



KENSINGTON FIRE PROTECTION DISTRICT

DATE: September 14, 2022

TO: Board of Directors
Kensington Fire Protection District

RE: **Agenda Item 05c**
Final FY2022-2023 Budget

SUBMITTED BY: Bill Hansell, General Manager

Recommended Action

Approve Resolution 2022-21 Final FY2022-2023 Budget

Background

The attached Final FY2022-2023 Budget is presented for approval. The budget estimates revenues of **\$5,067,302**, operations expenditures of **\$4,817,425**, resulting in a positive operations balance of **\$249,877**. This balance will be offset by estimated capital improvement expenses for the renovation of the Public Safety Building of **\$2,757,833** and the Temporary Facilities of **\$848,607**. This amount will decrease the district's reserve fund balance by **\$3,606,440**. Amendments will be proposed to accommodate the progress of the project.

The projected EOY 2021-2022 Fund Balances are listed on the final page of the budget showing total reserves as of July 1st, 2022 of **\$9,891,414**. This does not include the net OPEB asset which the district maintains in a separate trust for ongoing OPEB liabilities that remain more than fully funded. A new actuarial update is currently underway but the prior report listed an asset of **\$387,756**.

Estimated EOY 2021-2022 Fund Balances are not listed yet, as the district will soon employ a Municipal Advisor to project how the renovation project expenses should best be funded. This is the first step in the development of a long-range financial plan for the district. Additionally, the district has hired a grant writer to begin sourcing State and Federal funding opportunities for the building renovation, as well as for other emergency preparedness priorities. Moving forward quickly with the renovation plans and permitting is necessary to meet the "shovel-ready" requirements of many grants.

The Budget Message on page 3 of the presentation further explains the administrative approach to this year's financial strategy and the milestones that have already been achieved in the first quarter.



Kensington Fire Protection District Fiscal Year 2022-2023 Final Budget

Presented by
Bill Hansell, General Manager
to the
KFPD Board of Directors
on
September 14th, 2022

Kensington Fire Protection District
Fiscal Year 2022-2023 Final Budget

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Budget Message

September 14, 2022

To: Board of Directors,
Kensington Fire Protection District

Dear Directors,

It is my pleasure to present to you the Kensington Fire Protection District (“KFPD”) Final Budget for Fiscal Year 2022-2023. This budget serves as the foundation for KFPD’s commitment to serving the Kensington community in protecting the lives, property, and environment of the community from the disastrous effects of fires, medical emergencies, natural disasters, and other hazardous conditions.

KFPD made significant gains in improving its services over the past fiscal year, including:

- Strategic financial planning for operational, emergency, and capital reserves;
- Completing the design, permitting, contractor selection, and financing for the Public Safety Building Seismic Renovation Project and the Temporary Fire Station 65;
- Furthering emergency preparedness with an evacuation exercise, the expansion of the vegetation management grant program, increasing communications and public information events;
- Participating in the interviews and selection of El Cerrito-Kensington Fire Chief Eric Saylor and welcoming him to his new position; and
- Continuing the cooperative administrative relationship between the KFPD and KPPCSD.

In order to expand on those achievements, the budget for FY 2022-2023 presented herein will enable further improvements while providing responsible stewardship of the district’s resources. In the first quarter of this fiscal year, the following priorities have already been addressed:

- Breaking ground on Temporary Fire Station 65, which is scheduled to be completed by the beginning of October 2022;
- Planning for the relocation to the temporary station and for the admin to move to the KPPCSD modular on San Pablo Avenue;
- Pre-construction planning for the PSB Seismic Renovation Project, which will break ground immediately after relocation and is to be completed by March 2024; and
- Continuing the work of the Emergency Preparedness Coordinator for public outreach via social media and print communications.

We welcome public feedback and suggestions on the budget as it continues to develop over this year of further transitions and growth.

Respectfully submitted,



Bill Hansell
General Manager

Elected and Appointed Officials

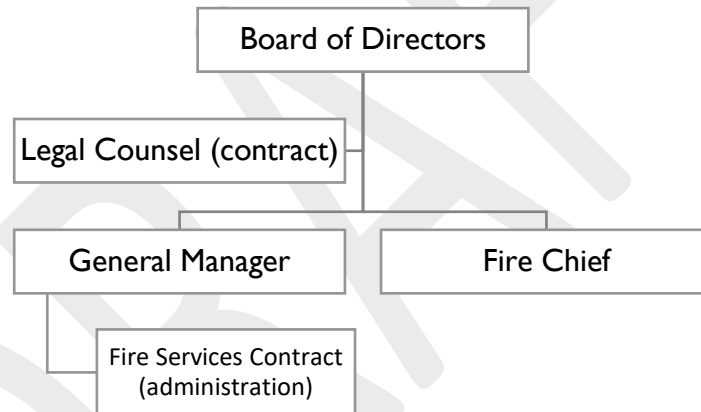
Board of Directors:

Larry Nagel, President
Kevin Padian, Vice President
Janice Kosel, Secretary
Don Dommer
Julie Stein

Appointed:

General Manager Bill Hansell
Fire Chief Eric Saylor

Organization Chart



Committees

Emergency Preparedness Committee:

Directors: Kevin Padian and Larry Nagel
Public Members: Lisa Caronna, Katie Gluck, Peter Guerrero, Peter Liddell, Danielle Madugo, Paul Moss, David Spath

Finance Committee:

Directors: Janice Kosel and Larry Nagel

Mission

Our mission is to provide the highest level of service to Kensington in order to protect the lives, property, and environment of the community from the disastrous effects of fires, medical emergencies, natural disasters, and other hazardous conditions.

District Profile

The unincorporated town of Kensington began a volunteer fire department in 1928. Twenty-four years later, the Kensington Fire Protection District (formed in 1937) hired a staff of professional firefighters under the supervision of a fire chief. The district is organized under the State's Health & Safety Code Section 13800, commonly known as the Bergeson Fire District Law. In 1995, the district entered into a contract with the City of El Cerrito whereby El Cerrito would provide all fire prevention, fire suppression and emergency services within Kensington for an annual fee. As a result, the district's only current employee is its General Manager (GM), Bill Hansell. Salary information for the District's GM can be found at: www.publicpay.ca.gov

The early fire department was housed in a small, quaint English country-style building next to the Chevron Oil gas station on the Arlington. The current public safety building, owned by the district, was constructed in 1970 and substantially renovated in 1999 and 2004. The district owns two fire engines, one specifically engineered for the steep, narrow streets of Kensington and the other a "Type III" or wildland engine for use during high fire season.

In recent years the district embarked on a series of water system improvements by contract with the East Bay Municipal Utility District to enhance the provision of water along the wildland interface and to optimize the placement of hydrants throughout the community. The district initiated paramedic service in 2001. It offers the first engine-based Advanced Life Support service in West Contra Costa County, bringing medications and equipment to a patient's side in under 5 minutes on average.

The district is able to provide a timely and appropriate level of response by active participation with other West Contra Costa County fire agencies in automatic response agreements that use the combined resources of all agencies to serve the area irrespective of jurisdictional lines.

The district operates a Community Emergency Response Team Training (CERT) program. For more information on CERT, see our "CERT Training" tab or at: www.el-cerrito.org/index.aspx?nid=133

Funding for District expenses is provided by property tax revenues as well as a special tax approved by the voters in 1980.

District Services

Kensington Fire Protection District provides emergency medical, fire education, prevention and suppression services to the town of Kensington, California.

Training 2020:

- *Medical - EMS* = 864 Hours
- *Operations* = 10,583 Hours
- *Physical Fitness* = 1,325 Hours
- *Internet-Based Safety Training* = 2,452 Hours

Fire Prevention and Public Education 2020:

- *Fire Inspections (Fire Company)* = 48
- *Mandatory (Schools/Jails/Convalescent)* = 02
- *Self Inspections* = 10
- *Vegetation Management Inspections* = 1,254
- *Vegetation Management Re-Inspections* = 82
- *Construction Plan Checks* = 05
- *Construction Inspections* = 11

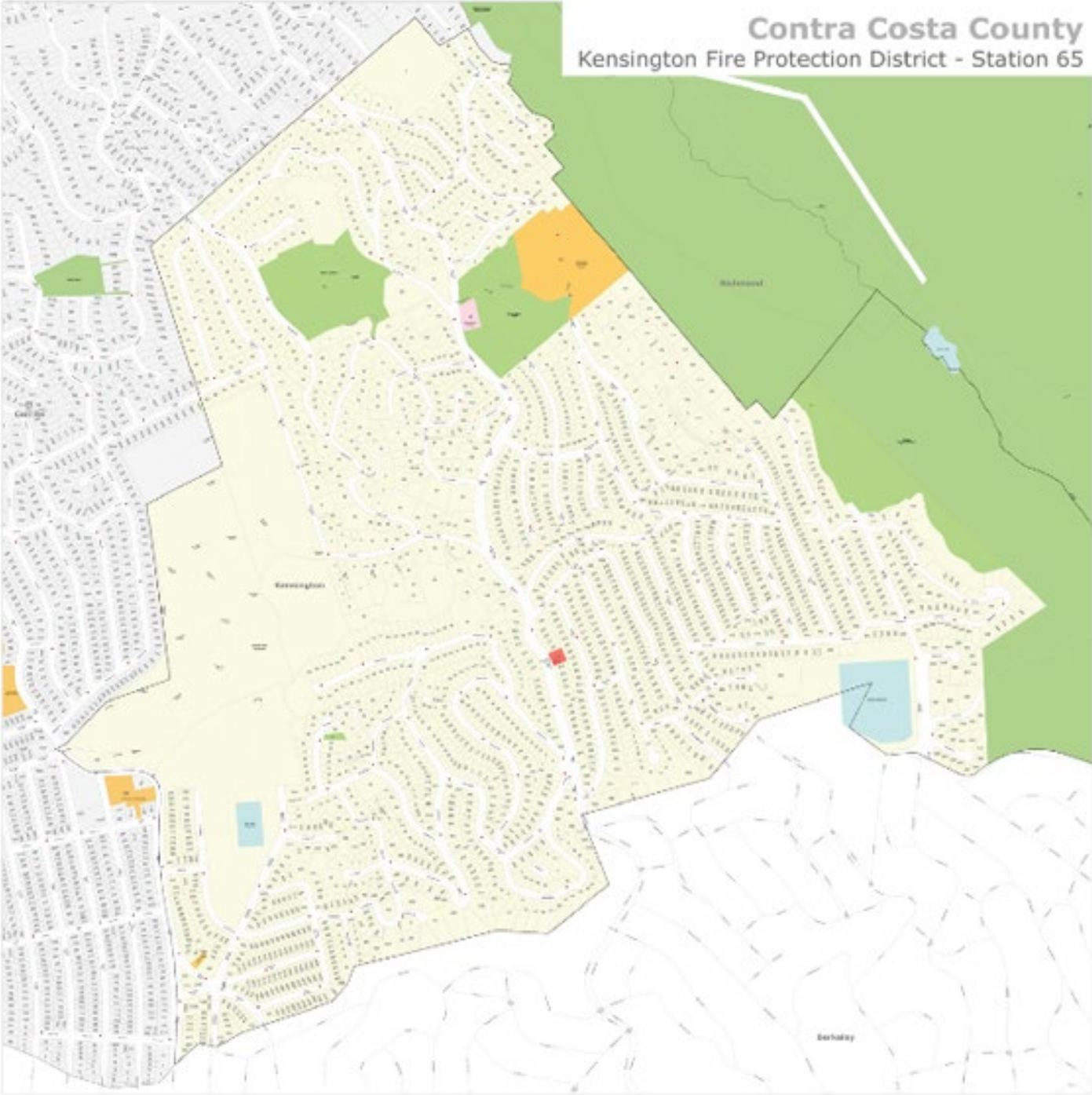
Certifications Currently Held:

- *Chief Officers* = 02
- *Fire Officers* = 19
- *Firefighter II* = 32
- *Firefighter I* = 36
- *Driver Operator* = 32
- *Rescue Systems* = 35
- *Paramedic* = 19
- *Technical Rescue* = 14
- *CERT Instructors* = 08

Community Programs (NOTE: Some postponed due to COVID-19):

- *Car Seat Installation Program*
- *CERT (Community Emergency Response Team)*
- *CPR / First Aid Training*
- *Free Smoke Detectors for Elderly, Disabled and Low-Income Resident*
- *Parking Flyer for Neighbors*
- *Pharmaceutical Drop Off Program*
- *School Tours*
- *Shredding Event (semi-annual)*

Service Area Map



Strategic Planning and Goals

The district's last strategic planning session was held on May 6, 2015 and the following objectives were identified:

1. *Reducing loss of life and property and safeguarding the environment by effectively responding to fire, rescue and medical emergencies, hazardous material incidents and major disasters;*
2. *Helping members of the community reduce the frequency and severity of fires, accidents and natural disasters by providing public education programs;*
3. *Reducing threats to public safety by enforcing laws, codes and ordinances covering fire and life safety and by abating identified fire hazards on City, private and other agencies' property; and*
4. *Maintaining personnel, apparatus, equipment and facilities in a constantly ready condition.*

Fund Structure

District financial activities are recorded in three major governmental funds:

General Fund - Operating fund of the district; Used for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund - Accounts for the special tax authorized by Section 53978 of the Government Code and approved by the district's electorate on April 8, 1980.

Capital Project Fund - Used to account for financial resources in the acquisition, construction, or rehabilitation of major capital facilities and inventory.

Budget Schedule

In general, the annual budget schedule is as follows:

Action	When
<i>Strategic Plan</i>	<i>As determined by the BOD</i>
<i>Long-Term Financial Plan (update)</i>	<i>April</i>
<i>Review with Finance Committee</i>	<i>May</i>
<i>Presentation to BOD</i>	<i>June</i>
<i>Approval</i>	<i>June</i>
<i>Adoption</i>	<i>September</i>
<i>Mid-Year Review</i>	<i>February</i>
<i>Monitoring</i>	<i>Ongoing</i>

Fire Protection Contract

Fire protection is provided pursuant to the contract between the Kensington Fire Protection District and the City of El Cerrito, originally signed in 1995 with updates in 2005, 2009, and 2019. The full contract is available here: [Kensington-El Cerrito Fire Services Contract](#)

Financial Plan

The district engaged NHA Advisors in October 2022 for strategic financial planning of the district's operational, capital, and emergency reserves. The final projection for the Public Safety Building Renovation Project, and associated costs, is attached here.

Code/Enabling Act

California Health & Safety Code Section 13800, commonly known as the Bergeson Fire District Law.

Gann Limit

Fiscal Year 2021-2022 Limit	\$5,142,018
Per Capita Personal Income Ratio	1.0755
Population % Change Ratio	0.9959
Fiscal Year 2022-2023 Limit	\$5,507,566

Resources

[KFPD District Policies](#)

[Districts Make the Difference](#)

[California Special Districts Association](#)

KENSINGTON FIRE PROTECTION DISTRICT

FACILITIES FUNDING DISCUSSION UPDATE

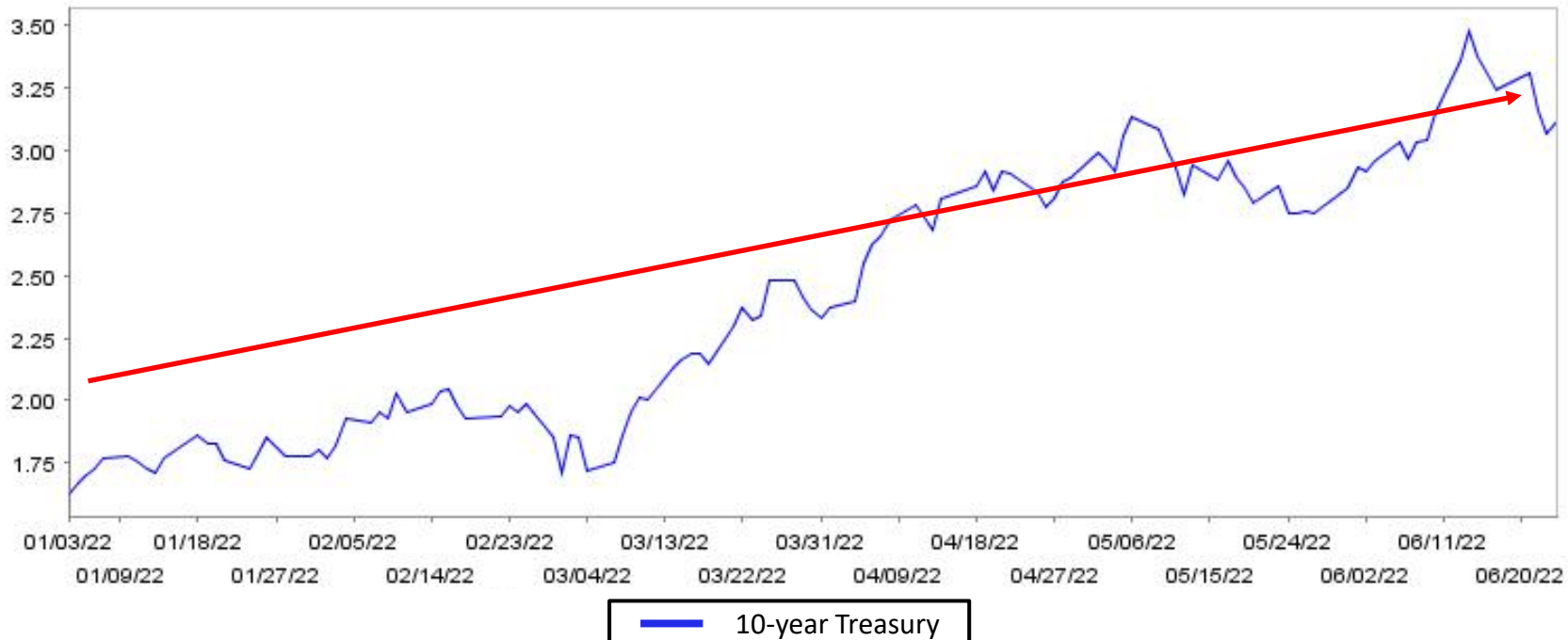


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June 29, 2022

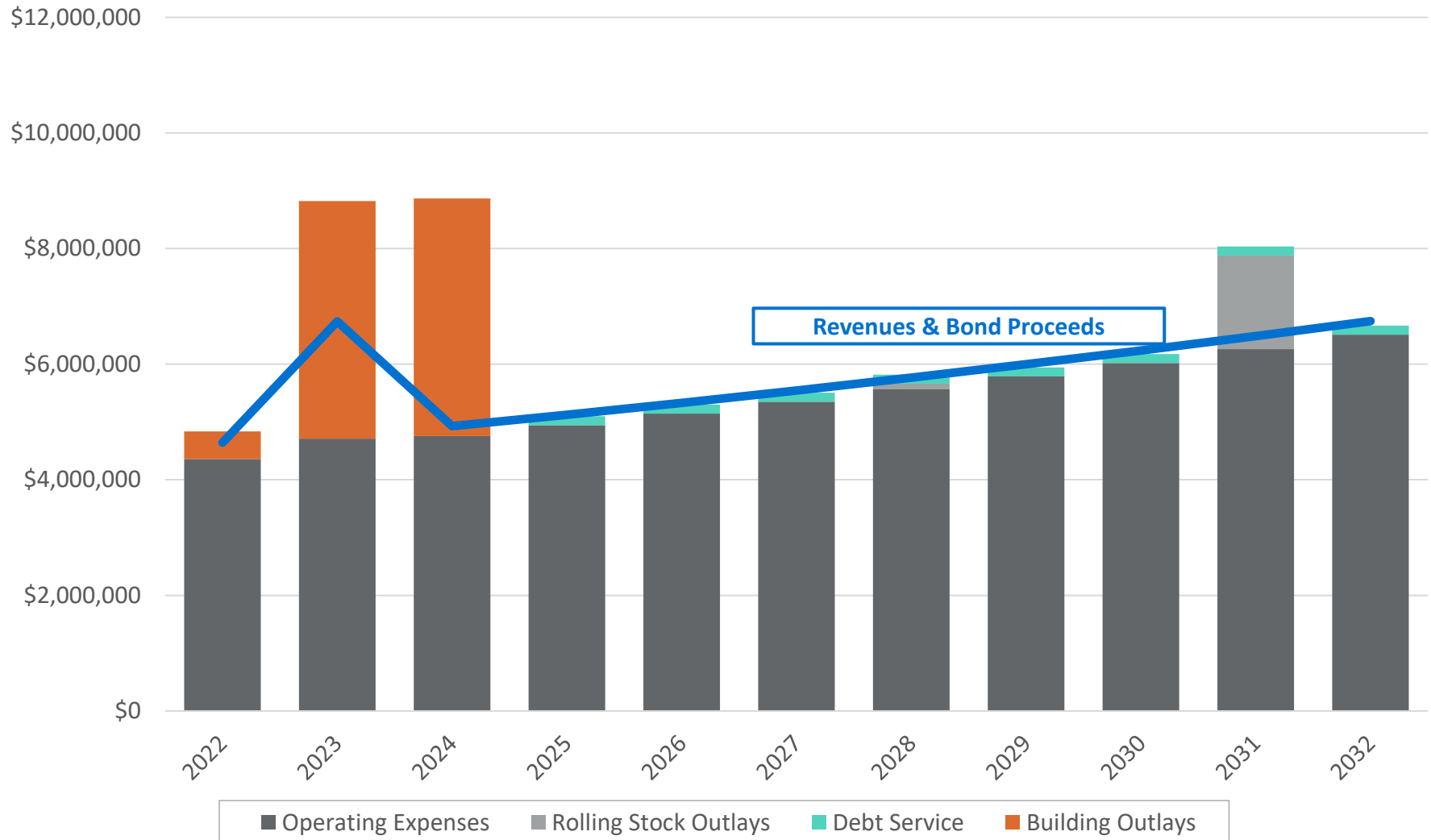
Historical Interest Rates

- ▶ Interest rate volatility persists in 2022
- ▶ It's hard to predict where interest rates may go, but the general trend has been increasing rates
- ▶ The Fed raised its benchmark interest rate by 0.75% to combat rising inflation
 - ▶ Signaled an additional 0.5%-0.75% rate increase in July



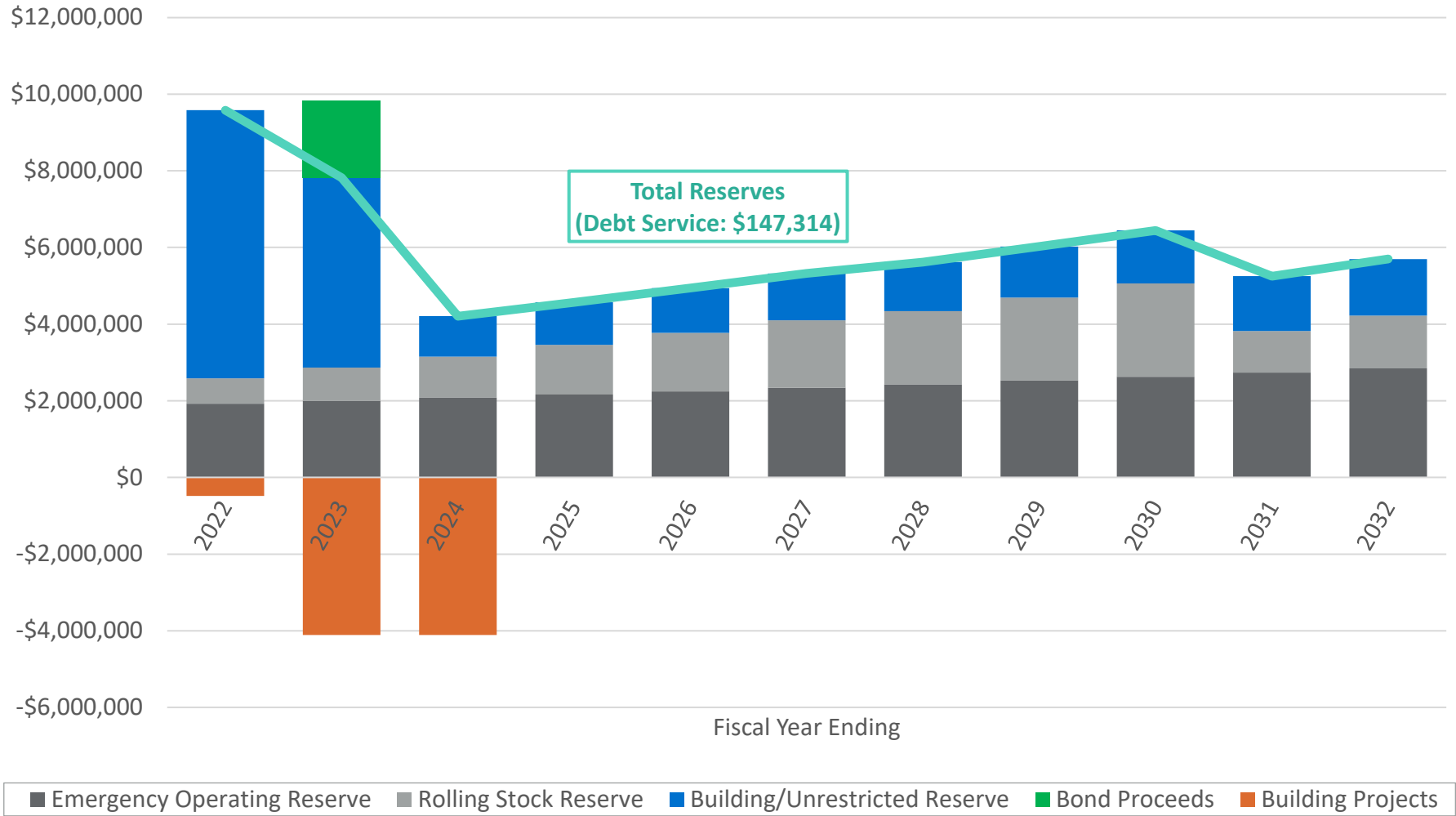
Cash Flows – 4.07% (\$147K Annual Debt Service)

- ▶ Capital One has provided a locked interest rate of 4.07% (25-year term)
- ▶ \$147K of annual debt service generates \$2M for projects
- ▶ Final borrowing amount to be determined after construction bids are received



Reserves – 4.07% (\$147K Annual Debt Service)

- ▶ Annual debt service of \$147K would:
 - ▶ Fund \$2M of building projects



	FY2021 Actual	FY2022 Budget	FY2022 Projected	FY2023 Budget	FY2023 Budget Notes:	% of FY2022
REVENUES						
Property Taxes	4,525,850	4,595,532	4,783,334	4,739,500	See Tax Revenue History Supplement	99.1%
Special Taxes	200,686	200,686	204,418	200,752	See Tax Revenue History Supplement	98.2%
Other Taxes (HOPTR)	24,687	24,000	24,612	24,000		97.5%
Lease Income	36,549	27,450	36,603	3,050	July '22 KPPCSD Rent	8.3%
Investment Income	32,087	30,000	26,500	20,000	Review investment options v. cashflow	75.5%
CERBT Disbursement		80,000	81,190	80,000		98.5%
Other Revenues	84,213	0	388,159	0	Covid State Funding FY2022 Only	0.0%
Grant Revenue	0	0	0	0		
Total Revenues	4,904,072	4,957,668	5,544,815	5,067,302		91.4%
EXPENDITURES (Operations)						
Office Wages & Related						
Regular Wages		160,000	134,968	144,416	7% COLA Placeholder by Finance Committee	107.0%
Longevity Pay		0	0	0	Not Provided by District	
Overtime Wages		0	0	0	Not Provided by District	
Vacation/Holiday/Sick Wages		9,500	21,665	23,182	90hrs Vac + 69hrs Hol + 42hrs Sick	107.0%
Medical/dental ins compensation		12,000	12,000	12,000	Fixed \$1,000 per month	100.0%
Retirement Contribution		0	0	0	Not Provided by District	
Payroll Taxes		14,000	12,434	13,304		107.0%
Workers Compensation/Life Ins		759	759	650		85.7%
Payroll Processing		2,300	1,971	2,500		126.9%
Total Office Wages & Related	185,137	198,559	183,796	196,052		106.7%
Retiree Medical Benefits						
PERS Medical		70,000	54,507	72,500		
Delta Dental		13,500	11,385	14,000		
Vision Care		3,900	3,877	4,100		
CalPERS Settlement	24,044	12,377	18,090	0	Final Payoff Complete	0.0%
Total Retiree Medical Benefits	24,044	99,777	87,858	90,600		103.1%
Outside Professional Services						
Accounting		36,000	37,045	36,000	Negotiated max with Maze	97.2%
Actuarial Valuation		5,600	3,000	5,600		186.7%
Audit		17,500	16,000	16,000		100.0%
Bank Fees		0	37	25		67.6%
Contra Costa County Expenses	34,142	35,000	53,644	38,000		70.8%
EI Cerrito Contract Fee	3,229,643	3,525,860	3,525,860	3,843,483	See EC Fire Contract Proposal	109.0%
EI Cerrito Reconciliation(s)	298,738	191,060	191,050	123,165	See EC Fire Contract Proposal	64.5%
IT Services and Equipment		12,000	723	15,000	System relocation; Hybrid Mtg Equip	2075.5%
Fire Abatement Contract	2,450	5,000	0	5,000	Pending property inspection results	
Fire Engineer Plan Review		3,000	688	3,000	Pending fee schedule to reimburse	436.0%
Risk Management Insurance	64,529	14,420	17,240	19,000		110.2%
LAFCO Fees	4,254	4,254	4,254	5,000		117.5%
Legal Fees		24,000	6,914	20,000	Budget \$1.7K/mo. Avg	289.3%
Professional Fees	168,640	0	0	0		
Operational Consultant		0	0	0		
Recruitment		0	0	0		
Temporary Services		0	0	0		

	FY2021 Actual	FY2022 Budget	FY2022 Projected	FY2023 Budget	FY2023 Budget Notes:	% of FY2022
Water System Improvements		10,000	0	10,000	Chief's Discretion	
Website Development/Maintenance		2,750	3,928	4,500		114.6%
Wildland Vegetation Mgmt	6,500	7,600	4,000	7,600	Chief's Discretion	
Other Outside Professional Services		0	0	0		
Emergency Preparedness Coordinator		100,000	100,000	105,200	Board Approved Proposal	105.2%
Grant Writer/Coordinator		50,000	6,548	50,000	Grant writer + Support consultant	763.7%
Nixle (Everbridge) Fees		3,183	3,183	4,000		125.7%
Long-Term Financial Planner		30,000	30,000	5,000	For plan updates as needed	16.7%
Total Outside Professional Services	3,808,896	4,077,227	4,004,113	4,315,573		107.8%
Community Service Activities						
Public Education (Emergency Prep)	3,100	28,649	17,762	30,000		168.9%
EP Coord Expense Account		1,000	0	1,000		
Comm. Pharmaceutical Drop-Off		470	2,500	2,500		100.0%
CERT Emerg Kits/Sheds/Prep		3,532	0	4,000	Replace expired emergency kits	
Open Houses		1,800	0	1,800		
Community Shredder		4,465	5,608	5,000		89.2%
DFSC Matching Grants	24,000	0	0	0	DFSC not accepting matching grants	
Firesafe Planting Grants		3,000	1,360	25,000	Board approved EPC amount	1838.2%
Demonstration Garden		0	0	0		
Community Sandbags		1,729	1,729	1,900		109.9%
Volunteer Appreciation		0	0	500		
Community Service - Other	30,950	0	450	500		111.2%
Total Community Service Activities	58,050	44,645	29,409	72,200		245.5%
District Activities						
Professional Development		10,000	3,324	10,000		300.9%
Election	4,991	0	0	7,500	CCC to verify	
Firefighter's Apparel & PPE	1,187	2,000	810	2,000	Chief's Discretion	246.8%
Firefighters' Expenses		13,300	9,141	30,000	Chief's Discretion	
Staff Appreciation	1,247	3,000	93	3,000		3208.9%
Memberships	7,853	8,720	7,615	9,000		118.2%
Total District Activities	15,278	37,020	20,983	61,500		293.1%
Office						
Office Expense	7,444	5,000	3,846	5,000		130.0%
Office Supplies		2,000	694	2,000		288.0%
Telephone		7,800	8,720	8,000		91.7%
Office- Other		318	0	500		#DIV/0!
Office - Equipment		64	1,697	0		0.0%
Total Office	7,444	15,182	14,958	15,500		103.6%
Building Maintenance						
Gardening service		5,000	2,275	4,000	To be revised for rental/const costs	175.8%
Building alarm		1,500	1,264	1,500	To be revised for rental/const costs	118.6%
Medical Waste Disposal		7,500	2,141	7,500	To be revised for rental/const costs	350.4%
Janitorial Service		1,400	2,208	2,000	To be revised for rental/const costs	90.6%
Miscellaneous Maint.		25,000	6,592	9,000	Only for costs pre-construction	136.5%
Total Building Maintenance	62,722	40,400	14,480	24,000		165.7%
Building Utilities/Service						
Gas and Electric		12,500	11,852	13,000	To be revised for rental/const costs	109.7%

	FY2021 Actual	FY2022 Budget	FY2022 Projected	FY2023 Budget	FY2023 Budget Notes:	% of FY2022
Water/Sewer		3,000	4,118	4,000	To be revised for rental/const costs	97.1%
Bldg Utilities/Services - Other		0				
Total Building Utilities/Service	0	15,500	15,970	17,000		106.4%
Contingency						
General		25,000	0	25,000		
Contingency - Other	0	0	0	0		
Total Contingency	0	25,000	0	25,000		
Total Expenditures (Operations)	4,161,571	4,553,310	4,371,568	4,817,425		110.2%
REVENUE - EXPENDITURES (Operations)	742,501	404,358	1,173,248	249,877		21.3%

Note: Estimated Capital Expenditures and Fund Balances are listed on the following page.

	FY2021 Actual	FY2022 Budget	FY2022 Projected	FY2023 Budget	FY2023 Budget Notes:	% of FY2022
EXPENDITURES (Capital)						
Capital Outlay (PSB Renovation Soft Costs)	0	484,252	475,359	73,500	50% of remaining Design/Eng/Permits for FY22-23	
Capital Outlay (PSB Renovation Hard Costs)	0	0	0	2,433,333	40% of Bid Award for FY22-23	
Capital Outlay (PSB Renovation Contingency)			0	251,000	10% of FY22-23 PSB Renovation expenses	
Capital Outlay (Temp Facilities Soft Costs)	0	130,000	60,219	65,000	Design/Eng/Permits/Inspections	
Capital Outlay (Temp Facilities Hard Costs)	0	0	0	469,462	Site Work, Mod Inst, Carport, Gates	
Capital Outlay (Temp Facilities Lot Rental)	0	0	0	13,650	Pkg Lot (\$1,300/mo x 10.5 months)	
Capital Outlay (Temp Facilities Modular)	0	0	0	17,109	Modular (\$3,753/mo x 9 months)	
Capital Outlay (Temp Facilities Admin Sublet)	0	0	0	24,386	KPPCSD Sublet (\$2,438.55/mo x 10 months)	
Capital Outlay (Temp Facilities Relocation)	0	0	0	200,000	Moving and associated expenses estimate	
Capital Outlay (Temp Facilities Contingency)	0	0	0	59,000	10% of FY22-23 Temp Facilities expenses	
Capital Outlay (Equip & Furniture)	0	0	0	0	None planned for FY2022-2023	
Capital Outlay (Rolling Stock)	0	0	0	0	None planned for FY2022-2023	
Total Expenditures (Capital)	566,845	614,252	535,578	3,606,440	NOTE: Total financial planning for PSB renovation & temp facilities budgeted \$8.70M over multiple fiscal years.	
EXPENDITURES (Annual Debt Service)	0	0	0	0	Debt Service starts in FY23-24	
EXPENDITURES TOTAL (Ops + CIP + Debt)	4,728,416	5,167,562	4,907,146	8,423,864		171.67%
FUND BALANCE INCREASE OR (DECREASE)	175,656	-209,894	637,670	-3,356,562		
FUND BALANCES (End of Year):	6/30/2021	6/30/2022	6/30/2022	6/30/2023		
CC County Funds:						
General Fund 300700	5,176,904		8,380,109		EOY Balance pending audit	
Fire Special Tax Fund 300900	409,440		8,191		EOY Balance pending audit	
Capital Reserve Fund 303100	3,821,952		1,365,042		EOY Balance pending audit	
CapitalOne Escrow Account			0	2,160,000	Bldg Loan Approved 07/13/2022	
Mechanics Bank Checking Account	109,801		138,072		EOY Balance pending audit	
TOTAL FUND BALANCE	9,518,097		9,891,414		Balances pending County EOY report	
OPEB Balance:						
OPEB Asset	1,459,931		1,425,669		Pending new actuarial report	
OPEB Liability	1,072,175		1,005,564		Pending new actuarial report	
Net OPEB: Liability/(Asset)	(387,756)		(420,105)		Liability more than 100% funded	



RESOLUTION 2022-21

RESOLUTION OF THE BOARD OF DIRECTORS OF THE KENSINGTON FIRE PROTECTION DISTRICT ADOPTING THE FINAL COMBINED BUDGET FOR REVENUE, OPERATING EXPENDITURES, AND CAPITAL IMPROVEMENT EXPENDITURES FOR FISCAL YEAR 2022-2023

WHEREAS, the Board of Directors of the Kensington Fire Protection District has developed and adopted by Resolution on June 8, 2022 a preliminary Combined Revenue, Operating Expense and Capital Improvement Budget for Fiscal Year 2022-2023; and

WHEREAS, the Board of Directors of the Kensington Fire Protection District has approved or otherwise established the amount budgeted for the annual fee for services from the City of El Cerrito for Fiscal Year 2022-2023; and

WHEREAS, the preliminary Combined Revenue, Operating Expense and Capital Improvement Budget adopted by the Board of Directors of the Kensington Fire Protection District under Resolution 2022-13 is subject to final adoption by the Board of Directors; and

WHEREAS, in conformance with the laws of the State of California, the Kensington Fire Protection District posted notice of a public meeting on the adoption of the Final Budget for Fiscal Year 2022-2023; and

WHEREAS, the laws of the State of California require the Kensington Fire Protection District to adopt a final budget for the 2022-2023 fiscal year, a copy of which is attached to and made part of this resolution.

NOW, THEREFORE, BE IT RESOLVED, the Board of Directors of the Kensington Fire Protection District hereby adopts the Combined Revenue, Operating Expense and Capital Improvement Budget of the Kensington Fire Protection District for Fiscal Year 2022-2023, a copy of which is attached to and made part of this resolution.

The foregoing resolution was duly adopted at a regular meeting of the Kensington Fire Protection District on the 14th day of September 2022 by the following vote of the Board.

AYES:

NOES:

ABSENT:

ABSTAIN:

Larry Nagel, President

Janice Kosel, Secretary