

# FY 2026 Proposed Budget

Worksession #1  
Strategic Initiatives, Reorganization, and Revenues

March 17, 2025



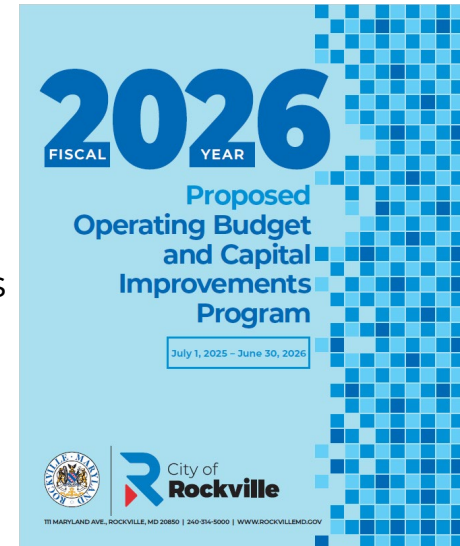
# FY 2026 Citywide Budget

The total proposed operating budget for all funds equals **\$174.9 million**

- ▶ 3.9% increase from the FY 2025 adopted budget
- ▶ Flat property tax rate proposed and throughout the forecast
- ▶ Reflects the reorganization and introduces two new departments

The total proposed CIP across all program areas includes new appropriations of **\$33.8 million**

- ▶ Supports 65 capital projects
- ▶ Includes a General Fund transfer of \$9.8 million



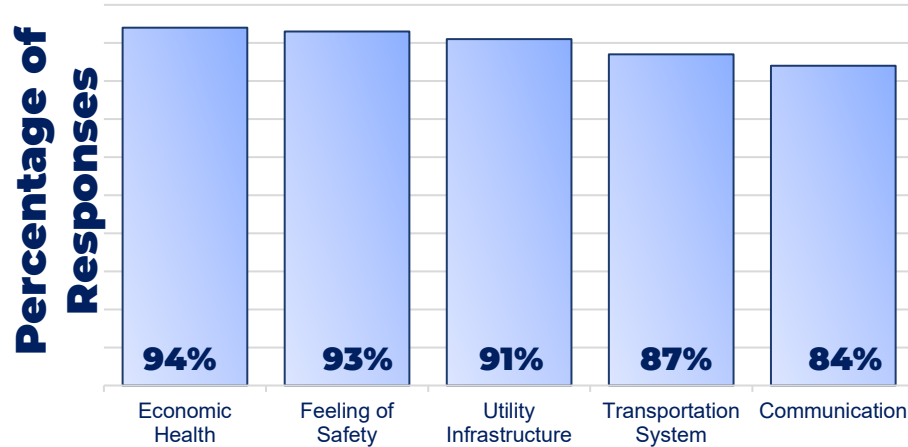


# **Community Priorities and Survey Results**

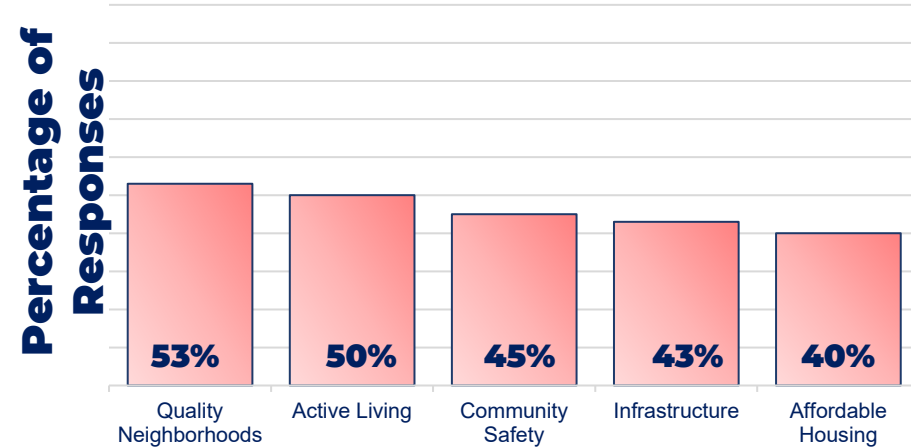
# Community Priorities

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 Survey Priorities



Community Budget Priorities Survey

# Community Priorities

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



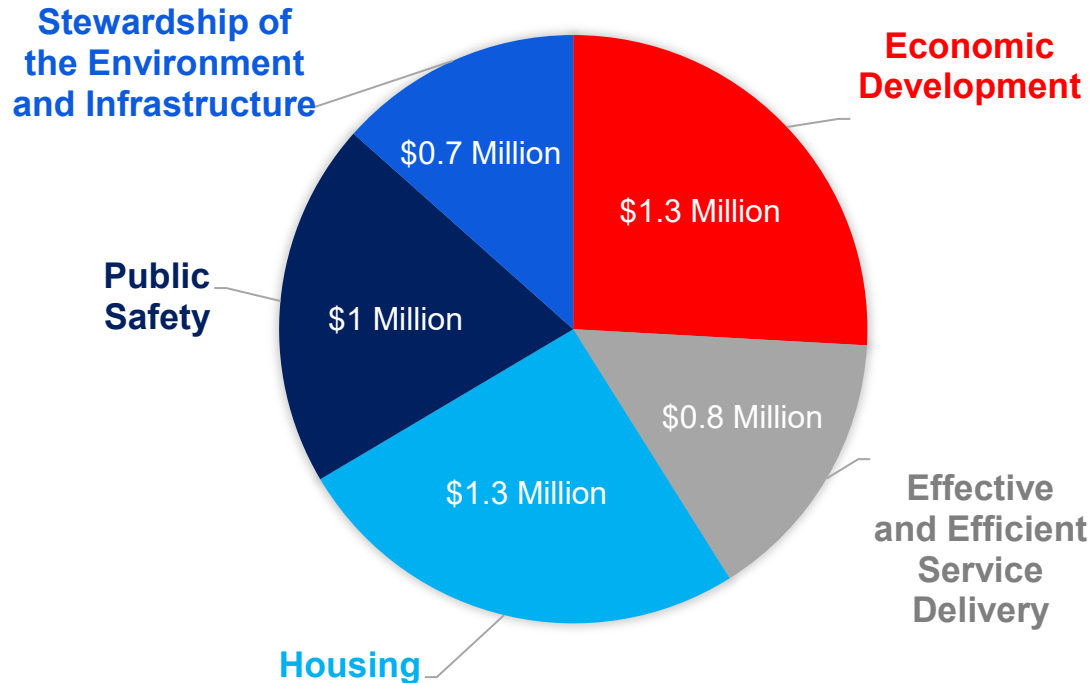
You can also access the survey by visiting  
[www.rockvillemd.gov/budget](http://www.rockvillemd.gov/budget).





# **FY 2026 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

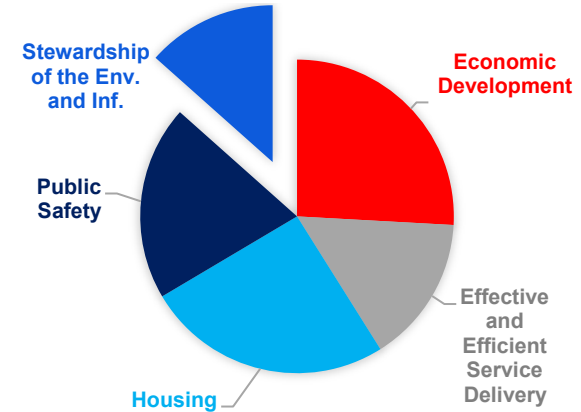
# Stewardship of the Environment and Infrastructure



The proposed operating budget includes funding for:

- ▶ Vehicle telematics (real-time GPS tracking) for snow and ice operations with a public portal
- ▶ Expanded contractual services to address non-native invasive species
- ▶ Replacement and upgrades to the city's network infrastructure
- ▶ Electric landscaping equipment
- ▶ A new EV bus for the Senior Center

The budget also proposes the use of reserves to fund the development of a [Green Space Management Plan](#)

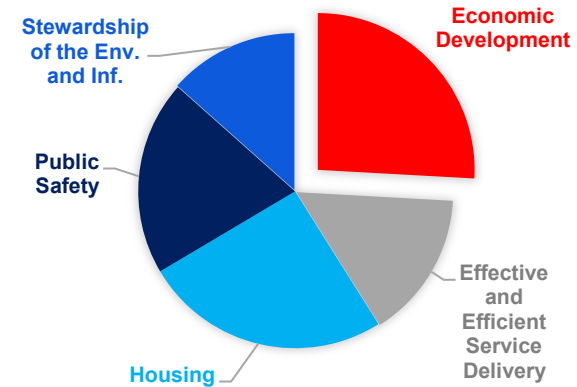




# Economic Development

The proposed operating budget includes funding for:

- ▶ 4.4 FTE positions (5.0 FTEs across all funds)
  - This supports more efficient and timely plan review, and moving from five day to next day inspections
- ▶ Rockville Economic Development, Inc.
  - A new Business Development Associate
  - Life/Bio Sciences marketing expansion
  - Operational increases
- ▶ Budgetary capacity to support the Shady Grove Metro annexation

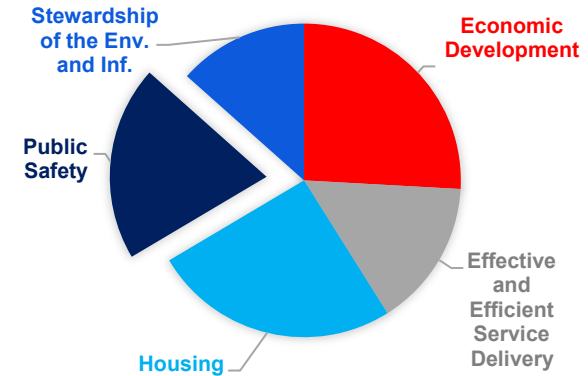


# Public Safety

The proposed operating budget includes funding for:

- ▶ 2.0 FTE administrative positions in the RCPD
- ▶ Year one of a two-year CCTV modernization initiative
- ▶ New software that supports policy distribution, credential and certification tracking, accreditation documentation, and field training functions for the RCPD
- ▶ The Gun Buyback event
- ▶ Increased officer recruitment incentives

The budget also proposes the use of reserves to fund an emergency vehicle for the [Rockville Volunteer Fire Department](#)

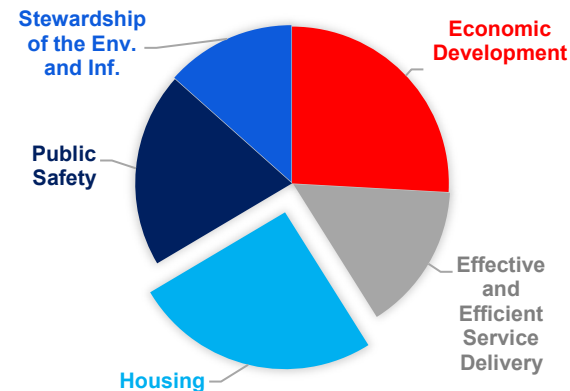


# Housing



The proposed operating budget includes funding for:

- ▶ 2.0 FTE positions
  - These positions support housing initiatives, including expanded financial coaching and navigation services
- ▶ The Housing Opportunities Fund (General Fund transfer)
  - Employee Homeownership Assistance Program
  - Homeownership Downpayment Assistance Program
  - Source for retaining and adding affordable units



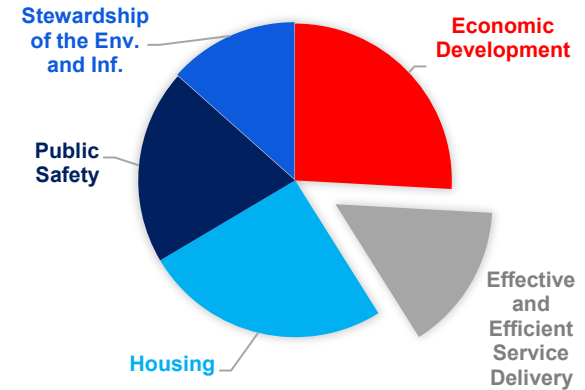
The budget also proposes the use of reserves to fund an additional \$750,000 to the [Housing Opportunities Fund](#) which will bring the FY 2026 revenues up to [\\$1 million](#)

# Effective and Efficient Service Delivery



The proposed operating budget includes funding for:

- ▶ 5.0 FTE positions
- ▶ More frequent updates to the published city code
- ▶ Software to support city boards and commissions
- ▶ The development of a JEDI strategic plan
- ▶ Neighborhood signage initiative (Twinbrook for FY 2026)
- ▶ Pilot AI program to explore opportunities for automation
- ▶ Free Nature Center programming and swim lessons for underserved Rockville students
- ▶ Expanded mental health support focused on underserved populations and seniors



# Community Support



The proposed budget includes community support in several forms that can assist individuals facing [federal employment disruptions](#):

- ▶ Additional support in HCD to provide navigation services
- ▶ Rockville Emergency Assistance Program (REAP) funding in both the General Fund and Special Activities Fund
- ▶ Community Services and Enrichment grants have increased funding to allow for more need-based service delivery to Rockville residents
- ▶ Rec Fund provides need-based support for youth recreation programming
- ▶ Maintaining reserves above the target allows flexibility in responding to emerging needs (budget amendments will be used to allocate additional resources needed)

The city has also launched a [resources page](#) on the website to direct those impacted

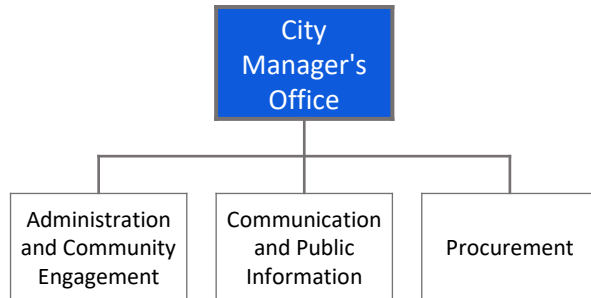
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# **City Reorganization**

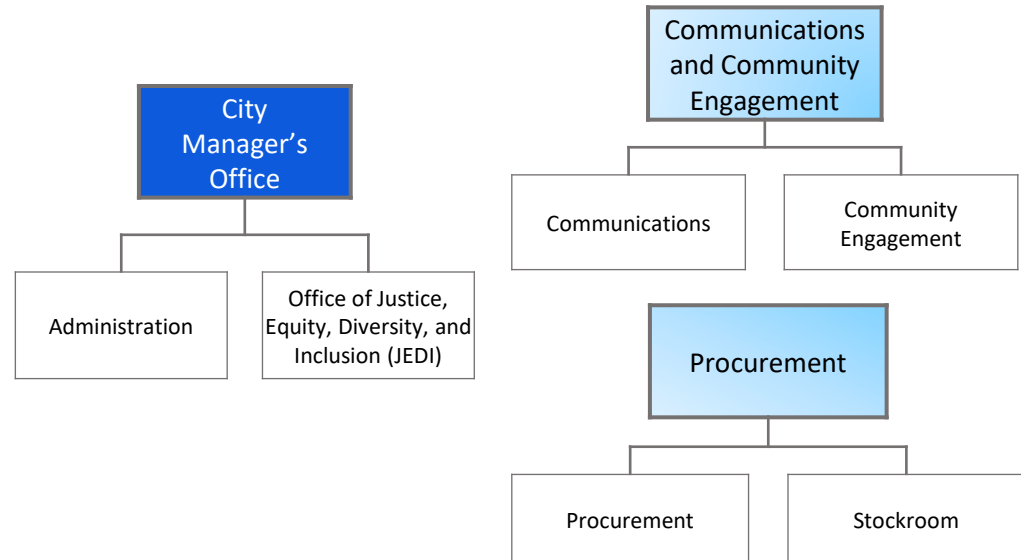
# City Manager's Office

The City Manager's Office previously had two divisions which are now stand-alone Departments with new operating sections in the FY 2026 budget.

## FY 2025 Structure



## FY 2026 Structure



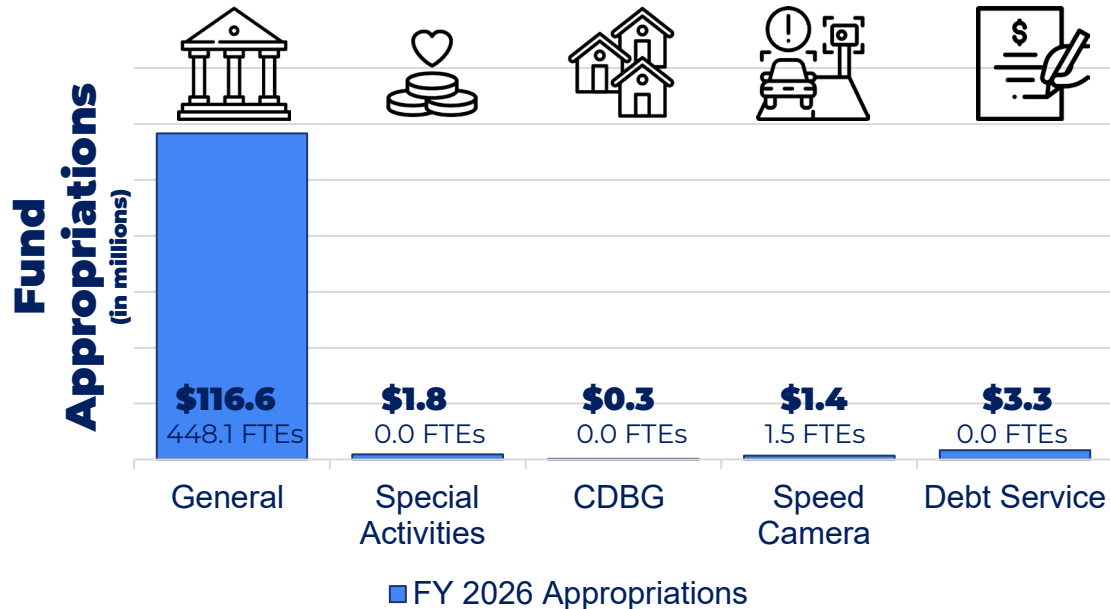


# **FY 2026 Operating Budget**



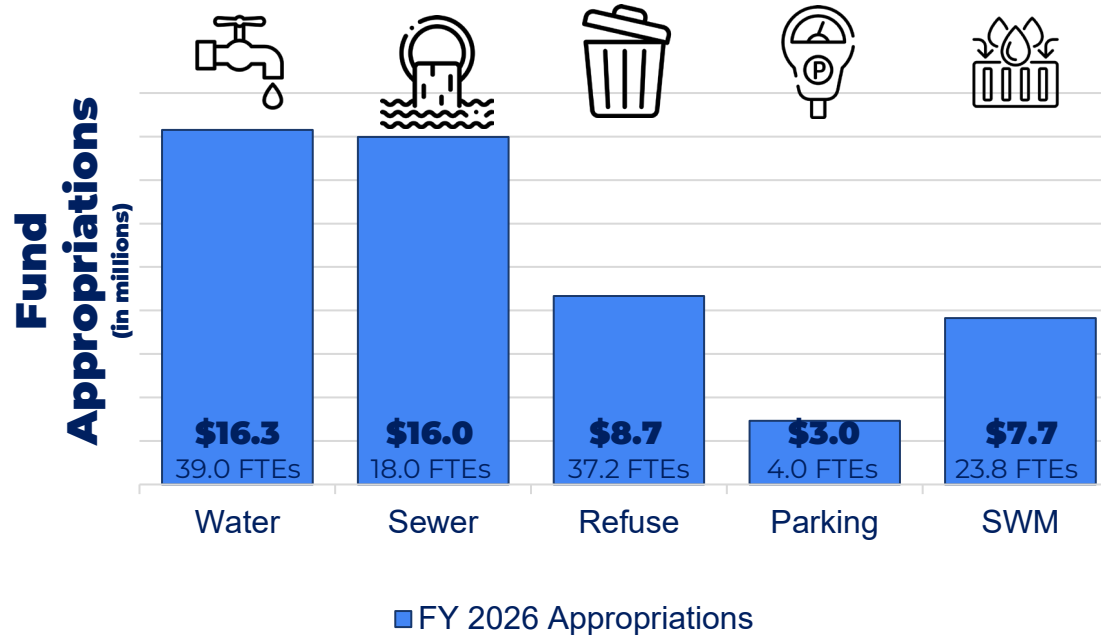
# Governmental Funds

The General Fund makes up 94.5% of all Governmental Funds appropriations and 66.7% of appropriations citywide.



# Enterprise Funds

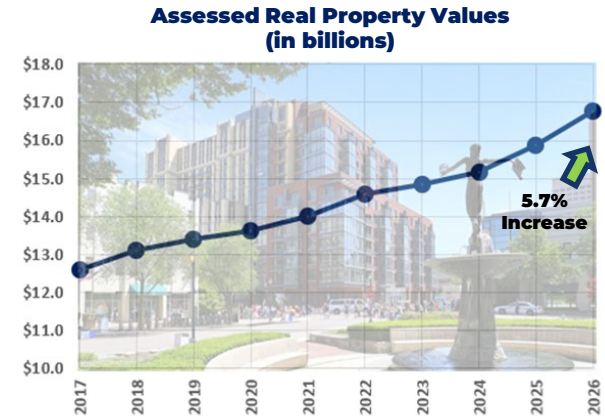
Enterprise Funds operate in a manner similar to private business enterprises where expenses are recovered from user fees, as opposed to tax revenue.



# General Fund Revenue Outlook

General Fund revenues increased 6.9% up to \$116.6 Million for FY 2026

- ▶ Property tax revenues increased by 5.2% and make up 44% of General Fund
- ▶ Other notable revenue increases include:
  - Income Tax (4.4% increase)
  - Highway User Revenue (15.1% increase)
  - State Police Protection Grant (28.8% increase)
  - Redlight Camera Citations (8.8% increase)
  - Recreation Program Fees (14.0% increase)
  - Investment Earnings (73.3% increase)



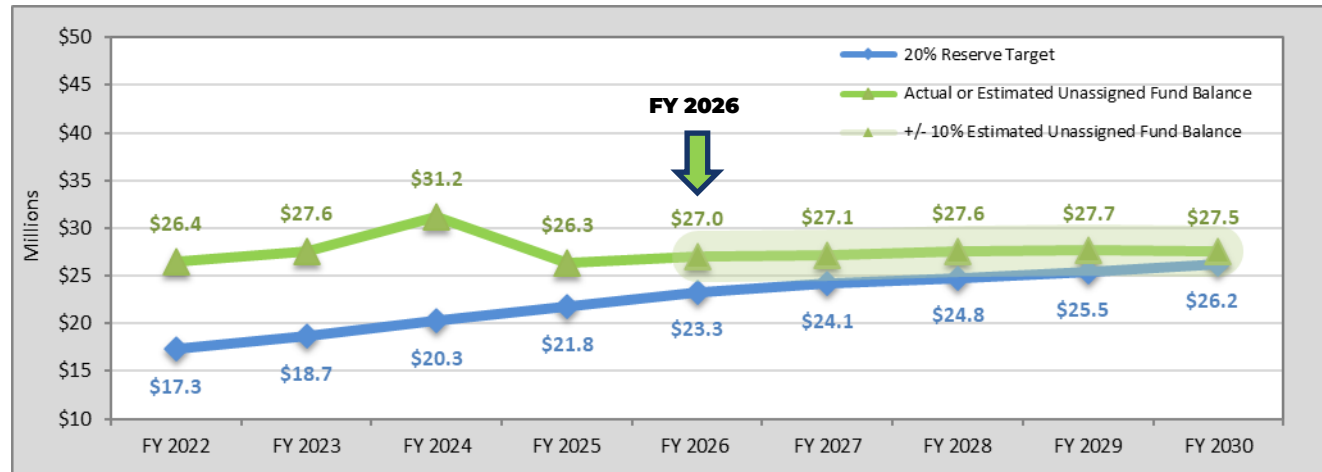
# General Fund Expenditure Outlook

- ▶ Personnel expenditures include:
  - 12.4 net FTE additions
  - 2.5% cost of living adjustment (COLA) and merit/step increases
  - Capacity held for compensation and classification adjustments
- ▶ Operating expenditures include:
  - Contractual services, utilities, small equipment, training, and supplies
  - Software subscriptions moved to the “other” category
- ▶ 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.

**General Fund Unassigned Fund Balance by Fiscal Year End**



*Assumes a flat property tax rate throughout the forecast*

# Proposed Utility Rates

FY 2026 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 2026.

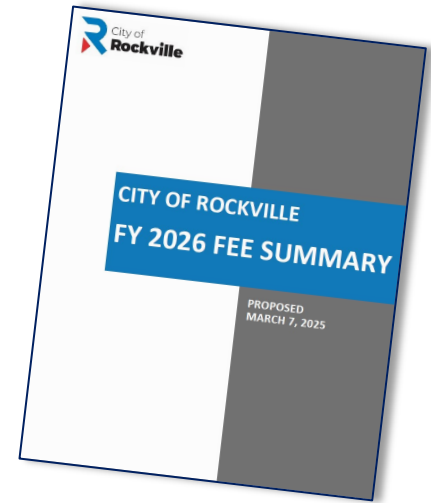
	FY 2025	FY 2026	% Change
Water Usage*	7.96	8.52	7.0%
Water RTS	24.76	26.99	9.0%
Sewer Usage	11.06	11.23	1.5%
Sewer RTS	18.75	19.50	4.0%
<a href="#">Refuse</a>	<a href="#">535.00</a>	<a href="#">565.00</a>	<a href="#">5.6%</a>
<a href="#">Stormwater</a>	<a href="#">152.00</a>	<a href="#">159.00</a>	<a href="#">4.6%</a>

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

# Other Fees and Charges

The [FY 2026 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 between 2 percent and 6 percent, with some fees and charges being 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 2025	FY 2026
<b><u>Annual Property Tax Bill</u></b>		
Rockville Property Tax	\$ 2,044	\$ 2,161
<i>Est. Assessed Value</i>	<i>700,000</i>	<i>739,900</i>
Rockville Refuse Charge	535	565
Rockville SWM Fee	152	159
<b>TOTAL</b>	<b>\$ 2,731</b>	<b>\$ 2,885</b>
<b><u>Quarterly Utility Bill*</u></b>		
Water Usage	\$ 111	\$ 119
Water RTS	25	27
Sewer Usage	155	157
Sewer RTS	19	20
<b>TOTAL</b>	<b>\$ 310</b>	<b>\$ 323</b>

For a single-family homeowner who also pays Rockville water and sewer rates this amounts to **\$206 per year**, or approximately **\$17 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 24, 2025	<ul style="list-style-type: none"><li>Budget Worksession #2</li><li>Public Hearing #3</li></ul>	Community Service and Enrichment Grants Fund Balance Forecast Recommendations on Fund Balance Use
April 7, 2025	<ul style="list-style-type: none"><li>Budget Worksession #3</li><li>Close of the community budget priorities survey and public record</li></ul>	CIP Overview Planned Debt Changes from Proposed and Final Balancing
May 5, 2025	<ul style="list-style-type: none"><li>Budget Adoption</li></ul>	