



March 6, 2026

Honorable Mayor and Rockville City Council Members, and the Rockville Community:

I am pleased to transmit the Proposed Fiscal Year (FY) 2027 Operating Budget and Capital Improvements Program (CIP). This proposed budget reflects the priorities identified by the Mayor and Council and the input received from residents and staff. It is intended to serve as the foundation for thoughtful discussion during the upcoming worksessions and public hearings, where we will further refine and shape the city's financial plan for the year ahead.

The Proposed FY 2027 Operating Budget totals \$187.1 million across all funds, representing a 6.6 percent increase over the FY 2026 adopted budget. Approximately 67 percent of city spending occurs within the tax-supported General Fund. The proposed budget maintains a flat real property tax rate and preserves reserve levels above policy minimums throughout the forecast period. Growth in assessed values continues to generate revenue increases while providing rate stability for residents. Proposed utility rate and user fee adjustments are structured to sustain long-term infrastructure reinvestment, maintain service reliability, and comply with the city's cost recovery framework.

The Proposed FY 2027 CIP reflects an emphasis on maintaining and modernizing the city's infrastructure. The proposed plan supports 56 capital projects, includes \$35.2 million in new appropriations, and incorporates a \$12.3 million General Fund transfer to support long-term capital investments. These capital investments are designed to preserve core assets, meet regulatory requirements, enhance resiliency, and prepare the city for future growth. The Proposed FY 2027 CIP introduces seven new projects, including but not limited to the highly anticipated King Farm Farmstead Park Master Plan project.

While the city's financial outlook remains stable, we continue to monitor broader economic conditions and potential state and federal policy changes that may affect shared revenues and grant funding. The proposed budget reflects prudent fiscal planning and positions the city to respond to evolving conditions while advancing community priorities.

Public Safety

The FY 2027 budget includes strategic investments in public safety, including approximately \$11 million in new appropriations that support Vision Zero and the Pedestrian Master Plan and the continuation of the CCTV modernization initiative. The proposed budget stabilizes police staffing through the conversion of overfill positions, and enhances supervisory capacity to strengthen patrol operations, special units, and school coverage. Evaluating opportunities for school pathway lighting, improving park security, and providing emergency vehicle support for the Rockville Volunteer Fire Department reinforces a comprehensive approach to community safety that balances prevention, visibility, and response readiness.

Economic Development

The proposed budget sustains the city's commitment to economic vitality and long-term competitiveness. Continued support for Rockville Economic Development, Inc. (REDI), expanded life sciences marketing efforts, and advancement of the Economic Development Strategic Plan position Rockville to attract, retain, and grow high-quality businesses in a dynamic regional marketplace. These efforts strengthen the city's tax base, support job creation, and reinforce fiscal sustainability. In addition to traditional business development initiatives, the FY 2027 proposed budget emphasizes placemaking strategies that enhance the vibrancy and appeal of Rockville's commercial districts and public spaces. Thoughtful placemaking contributes not only to economic growth but also to community identity and quality of life.



Housing

Housing affordability and neighborhood stability remain key focus areas for FY 2027. The proposed budget includes a \$500,000 General Fund transfer to the Housing Opportunities Fund to support the downpayment assistance program, and gap financing opportunities that preserve and expand affordable housing units. Additional staffing resources are proposed to enhance rental housing inspections and improve housing quality and compliance.

The development of the Proposed FY 2027 Budget reflects careful planning, community engagement, and fiscal discipline. I would like to thank city staff for their dedication and professionalism in preparing this proposal, and I look forward to engaging with the Mayor and Council in the coming weeks as we work collaboratively to adopt a final budget that reflects the shared vision for Rockville's future.

Respectfully submitted,

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City Manager

