

Resolution No.: 20-1014
Introduced: November 18, 2025
Adopted: January 20, 2026

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

Lead Sponsor: Council President at the Request of the County Executive

SUBJECT: Approval of a Memorandum of Understanding between the City of Rockville and Montgomery County regarding transportation improvements eligible for funding with Development Impact Tax for Transportation Improvements revenue collected in the City of Rockville

Background

1. Section 52-41(e) of the County Code states that development impact taxes collected from developments located in the City of Rockville must be used only to fund transportation improvements listed in a memorandum of understanding between the County and the City, which must be approved by the County Council.
2. The City and County Executive approved a memorandum of understanding on September 29, 2025.

Action

The County Council for Montgomery County, Maryland approves the following resolution:

The attached memorandum of understanding between the City of Rockville and Montgomery County, regarding the transportation improvements eligible for funding with Development Impact Tax for Transportation Improvements revenue collected in the City of Rockville, is approved.

This is a correct copy of Council action.



Sara R. Tenenbaum
Clerk of the Council

**AMENDED AND RESTATED
MEMORANDUM OF UNDERSTANDING**

Transportation Impact Taxes for New Developments in Rockville

This **AMENDED AND RESTATED MEMORANDUM OF UNDERSTANDING** (this “**Amended and Restated MOU**”) is entered into as of this 29th day of September 2025 (the “**Effective Date**”) by and between **THE MAYOR AND COUNCIL OF ROCKVILLE**, a body corporate and municipal corporation of the State of Maryland, acting through its City Manager (the “**Mayor and Council**” or the “**City**”) and **MONTGOMERY COUNTY, MARYLAND**, a political subdivision of the State of Maryland (“**Montgomery County**” or the “**County**”). Individually, the Mayor and Council and Montgomery County may each be referred to hereinafter as the “**Party**,” or collectively as the “**Parties**.”

RECITALS

- A. WHEREAS**, Montgomery County has determined that a “combination of approaches is necessary to fully achieve the level of impact transportation improvements needed to accommodate growth” in the County, including within the corporate boundaries of the City of Rockville; and
- B. WHEREAS**, pursuant to Chapter 52 (Taxation), Article IV (Development Impact Tax For Transportation Improvements) of the Montgomery County Code, as amended (the “**County Impact Tax Law**”), the County provides for the funding of certain transportation improvements in the City of Rockville by imposing a “pro rata per unit or per square foot of gross floor area” development impact tax (the “**Rockville Transportation Impact Tax**”) on certain developments which require the issuance of a building permit by the City of Rockville; and
- C. WHEREAS**, in accordance with the County Transportation Impact Tax Law, upon receipt of Rockville Transportation Impact Tax funds, the Montgomery County Department of Permitting Services must transfer the funds to the Montgomery County Department of Finance for crediting to a separate, segregated account established for the City of Rockville (the “**Rockville Transportation Impact Tax Fund Account**”); and
- D. WHEREAS**, in accordance with the County Transportation Impact Tax Law, (i) funds in the Rockville Transportation Impact Tax Fund Account must be used only to fund eligible transportation improvements listed in a memorandum of understanding between the County and the City, which memorandum of understanding must be approved by the Montgomery County Council (the “**County Council**”), and (ii) the eligible transportation improvements listed in a memorandum of understanding between the County and the City must be of the types listed in Section 52-50 of the County Transportation Impact Tax Law; and
- E. WHEREAS**, on January 12, 2006, the Parties entered into that certain Memorandum of Understanding (the “**Original MOU**”), pursuant to which the Parties agreed that the City’s

transportation improvement projects listed in the Original MOU would be financed with the funds in the Rockville Transportation Impact Tax Fund Account; and

- F. WHEREAS**, the Parties have agreed to amend and restate the Original MOU, which this Amended and Restated MOU is intended to amend and restate in its entirety, in order to, among other things, (i) update and modify the City’s list of transportation improvement projects, and (ii) include a list of County transportation improvement projects that will also be financed, in part, with a portion of the funds in the Rockville Transportation Impact Tax Fund Account; and
- G. WHEREAS**, as of June 30, 2025, the amount of funds in the Rockville Transportation Impact Tax Fund Account totaled \$8,316,252.

NOW, THEREFORE, IN CONSIDERATION of the foregoing and the covenants and agreements of the Parties hereto, as are hereinafter set forth, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by each Party hereto, the Parties hereby agree as follows:

1. Incorporation of Recitals. The foregoing recitals are an integral part of this Amended and Restated MOU and set forth the intentions of the Parties and the premises on which the Parties have decided to enter into this Amended and Restated MOU. Accordingly, the foregoing recitals above are fully incorporated into this Amended and Restated MOU by this reference as if fully set forth herein.

2. List of Transportation Improvement Projects.

(a) The Parties agree that the transportation improvement projects listed in subsections (b) and (c) below (collectively, the “**Transportation Improvement Projects**”), which projects the Parties have determined generally meet the eligibility requirements of Section 52-50 of the County Transportation Impact Tax Law, shall be financed, in whole or in part, with funds in the Rockville Transportation Impact Tax Fund Account, in accordance with the County Transportation Impact Tax Law and the provisions of this Amended and Restated MOU.

(b) City of Rockville Transportation Improvement Projects. The Parties agree that the Mayor and Council shall finance the following transportation improvement projects (the “**City Transportation Improvement Projects**”) by utilizing funds as appropriated by the County Council from the Rockville Transportation Impact Tax Fund Account pursuant to the terms of this Amended and Restated MOU:

- (i) Maryland/Dawson Extended (City CIP #5C11) (County CIP #P501405),
- (ii) W. Gude Drive Sidewalk (City CIP #TE21),
- (iii) Scott-Veirs Drive Shared-Use Path (City CIP #TA23),
- (iv) Sidewalks (City CIP #TE26),

- (v) Twinbrook Pedestrian/Bicycle Bridge (City CIP #TC22),
- (vi) Bikeshare Stations,
- (vii) Fleet/Monroe Shared-Used Path,
- (viii) Martins Lane Shared-Use Path, and
- (ix) Research Blvd. Shared-Use Path.

(c) Montgomery County Transportation Improvement Projects. The Parties agree that the County shall finance, in part, the following transportation improvement projects which are located within the corporate boundaries of City of Rockville or within ¼ mile of the corporate boundaries of the City of Rockville (the “**County Transportation Improvement Projects**”) by utilizing the funds as appropriated by the County Council from the Rockville Transportation Impact Tax Fund Account pursuant to the terms of this Amended and Restated MOU:

- (i) Bus Rapid Transit: System Development (County CIP #P501318),
- (ii) Bus Rapid Transit: MD 355 Central (County CIP #P502005),
- (iii) Bus Rapid Transit: MD 355 South (County CIP #P502309),
- (iv) Great Seneca Science Corridor Transit Improvements (limited to the Gray Line, Cobalt Line, and Pink Line) (County CIP #P502202), and
- (v) Bus Rapid Transit: Veirs Mill Road (County CIP #P501913).

(d) Modification of the Transportation Improvement Projects. The Parties agree that the Rockville City Manager and the Montgomery County Chief Administrative Officer may modify the Transportation Improvement Projects by mutual written agreement without the further approval of the Mayor and Council or the County Council, except that the funding of projects added by such modification is still subject to approval by appropriation of funds by the County Council. Such requests for modification of project funding shall be made by way of submission of an updated County Project Description Form (PDF) and appropriation request to the County Council by the Montgomery County Executive (the “**County Executive**”).

3. Required Appropriation by County Council. The Parties agree that prior to either Party utilizing any funds in the Rockville Transportation Impact Tax Fund Account to finance, in whole or in part, Transportation Improvement Projects, the County Council must have first appropriated such funds in accordance with the terms of this Amended and Restated MOU.

4. Funding of City of Rockville Transportation Improvement Projects.

(a) Maryland/Dawson Extended County Capital Improvement Project. The Parties acknowledge and agree that:

(i) the County previously established a capital improvement project entitled “Maryland/Dawson Extended” and assigned the corresponding County CIP #P501405;

(ii) the County Council previously appropriated approximately \$2,760,000 of funds from the Rockville Transportation Impact Fund Account to “Maryland/Dawson Extended” County CIP # P501405 for use by the City to fund, in part, the Maryland/Dawson Extended – City Transportation Improvement Project listed in Section 2(b)(i) above; and

(iii) as of June 30, 2025, \$2,287,000 is available in the “Maryland/Dawson Extended” County CIP #P501405 for use by the City to finance, in part, the Maryland/Dawson Extended – City Transportation Improvement Project.

(b) Establishment of Rockville Transportation Improvements County Capital Improvement Project. On or before November 1, 2025, the County shall establish a new capital improvement project entitled the “**Rockville Transportation Capital Improvements Project**” and assign a corresponding CIP number for the project. A sample Project Description Form (PDF) for the Rockville Transportation Improvements Project is provided in Exhibit A, which will be amended upon each County Council action providing appropriation for the project.

(c) Appropriation of Funds from the Rockville Transportation Impact Tax Fund Account.

(i) *Initial Appropriation*. Within thirty (30) days of the establishment of the Rockville Transportation Capital Improvements Project by the County, the County Executive shall request the County Council to appropriate all but \$1,500,000 of the funds in the Rockville Transportation Impact Fund Account to the Rockville Transportation Capital Improvements Project for use by the City to fund, in whole or in part, the City Transportation Improvement Projects in accordance with the terms and provisions of this Amended and Restated MOU.

(ii) *Subsequent Appropriations*.

A. In accordance with the Montgomery County Charter and Code, the County Executive shall include in the County Executive’s proposed capital budget that is submitted to the County Council a request that sixty-five percent (65%) of the funds in the Rockville Transportation Impact Fund Account be appropriated to the Rockville Transportation Capital Improvement Project (the “**Rockville MOU – City CIP Budget Request**”) for use by the City to fund, in whole or in part, the City Transportation Improvement Projects in accordance with the terms and provisions of this Amended and Restated MOU.

B. If the County Council does not approve the Rockville MOU – City CIP Budget Request, the Mayor and Council may request that the County Council convene a separate public hearing to reconsider the Rockville MOU – City CIP Budget Request.

(d) Disbursement of Appropriated Funds for City Transportation Improvement Projects. Following the County Council’s appropriation of funds from the Rockville Transportation Impact Tax Fund in accordance with subsection (c), the County shall disburse funds to the Mayor and Council to reimburse the City for expenses incurred for City Transportation Improvement Projects. The disbursement of funds shall occur within forty-five (45) business days of receipt by the Montgomery County Chief Administrative Officer, or his designee, of an invoice from the City Manager, or his designee, listing all eligible expenses incurred for City Transportation Improvement Projects. All Invoices submitted by the City must provide enough detail so that the Montgomery County Chief Administrative Officer, or his designee, can confirm that listed eligible expenses are in compliance with the County Impact Tax Law.

5. Funding of County Transportation Improvement Projects.

(a) Appropriation of Funds from the Rockville Transportation Impact Tax Fund Account.

(i) *Acknowledgment of Previous Appropriation.* The Parties acknowledge that the County Council has previously appropriated \$1,000,000 of funds from the Rockville Transportation Impact Fund Account for use by the County to fund, in part, the Bus Rapid Transit: System Development – County Transportation Improvement Project listed in Section 2(c)(i).

(ii) *Initial Appropriation.* The Parties acknowledge that the County programmed \$500,000 from the Rockville Transportation Impact Fund Account to fund, in part, the Great Seneca Science Corridor Transit Improvements – County Transportation Improvement Project listed in Section 2(c)(iv). The County Executive will, in accordance with the County Charter and Code, seek appropriation of these funds to a project listed in Section 2(c) separate from the initial appropriation contemplated in Section 4(c)(i).

(iii) *Subsequent Appropriations.* As appropriate and as needed for execution of the County Transportation Improvement Projects, in accordance with the County Charter and Code, the County Executive shall include in the County Executive’s proposed capital budget that is submitted to the County Council thirty-five percent (35%) of the funds in the Rockville Transportation Impact Fund Account for funding of the County Transportation Improvement Projects.

6. Modifications to the 65%-35% Split Among the Parties. Beginning July 1, 2036, the Parties may, from time to time, in accordance with the County Impact Tax Law, amend this Amended and Restated MOU to modify the split of the appropriation of funds in the Rockville Transportation Impact Fund Account under Section 4 (c)(ii) and Section 5(a)(iii).

7. Additional Terms and Conditions.

(a) Montgomery County Executive Annual Report. Pursuant to Section 52-44 of the County Transportation Impact Tax Law, the Montgomery County Executive is required to submit a report to the Montgomery County Council on the Rockville Transportation Impact Tax

(the “**County Executive Annual Rockville Transportation Impact Tax Report**”) not later than April 1 of each year. The County agrees to provide the Mayor and Council with a copy of the County Executive Annual Rockville Transportation Impact Tax Report for the previous calendar year not later than April 15 of each year.

(b) Montgomery County Department of Finance Annual Account Statement. Pursuant to Section 52-45 of the County Transportation Impact Tax Law, the Montgomery County Department of Finance is required to annually issue a statement for the Rockville Transportation Impact Tax Fund Account, which statement must, among other things, (i) show the source and disbursement of all revenues, and (ii) account for all monies received (the “**Annual Rockville Transportation Impact Tax Fund Account Statement**”). The County agrees to provide the City Manager with a copy of the Annual Rockville Development Account Statement for the previous calendar year not later than April 15 of each year.

(c) Resolution of Disputes between the Parties. In the event a dispute arises as to the interpretation or implementation of this Amended and Restated MOU which cannot be resolved at the staff level, the Parties agree that the matter will be referred to the City Manager and the Montgomery County Chief Administrative Officer for mutual consideration, review and resolution. If the City Manager and the Montgomery County Chief Administrative Officer are unable to resolve the dispute, they may agree to submit the dispute to mediation or binding arbitration or either Party may file an appropriate action in the Circuit Court of Montgomery County for resolution of the dispute.

(d) Term of this Amended and Restated MOU. This Amended and Restated MOU shall remain in force unless or until terminated by mutual agreement of the Parties.

8. Miscellaneous Provisions.

(a) Notices, Demands, and Communications Between the Parties. Formal notices, demands, and communications between the Parties shall be given either by (a) personal service, (b) delivery by reputable overnight document delivery service such as Federal Express that provides a receipt showing date and time of delivery, or (c) mailing utilizing a certified or first class mail postage prepaid service of the United States Postal Service that provides a receipt showing date and time of delivery, addressed to:

To the Mayor and Council: Mayor and Council of Rockville
c/o Office of the City Clerk
111 Maryland Avenue
Rockville, Maryland 20850
Attn: City Clerk / Director of Council Operations

With copies to:

Office of the City Attorney
111 Maryland Avenue
Rockville, Maryland 20850
Attn: City Attorney

Office of the City Manager
111 Maryland Avenue
Rockville, Maryland 20850
Attn: City Manager

Department of Public Works
111 Maryland Avenue
Rockville, Maryland 20850
Attn: Director

To Montgomery County: Chief Administrative Officer
101 Monroe Street, 2nd Floor
Rockville, Maryland
Attn: Director

With copies to

Office of the County Attorney_
101 Monroe Street, 3rd Floor
Rockville, MD. 20850
Attn: County Attorney

Department of Transportation
101 Monroe Street, 10th Floor
Rockville, MD 20850
Attn: Director, MCDOT

Notices personally delivered shall be deemed effective upon receipt or refusal thereof. Notices given by a reputable overnight document delivery service shall be deemed effective one (1) business day after delivery by such service. Notices mailed shall be deemed effective on the third (3rd) business day following deposit in the United States mail. Such written notices, demands, and communications shall be sent in the same manner to such other addresses as any Party may from time to time designate in writing. As used herein, "business day" means a day other than Saturday, Sunday, or a federal holiday, state holiday in the State of Maryland, or a city holiday in the City of Rockville, Maryland

(b) Relationship of Parties. The provisions of this Amended and Restated MOU are intended solely for the purpose of defining the relative rights of the Parties and no relationship of partnership, joint venture or other joint enterprise shall be deemed to be created hereby by and among the Parties pursuant to this Amended and Restated MOU.

(c) Interpretation. The terms of this Amended and Restated MOU shall be construed in accordance with the meaning of the language used and shall not be construed for or against any Party by reason of the authorship of this Amended and Restated MOU or any other rule of construction which might otherwise apply. The Section headings are for purposes of convenience only and shall not be construed to limit or extend the meaning of this Amended and Restated MOU.

(d) No Third-Party Beneficiaries. No provision of this Amended and Restated MOU shall be construed to confer any rights upon any person or entity who is not a Party hereto, whether a third-party beneficiary or otherwise.

(e) Severability. If any term, provision, covenant, or condition of this Amended and Restated MOU is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of this Amended and Restated MOU shall not be affected thereby to the extent such remaining provisions are not rendered impractical to perform taking into consideration the purposes of this Amended and Restated MOU. In the event that all or any portion of this Amended and Restated MOU is found to be unenforceable, this Amended and Restated MOU or that portion which is found to be unenforceable shall be deemed to be a statement of intention by the Parties; and the Parties further agree that in such event, and to the maximum extent permitted by law, they shall take all steps necessary to comply with such procedures or requirements as may be necessary in order to make valid this Amended and Restated MOU or that portion which is found to be unenforceable.

(f) Governing Law. This Amended and Restated MOU is entered into and shall be construed in accordance with and governed by the laws of the State of Maryland without regard to choice-of-law rules. The Parties consent to the jurisdiction and venue of the applicable courts for Montgomery County, Maryland.

(g) Entire Agreement, Waivers and Amendments. This Amended and Restated MOU integrates all of the terms and conditions mentioned herein, or incidental hereto, and supersedes all negotiations and previous agreements between the Parties. All waivers of the provisions of this Amended and Restated MOU must be in writing and signed by the appropriate authorities of the Party to be charged, and all amendments and modifications hereto must be in writing and signed by the appropriate authorities of the Parties.

(h) Language Construction. The language of each and all sections, paragraphs, terms and/or provisions of this Amended and Restated MOU, shall in all cases and for any and all purposes, and in any way and all circumstances whatsoever, be construed as a whole, according to its fair meaning, and not for or against any Party and with no regard whatsoever to the identity or status of any person or persons who drafted all or any portion of this Amended and Restated MOU.

(i) Counterparts. This Amended and Restated MOU may be executed in counterparts, each of which shall be deemed to be original, and such counterparts shall constitute one and the same instrument.

(Signature pages to follow)

IN WITNESS WHEREOF, the Mayor and Council and Montgomery County have each executed, or caused to be duly executed, this Amended and Restated Memorandum of Understanding under seal in duplicate, in the name and behalf of each of them (acting individually or by their respective officers or appropriate legal representatives thereunto duly authorized) as of the day and year first written above.

MAYOR AND COUNCIL

Approved as to legal form:

**THE MAYOR AND COUNCIL OF
ROCKVILLE**, a body corporate and municipal corporation of the State of Maryland

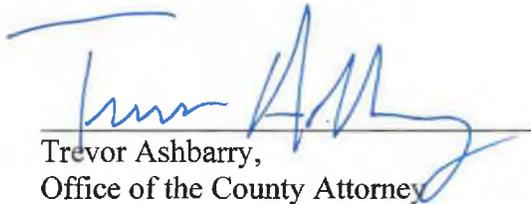

Robert E. Dawson, City Attorney

By: 
Jeff Michelich, City Manager

MONTGOMERY COUNTY

Approved as to legal form:

MONTGOMERY COUNTY, MARYLAND, a body politic and political subdivision of the State of Maryland


Trevor Ashbarry,
Office of the County Attorney

By: 
Richard Madaleno
Chief Administrative Officer

Recommended:

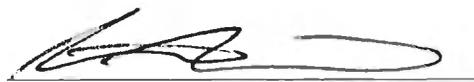
By: 
Christopher Conklin, Director
Department of Transportation

EXHIBIT A
Sample Project Description Form for the
Rockville Transportation Capital Improvements Project

(Please see Attached)

Rockville Transportation Improvements

(P##### New)

Category	Transportation	Date Last Modified	10.13.2025
SubCategory	Pedestrian Facilities/Bikeways	Administering Agency	Transportation
Planning Area	Rockville and Vicinity	Status	Ongoing

	Total	Thru FY24	Rem FY24	Total 6 Years	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30	Beyond 6 Years
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EXPENDITURE SCHEDULE (\$000s)

Construction	6,816	-	-	6,816	-	6,816	-	-	-	-	-
TOTAL EXPENDITURES	6,816	-	-	6,816	-	6,816	-	-	-	-	-

FUNDING SCHEDULE (\$000s)

Impact Tax	6,816	-	-	6,816	-	6,816	-	-	-	-	-
TOTAL FUNDING SOURCES	6,816	-	-	6,816	-	6,816	-	-	-	-	-

APPROPRIATION AND EXPENDITURE DATA (\$000s)

Appropriation FY 26 Request	-	Year First Appropriation	-
Supplemental Appropriation Request	6,816	Last FY's Cost Estimate	-
Cumulative Appropriation	-		
Expenditure / Encumbrances	-		
Unencumbered Balance			

PROJECT DESCRIPTION

This project defines uses of funds generated through the County Impact Tax received as a result of development projects in Rockville. Expenditures in this project include projects determined by and executed by the City of Rockville. The City of Rockville will only use these funds for projects or project elements that meet the requirements of Section 52-50 of the Montgomery County Code. The City will implement these projects and will invoice the County for expenses that the County has certified as eligible uses of impact tax funds. The following subprojects identified by the City of Rockville may be funded through this project.

- Maryland/Dawson Extended
- West Gude Drive Sidewalk
- Scott-Veirs Drive Shared-Use Path
- Sidewalks meeting Section 52-50 criteria
- Twinbrook Pedestrian/Bicycle Bridge
- Bikeshare Stations
- Fleet/Monroe Shared-Used Path
- Martins Lane Shared-Use Path
- Research Blvd. Shared-Use Path

LOCATION

City of Rockville and its immediate surrounding area.

ESTIMATED SCHEDULE

Implementation of the City-implemented projects will follow the schedules reflected in the City's capital program.

PROJECT JUSTIFICATION

Impact taxes are generated by development projects within the City of Rockville and accrue to a separate account as required under Section 52-41 of the County Code. This project is Exhibit A of the Memorandum of Understanding (MOU) between the City of Rockville and Montgomery County required under Section 52-41 and will be updated as future impact tax funds become available and proposed uses by the City and County change.

FISCAL NOTE

Pursuant to Paragraph 4(b) of the Memorandum of Understanding (the "MOU") by and between the Mayor and Council of Rockville (the "City") and Montgomery County, Maryland (the "County") dated September 29, 2025, the 'County projects' listed in the MOU are as follows:

- Bus Rapid Transit: System Development (P501318)
- Bus Rapid Transit: MD 355 Central Bus Rapid Transit (P502005) including the proposed Montgomery College Transit Center
- Bus Rapid Transit: MD 355 South Bus Rapid Transit (P502309)
- Bus Rapid Transit: MD 586 Veirs Mill Road Bus Rapid Transit (P501913)
- Great Seneca Science Corridor Transit Improvements (P502005)

The County Council resolution approving this project description form (PXXXXXX) does not constitute the County Council's approval of, or appropriation of funding for, the above-mentioned County projects. Each of the County projects is subject to: (1) the approval of the County Council under Section 302 {Capital Improvements} of the County Charter; and (2) the appropriation of funds by the County Council under Article 3 {Finance} of the County Charter.

DISCLOSURES

The County Executive asserts that this project conforms to the requirement of relevant local plans, as required by the Maryland Economic Growth, Resource Protection and Planning Act.

COORDINATION

City of Rockville.