

FY 2027 Proposed Budget

Worksession #2
Operating Expenditures and Grants

March 23, 2026





FY 2027 Budget Worksession #2

Tonight's Focus:

- ▶ Worksession #1 Follow Up – Revised Development and Regulatory Fees
- ▶ Operating Expenditures by Department
- ▶ Confirm the Mayor and Council support the recommended grant allocations as shown in the FY 2027 proposed budget.





Revised Development and Regulatory Fees



Revenue Impact

In response to concerns raised, a set of revised fees has been shared. This modification maintains progress toward aligning fees with actual service delivery costs while providing a more gradual transition for applicants and developers.

Revenue changes are summarized below:

	General Fund	Stormwater Mgmt Fund
Proposed Fee Changes	\$1,002,700	\$329,000
Revised Fee Changes	\$360,700	\$286,200
Revenue Impact	(\$642,000)	(\$42,800)

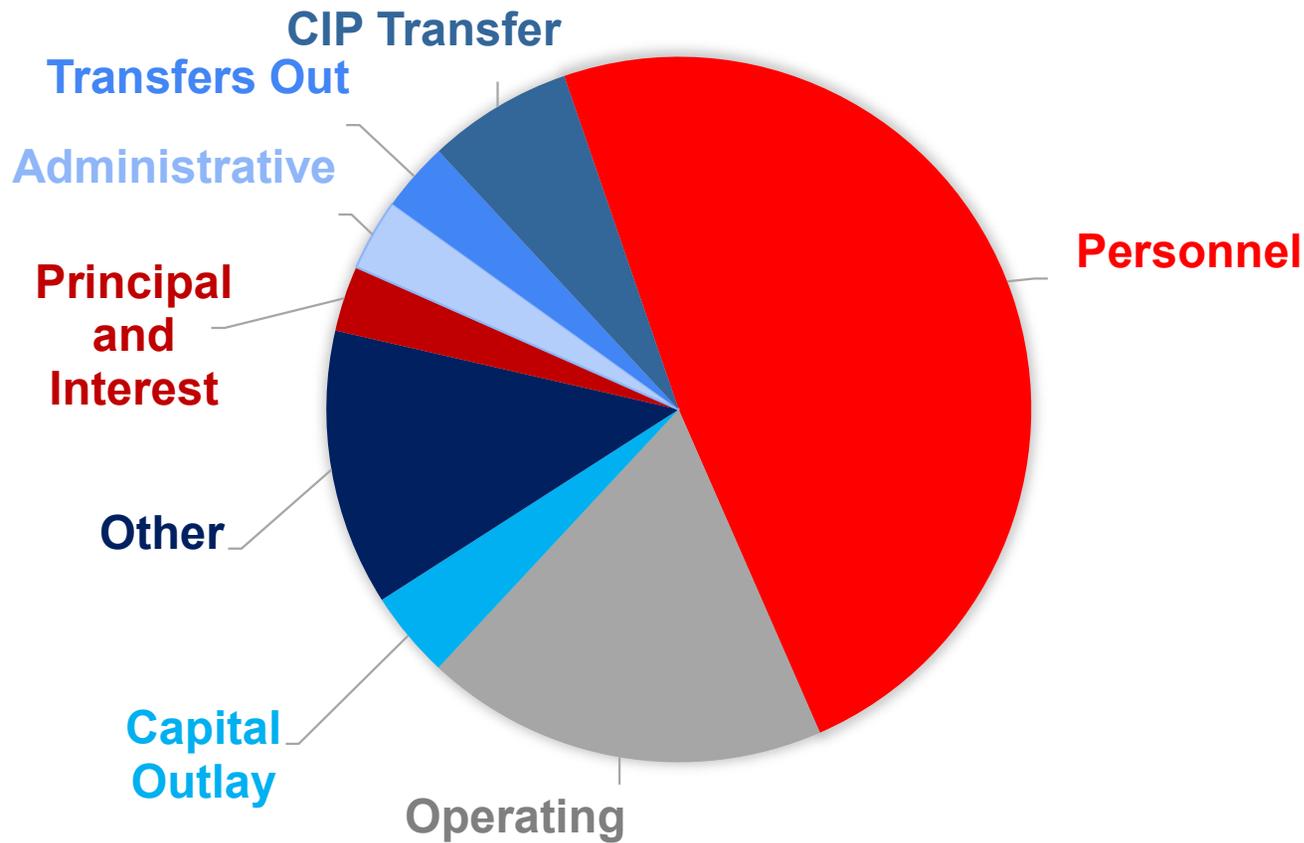
If the revised fees are approved, the General Fund will have a revised net addition to reserves (budget capacity) of approximately \$276,000.



Operating Expenditures



FY 2027 Expenditures by Category



FY 2027 operating expenditures total **\$185.3 million** across all city funds and departments.

This is an increase of **7.1%** over the FY 2026 Adopted Budget.



FY 2027 Personnel Changes

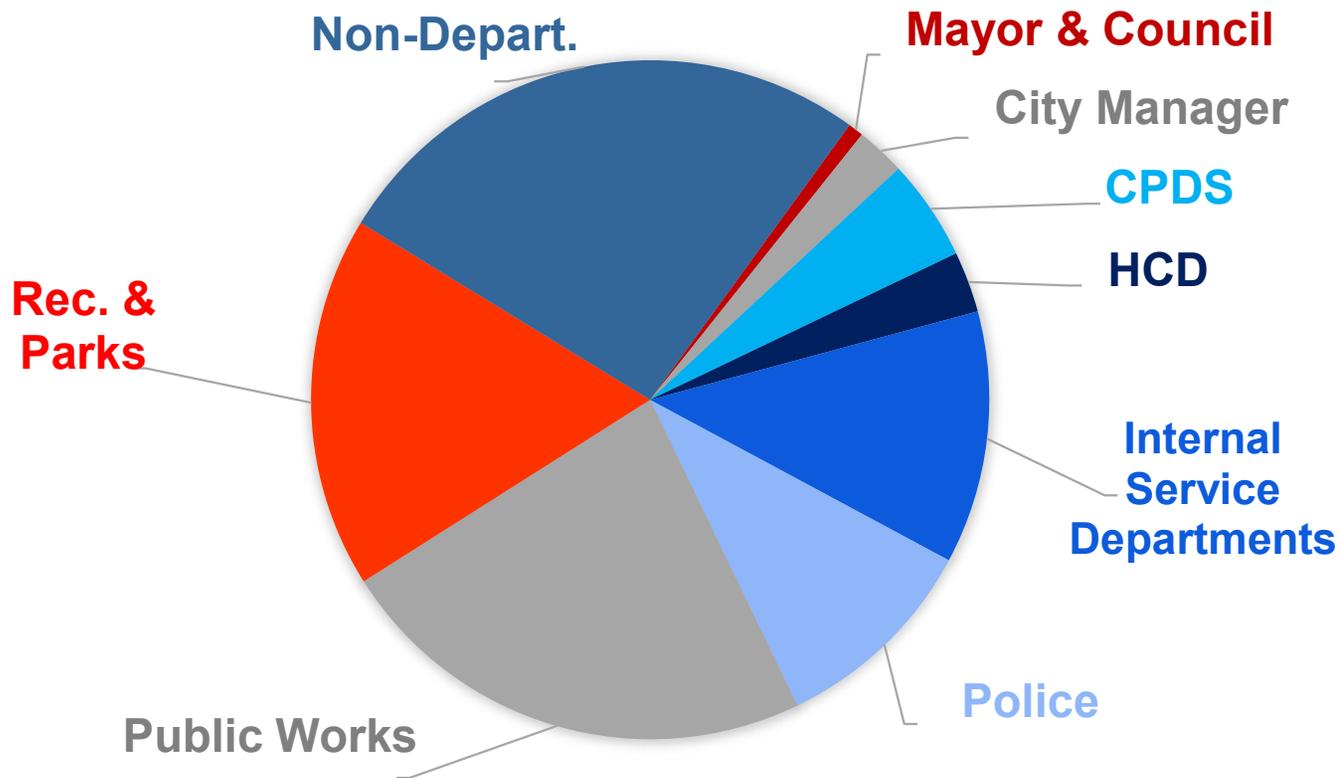
General Fund	5.8
Office of the City Attorney	1.0
Assistant City Attorney (225)	1.0
Comm. Planning and Dev. Services (CPDS)	1.0
Sr. Community Enhancement Codes Inspector (216)	1.0
Police	3.0
Police Officer (PL110)	2.0
Police Sergeant (PL114)	1.0
Recreation and Parks	0.8
Childcare Assistant (207)	0.8
Water Fund	1.0
Public Works	1.0
Crew Supervisor II (215)	1.0

FY 2027 budget proposes **6.8 FTE** additions.

In addition to the new positions shown, the Emergency Manager moved to the Police Department from the City Manager's Office



FY 2027 Expenditures by Department



At the Department level, Non-Departmental, Public Works and Recreation and Parks have the largest budgeted expenditures.

Internal Service Departments include City Attorney, CCE, Finance, HR, IT and Procurement.



Mayor and Council

Expenditure Budget
\$1.4 Million



FY 2027 Outlook:

- ▶ Evaluate annexation opportunities
- ▶ Review Rockville City Code Chapter 18 — Rental Facilities and Landlord-Tenant Relations
- ▶ Implement changes to the city's election code
- ▶ Begin preparations for the November 2027 election

FY 2027 Major Changes:

- ▶ Increases for one-time costs associated with the November 2027 election



Office of the City Attorney

Expenditure Budget
\$2.0 Million



FY 2027 Outlook:

- ▶ Provide continued legal support for the city's policy priorities, including affordable housing, economic development, and public safety
- ▶ Provide continued legal advice and support related to the drafting, award, and execution of contracts and agreements
- ▶ Providing continued legal advice and support for planned amendments to the City Code

FY 2027 Major Changes:

- ▶ Increases for an additional 1.0 FTE Assistant City Attorney
- ▶ Increases for legal file management software and transferred funding for MPIA management software from the City Manager's Office



City Manager's Office

Expenditure Budget
\$4.4 Million



FY 2027 Outlook:

- ▶ Advocate for the Mayor and Council's 2027 legislative priorities
- ▶ Finalize the JEDI Strategic Plan and Economic Development Strategic Plan
- ▶ Support the RVFD in their planned relocation
- ▶ Implement the pilot private mural development incentive grant program

FY 2027 Major Changes:

- ▶ Decreases for emergency management operating funds and a 1.0 FTE that moved to the Police Department
- ▶ Decreases for MPIA management software that moved to the Office of the City Attorney
- ▶ Increases in support to Rockville Economic Development, Inc.



Communications and Community Engagement

Expenditure Budget
\$2.9 Million



FY 2027 Outlook:

- ▶ Deploy the city's community engagement strategy and recruit staff
- ▶ Collaborate on wayfinding signage with the city's new brand
- ▶ Solidify the digital structure of the city's first mobile app
- ▶ Establish "Neighborhood Connect" events across the city

FY 2027 Major Changes:

- ▶ Increases for copier leases in the city's Copy and Print Shop



Community Planning and Development Services

Expenditure Budget
\$8.9 Million



FY 2027 Outlook:

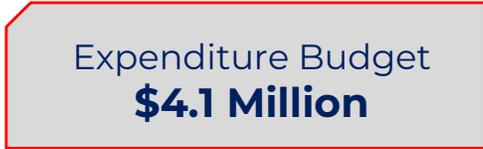
- ▶ Continue efforts on annexation opportunities
- ▶ Update the Rockville Pike Neighborhood Plan and the East Rockville Neighborhood Plan
- ▶ Launch next-day inspection program for residential projects
- ▶ Implement the new Zoning Ordinance

FY 2027 Major Changes:

- ▶ Increases for a 1.0 FTE Senior Community Enhancement Codes Inspector to support enhanced inspection program
- ▶ Increases for planning and permitting software services



Finance



Expenditure Budget
\$4.1 Million



FY 2027 Outlook:

- ▶ Engage a consultant to perform an updated water and sewer utility rate study to inform rates for FY 2028 through FY 2030
- ▶ Assist in performing financial analysis for potential annexations
- ▶ Support advanced metering infrastructure (AMI) deployment and housing strategy development
- ▶ Launch the city's financial transparency portal

FY 2027 Major Changes:

- ▶ Increases related to AMI software and budget and financial reporting software

Housing and Community Development

Expenditure Budget
\$5.4 Million



FY 2027 Outlook:

- ▶ Begin revision of Chapter 13.5 of the City Code on Moderately Priced Housing
- ▶ Implement housing strategies with a focus on supply, stability, and subsidy
- ▶ Provide comprehensive human services for youth and families and emergency services for those in need

FY 2027 Major Changes:

- ▶ Increases for community services and enrichment grant awards
- ▶ Increases for expanded use of opioid settlement funds (Special Activities Fund)
- ▶ Transfer of funding from the General Fund to the Special Activities Fund for Rockville Emergency Assistance Program (REAP), and increases for REAP



Human Resources

Expenditure Budget
\$2.7 Million



FY 2027 Outlook:

- ▶ Increase training opportunities for employees and supervisors
- ▶ Restructure the onboarding and performance evaluation processes
- ▶ Integrate the public's claims process in the city's new customer relations management (CRM) and asset management system
- ▶ Plan and host employee wellness and recognition events citywide

FY 2027 Major Changes:

- ▶ Increases for replacements of automated external defibrillator (AED) devices
- ▶ Increases for organizational development efforts
- ▶ Increases for the new employee benefits software solution
- ▶ Decreases for wellness incentives which shifted to departmental budgets



Information Technology

Expenditure Budget
\$8.8 Million



FY 2027 Outlook:

- ▶ Complete the two-year CCTV modernization initiative
- ▶ Implement new enterprise asset management and customer relationship management (CRM) solutions
- ▶ Collaborate to identify further opportunities for AI pilots and process automation

FY 2027 Major Changes:

- ▶ Increases for computer hardware replacements and year two of the two-year CCTV modernization initiative
- ▶ Increases for software contractual costs and additional cloud storage
- ▶ Decreases for telecommunications software maintenance



Police



Expenditure Budget
\$18.6 Million



FY 2027 Outlook:

- ▶ Deploy new Street Crimes special unit and other specialized teams
- ▶ Provide a Community Engagement Officer to Rockville High School
- ▶ Enhance community engagement and host the Community Police Academy

FY 2027 Major Changes:

- ▶ Increases for 2.0 FTE Police Officers and a 1.0 FTE Police Sergeant
- ▶ Increases for a 1.0 FTE and operating costs for emergency management that transferred from the City Manager's Office
- ▶ Increases for community support overtime costs (offset by revenues)
- ▶ Decreases for mental health contract services in support of the County's crisis support team



Procurement

Expenditure Budget
\$1.8 Million



FY 2027 Outlook:

- ▶ Continue implementing the goals from the Procurement Strategic Plan
- ▶ Develop and implement plans to enhance MFD-V outreach and participation
- ▶ Implement vendor self-service solution to streamline procurement processes for vendors

FY 2027 Major Changes:

- ▶ Increases for 0.5 FTE temporary personnel support to accelerate key projects



Public Works

Expenditure Budget
\$42.9 Million



FY 2027 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
- ▶ Install new signage within Town Center as part of the wayfinding initiative

FY 2027 Major Changes:

- ▶ Increases for projected electricity costs
- ▶ Increases based on the FY 2027 fleet replacement schedule
- ▶ Increases for vehicle lease costs
- ▶ Decreases for equipment replacements for the Water Treatment Plant



Recreation and Parks

Expenditure Budget
\$32.8 Million



FY 2027 Outlook:

- ▶ Coordinate events and activities to celebrate the nation's 250th anniversary
- ▶ Begin a parks recycling program
- ▶ Managing a range of design and construction management functions for capital projects in the Recreation program area

FY 2027 Major Changes:

- ▶ Increases for a 0.8 FTE position at Montrose Discovery Preschool and to address minimum wage changes and associated compression costs
- ▶ Increases for a school pathway lighting feasibility study and expanded community gardens
- ▶ Increases for expanded programming and the extended outdoor pool season



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:

- ▶ 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 Services and Enrichment Grants



Proposed Grant Allocations

The FY 2027 budget proposes **\$1.8 Million** in funding for **49 programs**. A summary of funding by category is shown below.

	Adopted FY 2026	Proposed FY 2027
Arts and Culture	272,700	224,500
Food/Clothing Services	202,500	271,000
Health Care	325,500	253,000
Housing Services	328,410	433,800
Immigrant Comm. Services	50,000	125,000
Legal Services	-	45,000
Public Safety Services*	262,000	62,000
Senior Services	110,000	110,000
Youth Development	130,000	178,390
Total	\$ 1,781,110	\$ 1,797,690
Less Uses of Reserves	(250,000)	-
Total	\$ 1,531,110	\$ 1,797,690

**Includes a \$250,000 use of reserves to support the RVFD with an emergency response vehicle in FY 2026*



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.



Next Steps

Meeting Date	Agenda Item	Worksession Focus
April 13, 2026	<ul style="list-style-type: none">Budget Public Hearing #4Budget Worksession #3Close of the community budget priorities survey and public record	CIP Overview Debt Review Changes from Proposed and Final Balancing
May 4, 2026	<ul style="list-style-type: none">Budget Adoption	