

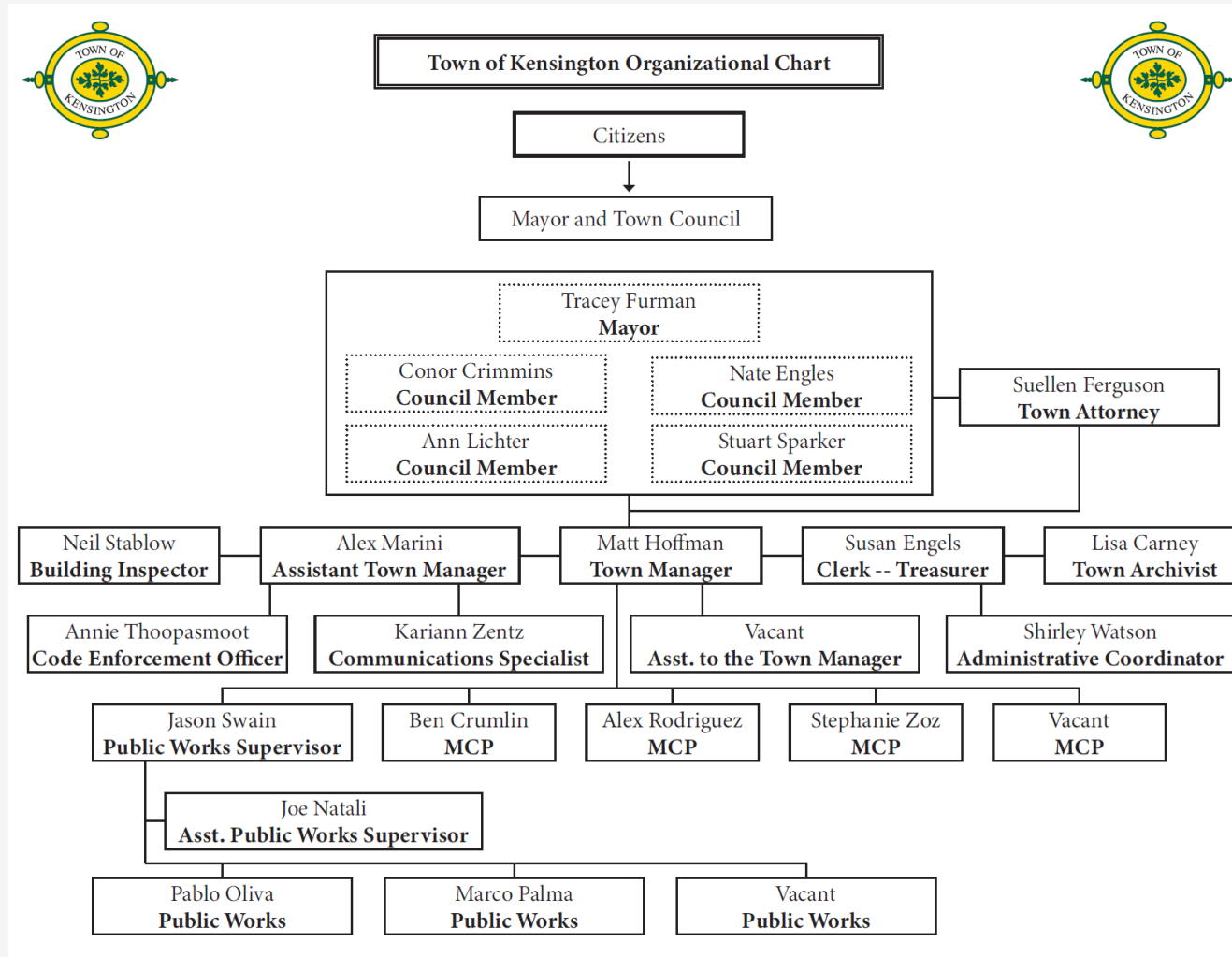
Town of Kensington Community Budget Forum

WEDNESDAY, APRIL 15, 2026

6:00 PM

TOWN HALL

Town of Kensington Organizational Chart



The Budget Process

- ▶ The Town operates under a fiscal year, in accordance with Article VIII, “Finance”, of the Town Charter, which states that the Town’s fiscal year shall begin on the first day of July and shall end on the last day of June each year.
 - ▶ **FY26: July 1, 2026 – June 30, 2027.**
- ▶ The Budget process began in February 2026, with the Town’s staff reviewing the current fiscal year’s (FY26) budget actuals, and the Audited Financial Statements from FY25.
- ▶ Internal discussions by the Town staff to evaluate service needs were held in late February and the Town Manager and Clerk-Treasurer began formulating the expected revenues and expenses.
- ▶ The Town’s administrative staff met with Mayor Furman to review the preliminary FY26 Budget in March.
- ▶ The FY26 Budget Ordinance (Ordinance No. O-01-2026) was introduced at the March 18, 2026, Town Council Meeting and the Public Hearing is scheduled for Wednesday, April 15, 2026, 7:00 pm.

What Does the Town Tax?

State of Maryland

State Department of Assessments and Taxation (SDAT): Assesses all property within a three-year cycle, in which Kensington falls within the current 2025 cycle, and phased-in assessments began July 1, 2025.

- The State issues Highway User Revenues (HUR's) to the Town, which are based on the number of registered vehicles & road mileage within the locality.
- The State taxes Income through a graduated income tax, with rates ranging from 2.00% - 5.75%, which is not distributed to local jurisdictions.
- The State has a 6.00% Sales Tax, which is not distributed to local jurisdictions.

Montgomery County

- Montgomery County sets a property tax rate and taxes all Real and Personal Property based on SDAT's assessment.
 - *The State also collects a Real Property Tax, which is \$0.112, per \$100 of assessed value.
- Montgomery County taxes Income at a rate of 3.2%, of which, 17% of this amount is allocated back to incorporated municipalities.
- Montgomery County reimburses certain municipalities for duplicated services (Police, Parks, Roads).

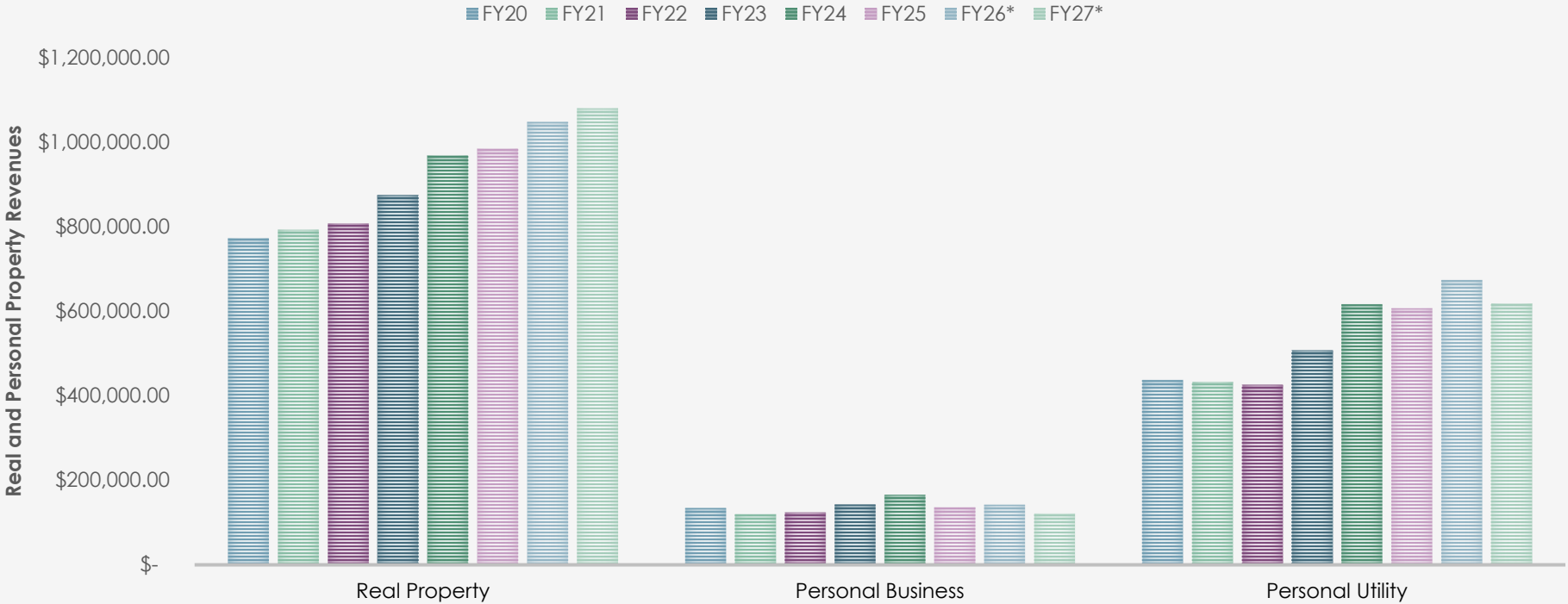
Town of Kensington

- The Town sets a Tax rate for all **Real** (land and improvements) and **Personal – Business** (furniture, fixtures, office and industrial equipment, machinery, tools, supplies, and inventory) and **Personal – Utility** (communications, utilities, and CSX) Property.
- The Town collects Income tax, via Montgomery County, based on a formula where we receive 17% of the 3.2% of all Income earned by Town residents.
 - For example: If you earn \$150,000 a year, the Town receives \$816 in Income tax from you.

Where Do the Town's Revenues Come From?

- ▶ Property Taxes:
 - ▶ Real Property (Residential and Commercial Property) is taxed at a rate of (\$0.1312) per \$100 of assessed value.
 - ▶ A property with an assessed value of \$1,000,000, would pay \$1,312 in Real Property taxes to the Town.
 - ▶ Business Personal Property is taxed at a rate of (\$0.80) per \$100 assessed value.
 - ▶ Utility Personal Property is taxed at a rate of (\$5.00) per \$100 assessed value.
- ▶ Within FY27, the Town is projecting that 51 percent of our Revenues will be received through Property Taxes (FY26 is projected at 52 percent).

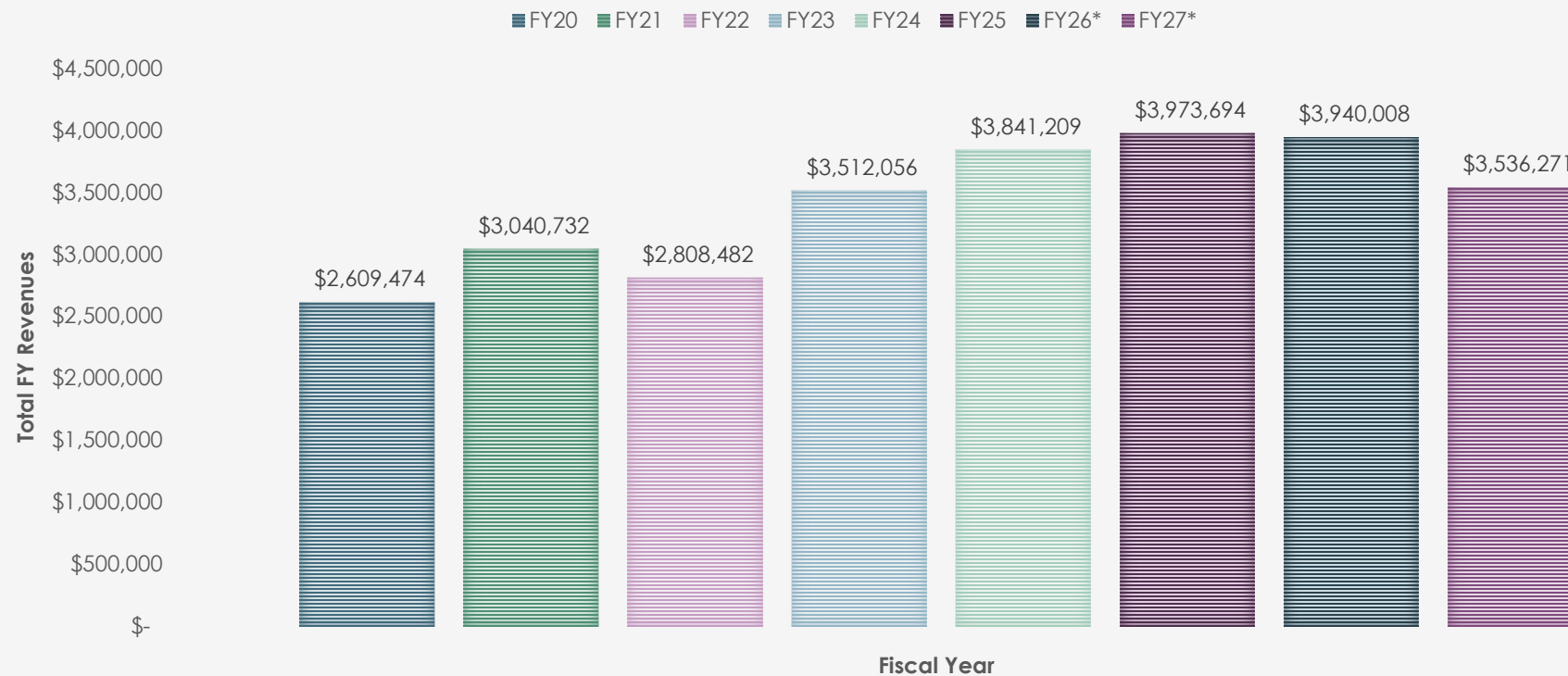
REAL AND PERSONAL PROPERTY REVENUES BY FISCAL YEAR (FY20 - FY27)



Where Do the Town's Revenues Come From?

- ▶ Income Taxes:
 - ▶ Montgomery County collects 3.2 percent of earned income by residents within the Town of Kensington. Within this 3.2 percent, the Town receives an allocation of 17 percent of the total receipts of earned income by our residents.
 - ▶ For example, a resident earning \$150,000, a year, would contribute \$816 towards the Town's Income receipts.
 - ▶ Within FY27, Income receipts are projected to be 25.5 percent of the Town's total revenues; however, this number is a very conservative estimate.
 - ▶ If Montgomery County increased the Income Tax rate to 3.3 percent, this would increase Income revenues for the Town by an estimated \$28,000.
- ▶ Intergovernmental and Misc. Revenues:
 - ▶ Tax Duplication – Are revenues received by the Town from Montgomery County for certain services provided by the Town (Parks and Street Maintenance).
 - ▶ The FY27 Tax Duplication payment is projected at \$343,677
 - ▶ Highway User Revenues (HUR's) – Are distributed by the State of Maryland, which are based on the number of registered vehicles within the locality. The funds are issued to help offset costs for road improvements and maintenance.
 - ▶ The FY27 HUR payment is projected at \$171,300.

TOTAL REVENUES BY FISCAL YEAR (FY20 - FY27) NOT INCLUDING GRANTS



Where Are the Town's Revenues Spent?

- ▶ The Town's Budget has four (4) categories, plus a Capital Improvement Plan (CIP):

- ▶ **General Government:**

- ▶ Includes Administrative Personnel, Elected Officials, Professional Services, Town Hall Maintenance/Utilities/Equipment, and General Office Expenses.

- ▶ **48% of the Town's of FY27 expenses**

- ▶ **Public Safety:**

- ▶ Includes Code Enforcement and the Town's Police Officers through our Secondary Enforcement Agreement with Montgomery County Police.

- ▶ **Approximately 10% of FY27 expenses**

- ▶ **Public Works:**

- ▶ Includes Public Works Personnel, along with our Collection Services, small equipment purchases and repairs, our Street Tree program, and basic infrastructure improvements/repairs.

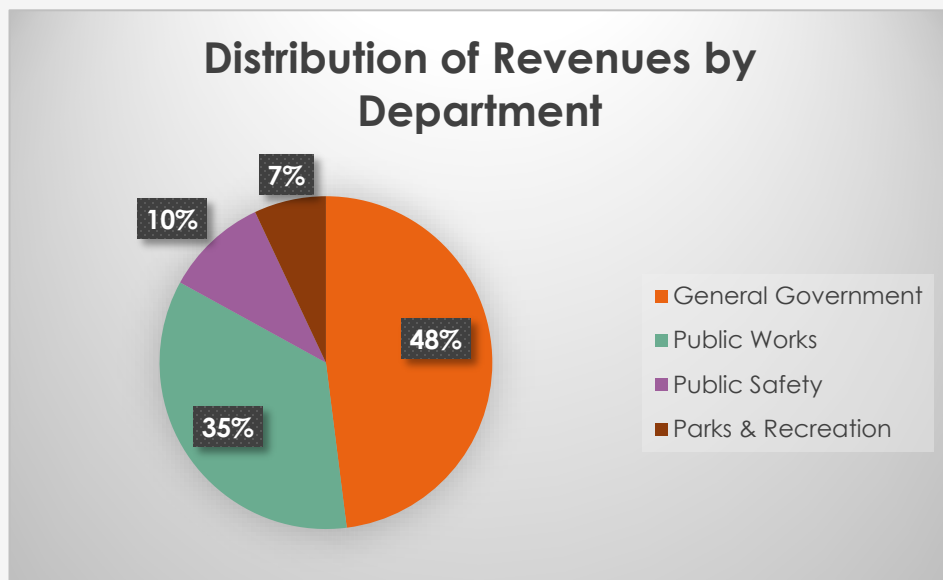
- ▶ **Approximately 35% of FY27 expenses**

- ▶ **Parks and Recreation:**

- ▶ Includes Town Events (Labor Day Parade, Light Up K-Town, Chess Festival, and Juneteenth), and expenses related to our Town Parks and Playgrounds.

- ▶ **Approximately 7% of FY27 expenses**

- ▶ Employee Salaries represent about 52 percent of the Town's Total Projected Expenditures.



How is the CIP Funded?

- ▶ The CIP is generally funded when the Town's revenues exceed our expenditures for a specific fiscal year.
 - ▶ Following each fiscal year's Audit, if revenues exceed expenditures, an Unreserved Fund Balance is determined, in which this amount is allocated to the following year's CIP.
 - ▶ The Town historically budgets to run a \$500,000 surplus, which funds all of the Town's capital purchases and infrastructure improvements.
- ▶ Additional revenues, similar to the American Rescue Plan Act (ARPA) funds, along with grants, are generally allocated to the CIP as well for a specific project.

Capital Improvement Plan (CIP)

▶ General Government:

- ▶ **GG-001 – Capital Reserve** – This is a reserve fund for various capital projects and may be used as a transfer account to fund other CIP programs or projects, and act as the Town’s Rainy-Day Fund if revenue concerns occur in any given fiscal year. The Town’s Policy is to maintain at least 15 percent of anticipated revenues within the Capital Reserve Fund.
- ▶ **GG-002 – Property Acquisition** – This is a fund account for the purchase of land specifically related to a new Public Works facility, Public Parking within the Business District, and establishing additional open space within the Town.
- ▶ **GG-003 – Town Hall Improvements** – This is a fund account for improvements at Town Hall.

▶ Parks & Recreation:

- ▶ **PR-001 – Town Parks and Playground Improvements** – This is a fund account for improvements and renovations at Town Parks.

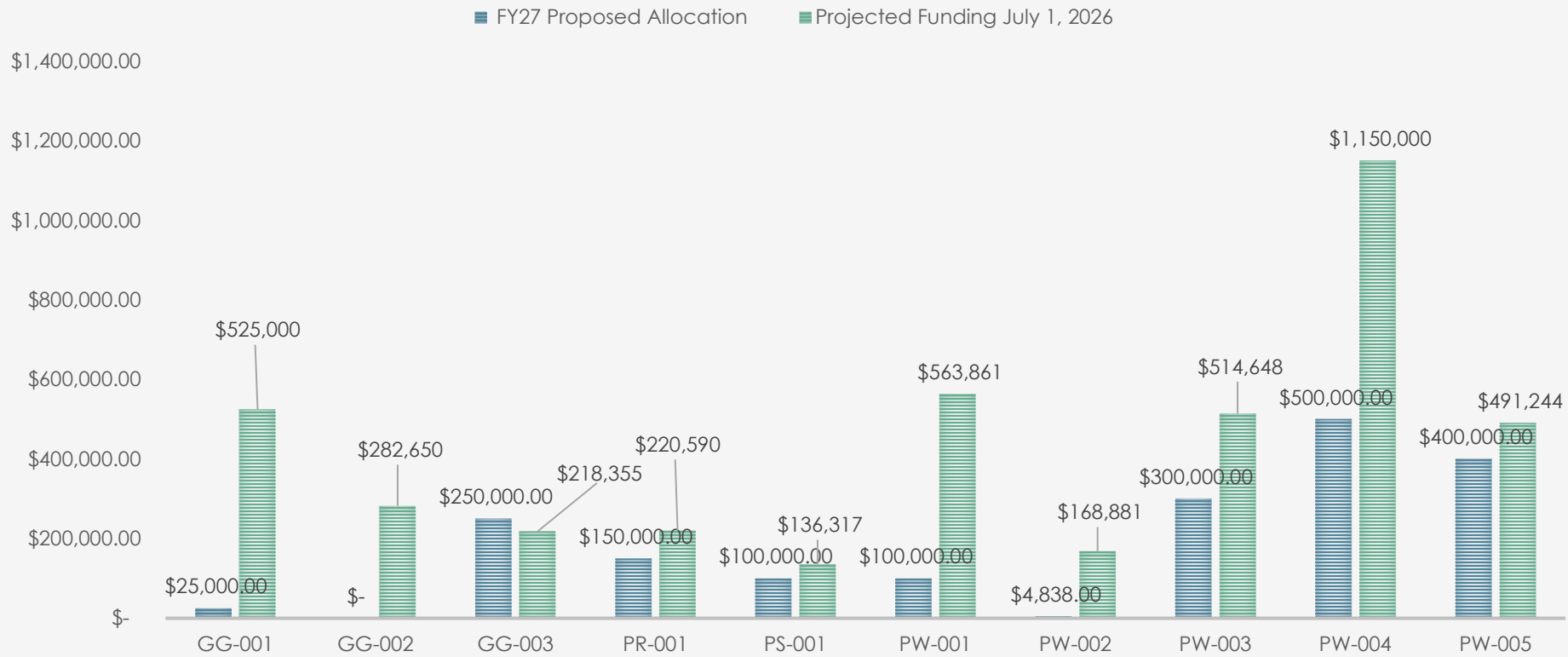
▶ Public Safety:

- ▶ **PS-001 – Street Light & Utility Infrastructure** – This is a fund account for the maintenance and repair of existing Town-owned streetlights and utility infrastructure improvements.

▶ Public Works:

- ▶ **PW-001 – Bridge Reconstruction & Renovation Program** – This is a fund account for the reconstruction and/or renovation of all bridges under the Town’s jurisdiction.
- ▶ **PW-002 – Equipment & Vehicle Replacement Program** – This is a fund account for the purchase and/or replacement of Town equipment and vehicles.
- ▶ **PW-003 – Pavement Management Program** – This is a fund account for street maintenance and reconstruction, which includes sidewalks.
- ▶ **PW-004 – Public Works Facility Improvements** – This is a fund account for the construction, including design and engineering, of a new Public Works facility.
- ▶ **PW-005 – Storm Drain Reconstruction & Renovation Program** – This is a fund account for the maintenance and construction, and reconstruction of storm drains within the Town’s jurisdiction.

CAPITAL IMPROVEMENT PROGRAM - TOWN OF KENSINGTON



Proposed FY27 CIP Projects

- ▶ Acquisition of 10526 St. Paul Street (PEPCO lot) – which would be combined with the Town's prior acquisition of 10528 St. Paul Street for a new Public Works facility.
- ▶ Acquisition of the Kensington Crossing HOA property west of Silver Creek, which would become public parkland and allow the Town to address stormwater management issues and plant canopy trees.
- ▶ Acquisition of 10800 St. Paul Street – which would be used as public parkland and used to install a yard inlet and lateral to an existing storm drain to address stormwater management issues.
- ▶ Engineering and Design of the new Public Parking lot located at 10415 Montgomery Avenue, which will include infrastructure for future EV charging stations.
- ▶ Armory Avenue and Baltimore Street Storm Drain Improvements.
- ▶ Construction and repair for the Kent Street and Frederick Avenue bridges.
- ▶ Farragut Avenue Storm Drain improvements, which will include adding a storm drain lateral between Lexington Street and St. Paul Street. The project will require the relocation of a segment of the WGL main line.
- ▶ Oberon Street Sidewalk project, which would add a sidewalk to connect Kensington Parkway with St. Paul Park. This project would also include storm drain and streetscape improvements, to include new trees and additional public right-of-way.
- ▶ Replacement of the 2015 Ford Escape (Code Car) and the purchase of an additional administrative vehicle.
- ▶ The repointing of the brick parapet and roof patching at Town Hall.

Additional CIP Projects

- ▶ New Public Works Facility (PW-004 – Public Works Facility Improvements):
 - ▶ Architectural Design of the new Public Works facility.
 - ▶ Civil Engineering of the new Public Works facility
 - ▶ Construction of the new Public Works facility.
- ▶ Nash Place Storm Drain project (PW-003 - Pavement Management & PW-005 – Storm Drains).
- ▶ Warner Circle Sidewalk and Pedestrian Improvements (PW-003 – Pavement Management).
- ▶ Frederick Avenue Sidewalk, which would connect Kensington House to Wake Drive (PW-003 – Pavement Management).