

FY 2026 Proposed Budget

Worksession #2

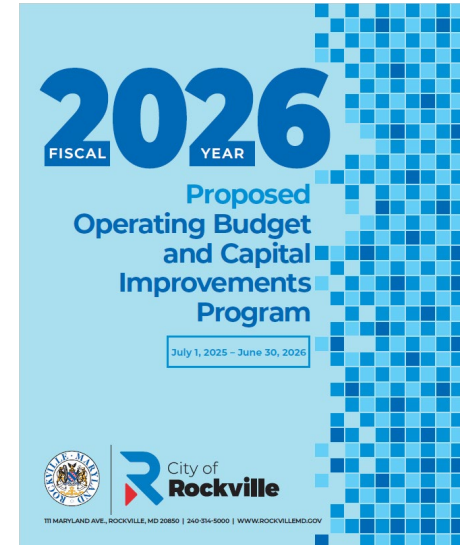
Operating Expenditures, Fund Balance, and Grants

March 24, 2025

FY 2026 Budget Worksession #2

Tonight's Focus:

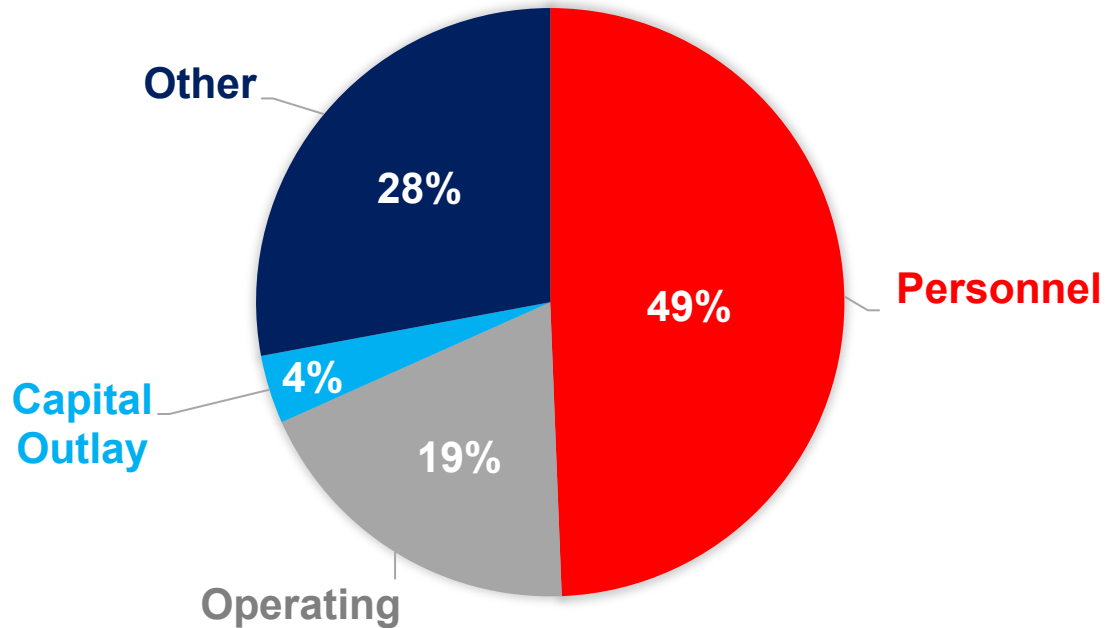
- ▶ Operating Expenditures by Department
- ▶ Confirm the Mayor and Council support the recommended grant allocations as shown in the FY 2026 proposed budget.
- ▶ Confirm the Mayor and Council support the recommended uses of General Fund reserves exceeding the target.





Operating Expenditures

FY 2026 Expenditures by Category



FY 2026 operating expenditures total **\$173 million** across all city funds and departments.

This is an increase of **4.5%** over the FY 2025 Adopted Budget.

Mayor and Council

The [Mayor and Council Department](#) operating budget and staffing levels are provided in the table below.

	FY 2025 Adopted Budget	FY 2026 Proposed Budget	\$ or FTE Change	Percent Change
Total Operating Budget	\$1,117,620	\$1,192,000	\$74,380	6.7%
Regular FTEs	4.0	4.0	-	0.0%
Temporary FTEs	-	-	-	-

Mayor and Council

FY 2026 Outlook:

- ▶ Rewriting the city's election code
- ▶ Updating and coordinating changes, revisions, and codification of the Rockville City Code
- ▶ Facilitating training, for boards, commissions, task forces, and volunteers
- ▶ Scheduling retreats on strategic planning, priorities, and initiatives

FY 2026 Major Changes:

- ▶ Funding for new boards and commissions software
- ▶ Funding for more frequent electronic updates to the City Code

Office of the City Attorney

The [Office of the City Attorney](#) operating budget and staffing levels are provided in the table below.

	FY 2025 Adopted Budget	FY 2026 Proposed Budget	\$ or FTE Change	Percent Change
Total Operating Budget	\$1,682,590	\$1,796,880	\$114,290	6.8%
Regular FTEs	7.0	7.0	-	0.0%
Temporary FTEs	-	-	-	-

Office of the City Attorney

FY 2026 Outlook:

- ▶ Providing legal advice and support for updates to the city's election code, MPDU program, and zoning ordinance
- ▶ Providing continued legal advice and support related to the award and execution of contracts and agreements
- ▶ Providing continued legal advice and support for pending opioid litigation cases

FY 2026 Major Changes:

- ▶ Increases for travel, training, and professional resources

City Manager's Office

The [City Manager's Office](#) operating budget and staffing levels are provided in the table below.

	FY 2025 Adopted Budget	FY 2026 Proposed Budget	\$ or FTE Change	Percent Change
Total Operating Budget	\$8,174,930	\$4,421,280	(\$3,753,650)	-45.9%
Regular FTEs	33.5	11.5	(22.0)	-65.7%
Temporary FTEs	2.3	0.2	(2.1)	-91.3%

City Manager's Office

FY 2026 Outlook:

- ▶ Advocating for the Mayor and Council's 2026 legislative priorities
- ▶ Finalizing the city's Art in Public Places 2025-2030 Implementation Plan and cataloguing public art works
- ▶ Implementing a new Customer Relationship Management system

FY 2026 Major Changes:

- ▶ Funding for the biennial community survey
- ▶ Funding for the development of a JEDI Strategic Plan
- ▶ Increased funding to support Rockville Economic Development, Inc.
- ▶ Decreases for personnel and operating costs for newly established departments (CCE and Procurement)

Communications and Community Engagement



The [Communications and Community Engagement](#) operating budget and staffing levels are provided in the table below.

	FY 2025 Adopted Budget	FY 2026 Proposed Budget	\$ or FTE Change	Percent Change
Total Operating Budget	\$0	\$2,736,410	\$2,736,410	N/A
Regular FTEs	-	14.5	14.5	N/A
Temporary FTEs	-	1.6	1.6	N/A

Communications and Community Engagement



FY 2026 Outlook:

- ▶ Completing and launching the city's first mobile app
- ▶ Launching the Engage Rockville initiative in alignment with the city's community engagement framework
- ▶ Creating a new weekly news show

FY 2026 Major Changes:

- ▶ Funding for 2.5 FTE positions to support enhanced public information coordination, community engagement efforts, and administrative functions

Community Planning and Development Services



The [Community Planning and Development Services](#) operating budget and staffing levels are provided in the table below.

	FY 2025 Adopted Budget	FY 2026 Proposed Budget	\$ or FTE Change	Percent Change
Total Operating Budget	\$7,763,290	\$8,549,130	\$785,840	10.1%
Regular FTEs	51.0	55.0	4.0	7.8%
Temporary FTEs	0.8	0.8	-	0.0%



Community Planning and Development Services



FY 2026 Outlook:

- ▶ Adopting the rewritten Zoning Ordinance and facilitating the rezoning of property for additional housing opportunities
- ▶ Supporting the prospective annexation of the Shady Grove Metro Station
- ▶ Reviewing the results of a comprehensive fee study currently underway
- ▶ Implementing improvements to development review and permitting through the FAST 2 initiative

FY 2026 Major Changes:

- ▶ Funding for 4.0 FTE positions to support next day inspections and more efficient zoning enforcement

The **Finance** operating budget and staffing levels are provided in the table below.

	FY 2025 Adopted Budget	FY 2026 Proposed Budget	\$ or FTE Change	Percent Change
Total Operating Budget	\$3,462,570	\$3,847,530	\$384,960	11.1%
Regular FTEs	19.0	19.5	0.5	2.6%
Temporary FTEs	-	-	-	-

FY 2026 Outlook:

- ▶ Monitoring economic conditions and providing recommendations for budget amendments (including potential uses of reserves)
- ▶ Assisting Recreation and Parks with a funding strategy for the King Farm Farmstead Master Plan
- ▶ Supporting advanced metering infrastructure (AMI) deployment and housing strategy development

FY 2026 Major Changes:

- ▶ Funding for a 0.5 FTE position to provide administrative support
- ▶ Costs related to AMI software, financial reporting software, and payments to Montgomery County for tax bill processing

Housing and Community Development



The [Housing and Community Development](#) operating budget and staffing levels are provided in the table below.

	FY 2025 Adopted Budget	FY 2026 Proposed Budget	\$ or FTE Change	Percent Change
Total Operating Budget	\$3,518,090	\$4,977,340	\$1,459,250	41.5%
Regular FTEs	14.0	16.0	2.0	14.3%
Temporary FTEs	2.4	2.9	0.5	20.8%

Housing and Community Development



FY 2026 Outlook:

- ▶ Revising the City Code on Rental Facilities and Landlord-Tenant Relations
- ▶ Completing the Housing Needs Assessment
- ▶ Expanding financial empowerment and homeowner assistance programming

FY 2026 Major Changes:

- ▶ Funding for 2.0 FTE positions to provide expanded programming
- ▶ Increases related to the consolidation of community grants
- ▶ Increases for expanded use of Opioid Settlement Funds
- ▶ Increases related to new funding for the Housing Opportunities Fund

Human Resources

The [Human Resources](#) operating budget and staffing levels are provided in the table below.

	FY 2025 Adopted Budget	FY 2026 Proposed Budget	\$ or FTE Change	Percent Change
Total Operating Budget	\$2,397,910	\$2,589,910	\$192,000	8.0%
Regular FTEs	12.0	11.0	(1.0)	-8.3%
Temporary FTEs	-	-	-	-

Human Resources

FY 2026 Outlook:

- ▶ Developing an action plan to price, communicate, and implement appropriate changes to the city's benefits offerings
- ▶ Initiating a dependent verification audit for city benefits
- ▶ Increasing offerings of training opportunities covering workplace safety, policies and procedures, and skill-based subjects

FY 2026 Major Changes:

- ▶ Decreases for two 0.5 FTE positions which moved to Recreation and Parks
- ▶ Funding for expanded organizational development efforts
- ▶ Increases for wellness incentives which shifted from department personnel budgets to Human Resources

Information Technology

The [Information Technology](#) operating budget and staffing levels are provided in the table below.

	FY 2025 Adopted Budget	FY 2026 Proposed Budget	\$ or FTE Change	Percent Change
Total Operating Budget	\$7,388,130	\$8,386,850	\$998,720	13.5%
Regular FTEs	21.0	21.0	-	0.0%
Temporary FTEs	-	-	-	-

Information Technology

FY 2026 Outlook:

- ▶ Implementing offsite and cloud-based disaster recovery interconnections
- ▶ Exploring opportunities for automation through new Pilot AI initiatives
- ▶ Enhancing city cybersecurity posture through visibility, exposure, and vulnerability management

FY 2026 Major Changes:

- ▶ Funding for year one of a new two-year CCTV modernization initiative for city facilities
- ▶ Funding for network infrastructure upgrades

The [Police](#) operating budget and staffing levels are provided in the table below.

	FY 2025 Adopted Budget	FY 2026 Proposed Budget	\$ or FTE Change	Percent Change
Total Operating Budget	\$16,134,360	\$16,463,530	\$329,170	2.0%
Regular FTEs	97.0	99.0	2.0	2.1%
Temporary FTEs	-	-	-	-

FY 2026 Outlook:

- ▶ Providing continued community policing, crime prevention, and traffic safety operations for the community
- ▶ Expanding outreach efforts through a range of community events
- ▶ Ensuring compliance with all accreditation standards and new state laws

FY 2026 Major Changes:

- ▶ Funding for 2.0 FTE administrative positions
- ▶ Funding for new software that supports policy distribution, credential and certification tracking, accreditation, and field training functions
- ▶ Increases for redlight camera operating costs in line with increased volume

Procurement



The **Procurement** operating budget and staffing levels are provided in the table below.

	FY 2025 Adopted Budget	FY 2026 Proposed Budget	\$ or FTE Change	Percent Change
Total Operating Budget	\$0	\$1,605,180	\$1,605,180	N/A
Regular FTEs	-	10.5	10.5	N/A
Temporary FTEs	-	-	-	-

Procurement

FY 2026 Outlook:

- ▶ Enhancing procurement customer service initiatives
- ▶ Improving technology and consistency in the procurement process
- ▶ Implementing the goals and strategies outlined in the Procurement Strategic Plan

FY 2026 Major Changes:

- ▶ Funding for a 1.0 FTE position in support of more efficient procurement processing and MFD-V initiatives
- ▶ Reduced funding for temporary staffing that is being enhanced with the regular 1.0 FTE position

Public Works

The [Public Works](#) operating budget and staffing levels are provided in the table below.

	FY 2025 Adopted Budget	FY 2026 Proposed Budget	\$ or FTE Change	Percent Change
Total Operating Budget	\$38,834,000	\$39,983,200	\$1,149,200	3.0%
Regular FTEs	166.5	168.0	1.5	0.9%
Temporary FTEs	2.2	2.2	-	0.0%

FY 2026 Outlook:

- ▶ Continuing the implementation of the Vision Zero, Climate Action, and Electric Vehicle Readiness Plans
- ▶ Managing a range of design and construction management functions for capital projects across multiple program areas

FY 2026 Major Changes:

- ▶ Funding for 1.5 FTE positions in support of enhanced plan review and permitting and EPA water quality compliance requirements
- ▶ Funding for new vehicle telematics for snow and ice operations
- ▶ Funding for a new neighborhood signage initiative (Twinbrook for FY 2026)
- ▶ Decreases based on the FY 2026 fleet replacement schedule

Recreation and Parks

The [Recreation and Parks](#) operating budget and staffing levels are provided in the table below.

	FY 2025 Adopted Budget	FY 2026 Proposed Budget	\$ or FTE Change	Percent Change
Total Operating Budget	\$29,314,180	\$30,739,070	\$1,424,890	4.9%
Regular FTEs	131.6	133.1	1.5	1.1%
Temporary FTEs	89.2	89.2	-	0.0%

Recreation and Parks

FY 2026 Outlook:

- ▶ Implementing the new Enterprise Asset Management system
- ▶ Finalizing the King Farm Farmstead Master Plan
- ▶ Managing a range of design and construction management functions for capital projects in the Recreation program area

FY 2026 Major Changes:

- ▶ Funding for a 0.5 FTE position in support of expanded programming and two 0.5 FTE positions which transferred from Human Resources
- ▶ Expanded contractual services to address non-native invasive species
- ▶ Funding for expanded youth and adult programming
- ▶ Funding for mental health support focused on seniors

Non-Departmental Expenditures

Non-Departmental expenditures are obligations that are not directly attributable to one particular department or activity. Most of the expenses in this category represent overhead or “costs of doing business.” Major items in this category include:

- ▶ FY 2026 Compensation and Classification capacity
- ▶ Citywide insurance policies
- ▶ Contingency accounts
- ▶ Bond counsel and debt issuance costs
- ▶ Transfers to Other Funds (Capital Projects, Debt Service, Admin Fees)
- ▶ Debt Service payments
- ▶ Depreciation and other accounting items

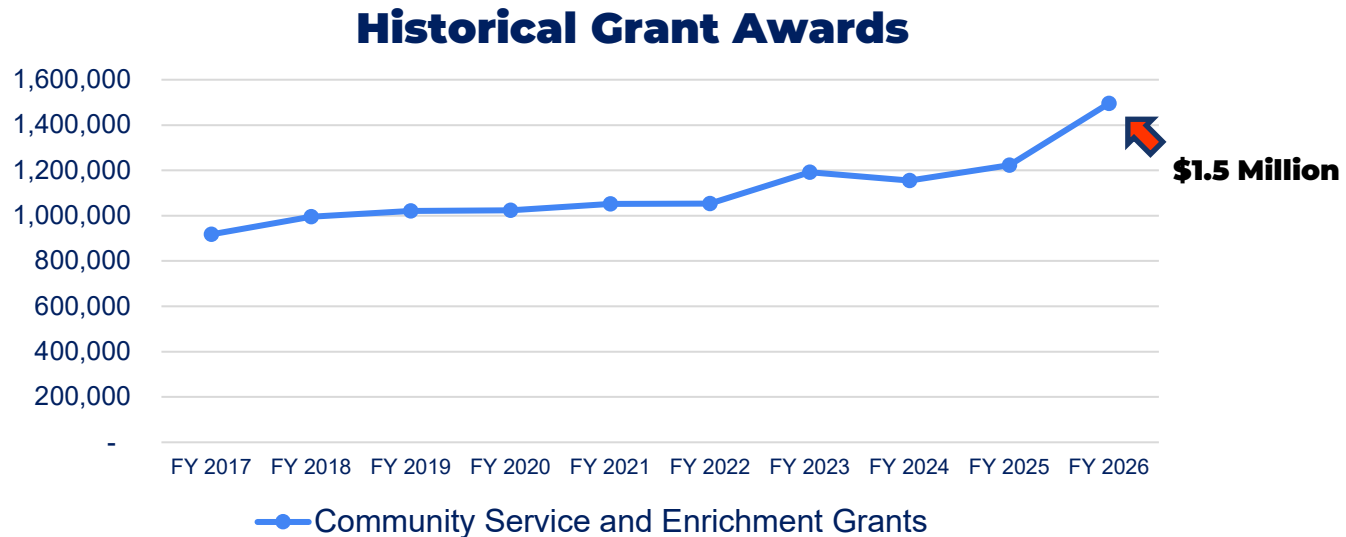


Community Service and Enrichment Grants

Grant Process for FY 2026

The FY 2026 budget merges the former Caregiver Grant Program and Community Organizations Grant Program to the new **Community Service and Enrichment Grants**.

The FY 2026 budget proposes **\$1.5 Million** in funding for 39 programs.





Community Impact

The proposed grant awards fall under multiple categories that align with the intended impact for the Rockville community.

Housing Services

Adult Education

Senior Services

Arts and Culture

Youth Development

Food and Clothing

Public Safety Services

Health Care

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Rockville Economic Development, Inc.

FY 2026 REDI Allocation

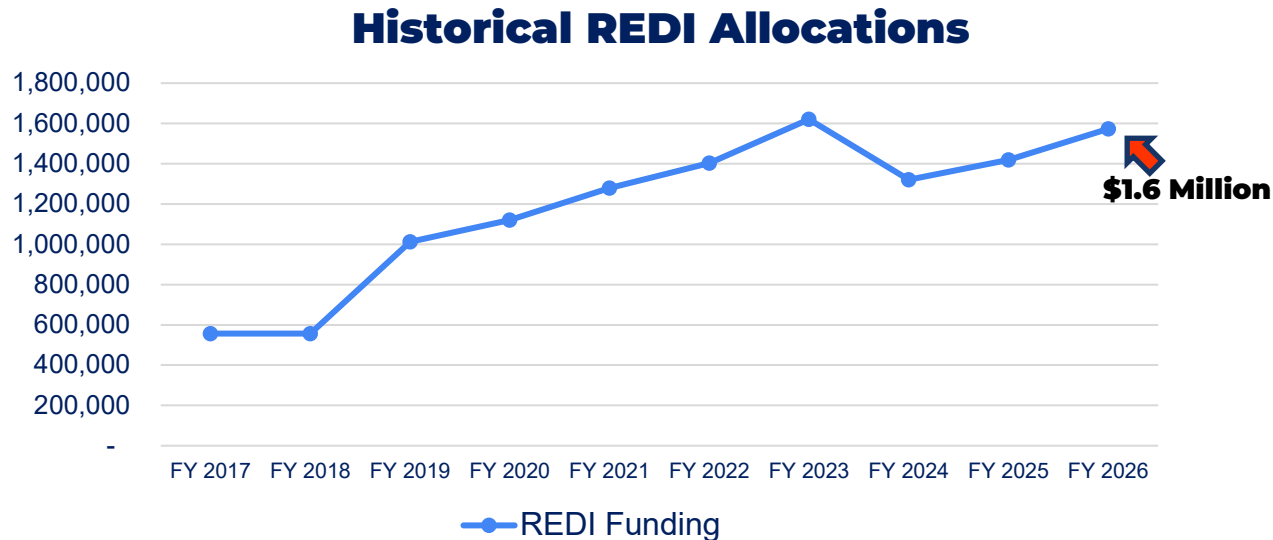
The FY 2026 budget fully funds the budget request from **Rockville Economic Development, Inc.**. The FY 2026 budget proposes **\$1.6 Million** in funding for REDI.


REDI Funding by Category

	FY 2025	FY 2026
<u>REDI Funding Levels</u>		
Operating Costs	\$ 983,960	\$ 1,132,880
Incentive Program Funding	175,000	175,000
Small Business Impact Grants	150,000	150,000
MWBC	35,000	40,000
Rockville Rewards Program	25,000	25,000
Special Projects (Marketing)	50,000	50,000
TOTAL	\$ 1,418,960	\$ 1,572,880

FY 2026 REDI Allocation

This chart compares the FY 2026 proposed funding level, to the amounts provided in the last nine years.



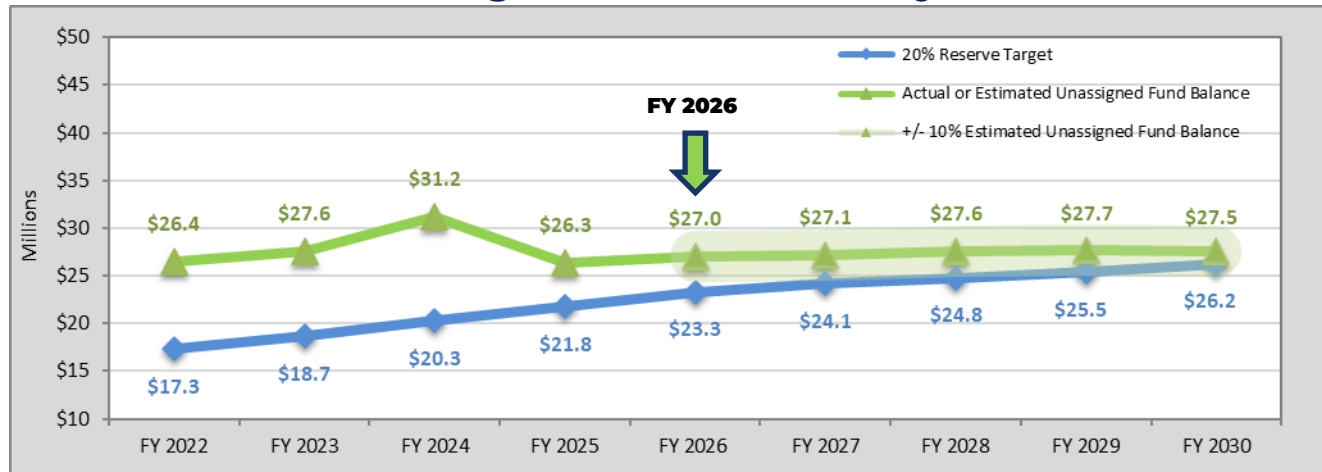


General Fund Unassigned Fund Balance

General Fund Forecast

It is the city's policy to maintain an unassigned fund balance of at least 20% of adopted General Fund revenue.

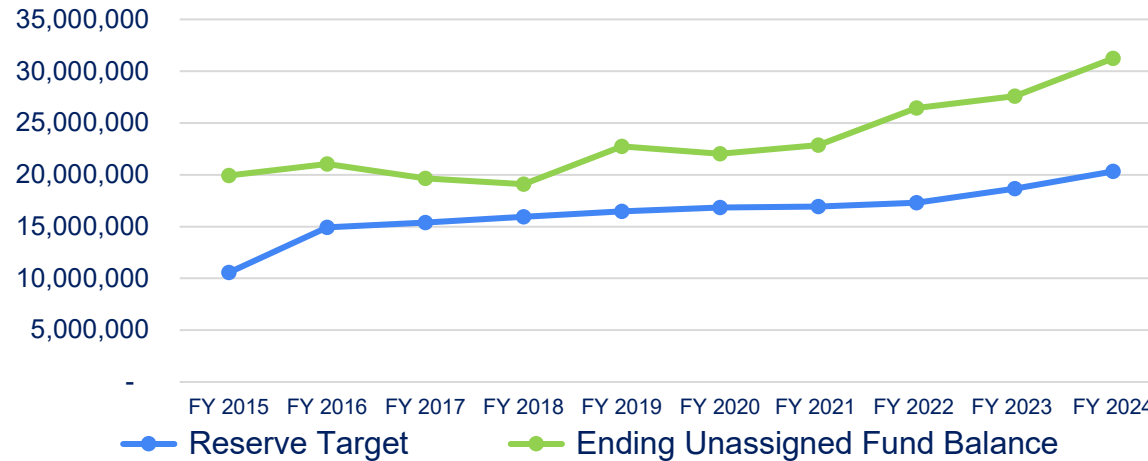
General Fund Unassigned Fund Balance by Fiscal Year End



Assumes a flat property tax rate throughout the forecast

Historical Reserve Balances

Historical Reserve Balances



Uses of Excess Reserves

Reserves exceeding the 20% target may be used for the following:

- ▶ Paygo financing for capital projects
- ▶ Other significant one-time items
- ▶ Contributions to reduce the OPEB/Pension liabilities

The FY 2026 Proposed Budget recommends 4 commitments of reserves:

- ▶ \$750,000 for a subsidy to the Housing Opportunities Fund,
- ▶ \$280,000 for a Green Space Management Plan,
- ▶ \$250,000 for the RVFD to purchase an emergency vehicle, and
- ▶ \$800,000 for the construction of the Senior Center Entrance (TA24)

Community Priorities

The **Community Budget Priorities Survey**
will be available until April 7th.



You can also access the survey by visiting
www.rockvillemd.gov/budget.



Next Steps

Meeting Date	Agenda Item	Worksession Focus
April 7, 2025	<ul style="list-style-type: none">Budget Worksession #3Close of the community budget priorities survey and public record	CIP Overview Debt Review Changes from Proposed and Final Balancing
May 5, 2025	<ul style="list-style-type: none">Budget Adoption	