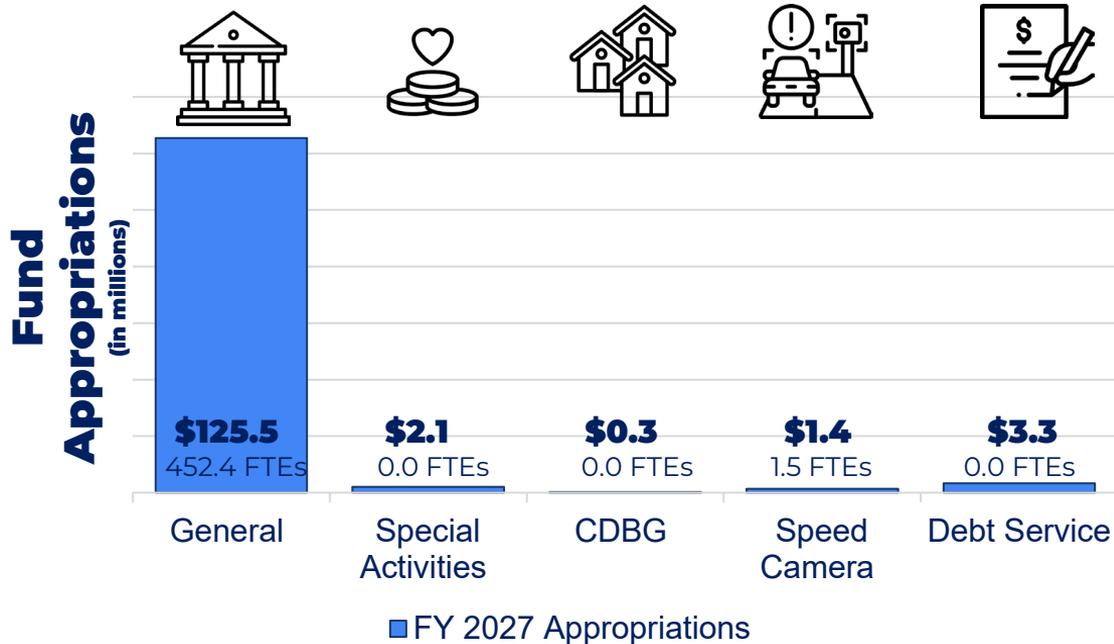




FY 2027 Operating Budget

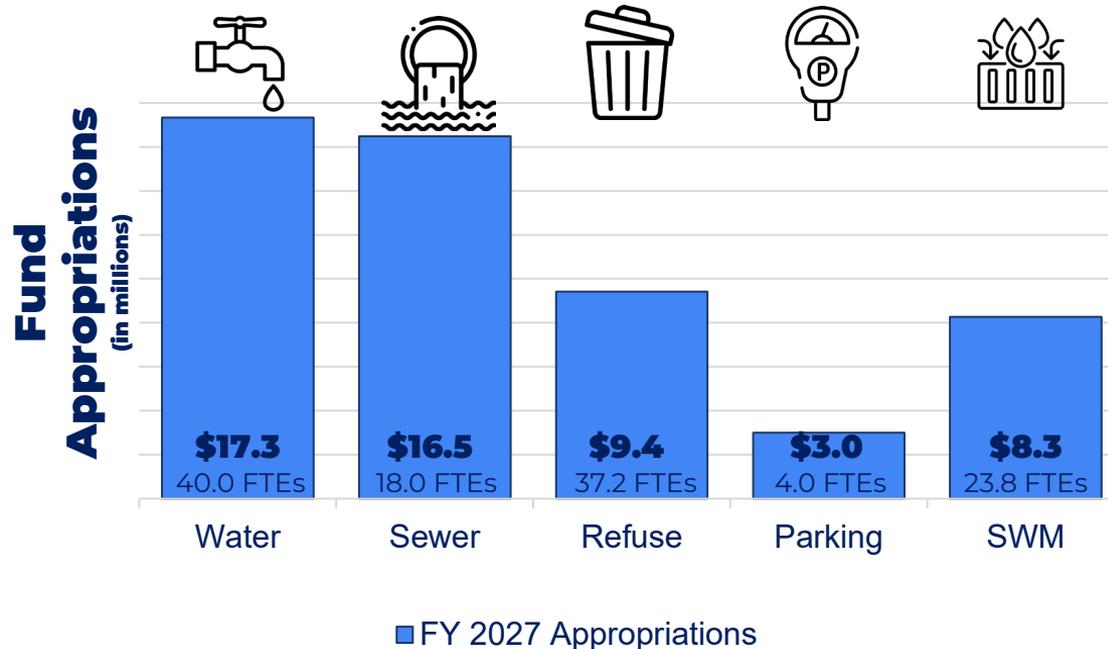
Governmental Funds

The General Fund makes up approximately 67% of appropriations citywide and 95% of governmental fund appropriations.



Enterprise Funds

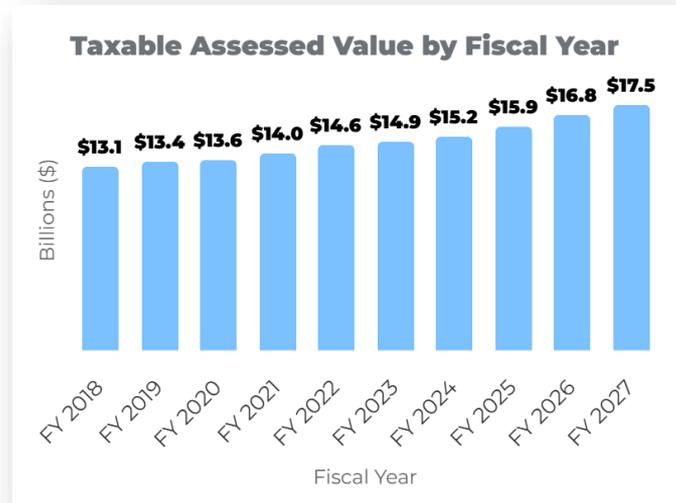
Enterprise Funds operate in a manner similar to private business enterprises where expenses are recovered from user fees, as opposed to tax revenue.



General Fund Revenue Outlook

General Fund revenues increased 7.2% up to \$125.5 Million for FY 2027

- ▶ Property tax revenues increased by 4% and make up 43% of General Fund revenues
- ▶ Other notable revenue increases include:
 - Income Tax (9.4% increase)
 - Tax Duplication (16.9% increase)
 - Redlight Camera Citations (16.6% increase)
 - Recreation Program Fees (9.4% increase)
 - Investment Earnings (23.1% increase)
- ▶ Notable revenue decreases include:
 - Highway User Revenue (2.7% decrease)





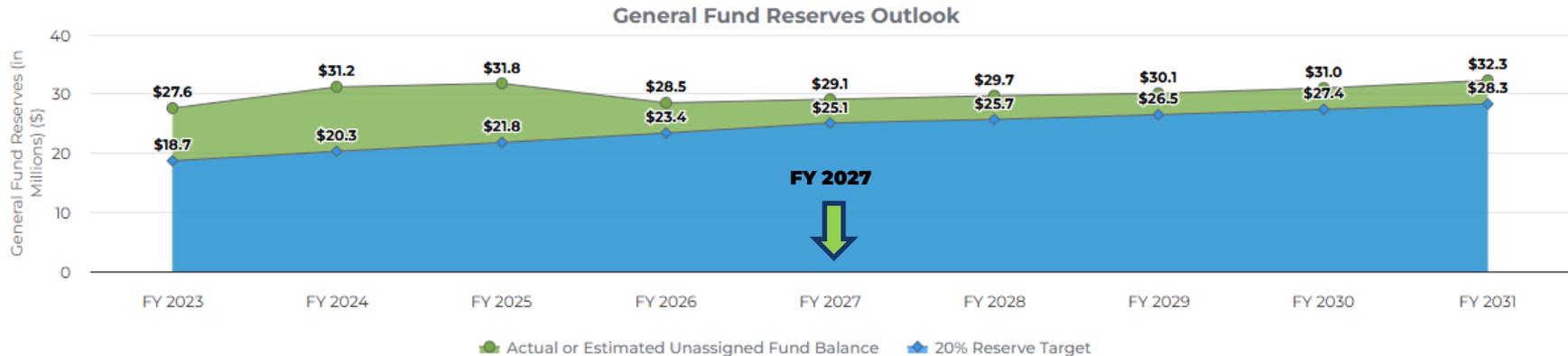
General Fund Expenditure Outlook

- ▶ Personnel expenditures include:
 - 5.8 FTE additions
 - 2% cost of living adjustment (COLA) and merit/step increases
- ▶ Operating expenditures include:
 - Contractual services, utilities, small equipment, training, and supplies
- ▶ Capital outlay expenditures include:
 - Scheduled equipment and vehicle replacements
- ▶ Other expenditures include:
 - Leases, subscription agreements, and community grants
- ▶ Transfers include CIP, Debt Service, Parking, Refuse, and Special Activities



General Fund Forecast

It is the city's policy to maintain an unassigned fund balance of at least 20% of adopted General Fund revenue. The FY 2027 proposed budget recommends that \$4 million of reserves be used in FY 2026 to support the FY27 – FY31 CIP.





Proposed Utility Rates

FY 2027 Water and Sewer rates were adopted in May 2024 for FY 2025 – FY 2027 following the last cost of service study. The Mayor and Council will adopt new [Refuse](#) and [Stormwater Management](#) rates for FY 2027.

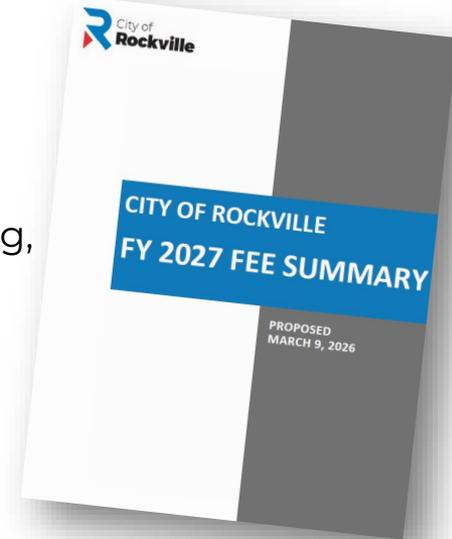
	FY 2026	FY 2027	% Change
Water Usage*	8.52	9.12	7.0%
Water RTS	26.99	29.42	9.0%
Sewer Usage	11.23	11.40	1.5%
Sewer RTS	19.50	20.28	4.0%
Refuse	565.00	585.00	3.5%
Stormwater	159.00	169.00	6.3%

**Average usage rate based on 14,000 gallons of single-family usage per quarter*

Other Fees and Charges

The [FY 2027 Fee Summary](#) document summarizes current and proposed fees across all city departments. This document is organized by major functions in the Licenses and Permits and Charges for Services categories.

Fees and charges are proposed to increase in response to a recently completed fee analysis for permitting, licensing, and development fees. Some fees and charges are proposed to be held flat.



Impact to Rockville Residents

The financial impact of the proposed rates, including the impact of estimated increases to assessed values is shown below.



	FY 2026	FY 2027
<u>Annual Property Tax Bill</u>		
Rockville Property Tax	\$ 2,161	\$ 2,245
<i>Est. Assessed Value</i>	<i>739,900</i>	<i>769,000</i>
Rockville Refuse Charge	565	585
Rockville SWM Fee	159	169
TOTAL	\$ 2,885	\$ 2,999
<u>Quarterly Utility Bill*</u>		
Water Usage	\$ 119	\$ 128
Water RTS	27	29
Sewer Usage	157	160
Sewer RTS	20	20
TOTAL	\$ 323	\$ 337

For a single-family homeowner who also pays Rockville water and sewer rates this amounts to **\$170 per year**, or approximately **\$14 per month**.

**Based on 14,000 gallons of usage per quarter for a single-family user*



Next Steps

Meeting Date	Agenda Item	Worksession Focus
March 23, 2026	<ul style="list-style-type: none">Budget Worksession #2Public Hearing #3	Proposed Operating Expenditures Community Service and Enrichment Grants
April 13, 2026	<ul style="list-style-type: none">Budget Worksession #3Close of the community budget priorities survey and public record	CIP Overview Planned Debt Issuance Changes from Proposed and Final Balancing
May 4, 2026	<ul style="list-style-type: none">Budget Adoption	