

Fiscal Study Overview



November 7, 2024



Municipal Advisory | Pension Cost Optimization | Financial Planning



**Kensington Police
Protection and
Community
Services District**

**Kensington Fire
Protection
District**



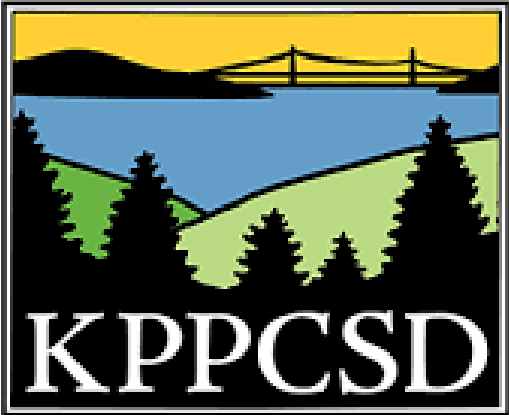
Project History



- **Individual District Fiscal Analysis Presentations:**
 - Aug 8, 2024 – KPPCSD
 - Sep 18, 2024 – KFPD

- **Subsequent Minor Revisions:**
 - KPPCSD: updated 2024 actual numbers
 - KFPD: several updated budget line items
 - Both Districts: updated CalPERS numbers (2023 actuarial reports and 2024 investment performance)

Kensington Police Protection and Community Facilities District



District Fiscal Analysis Summary

Fund-Level Overview



General Fund generates annual operating surplus



Police Fund runs operating deficit, covered by General Fund



Parks Fund runs operating deficit, covered by General Fund

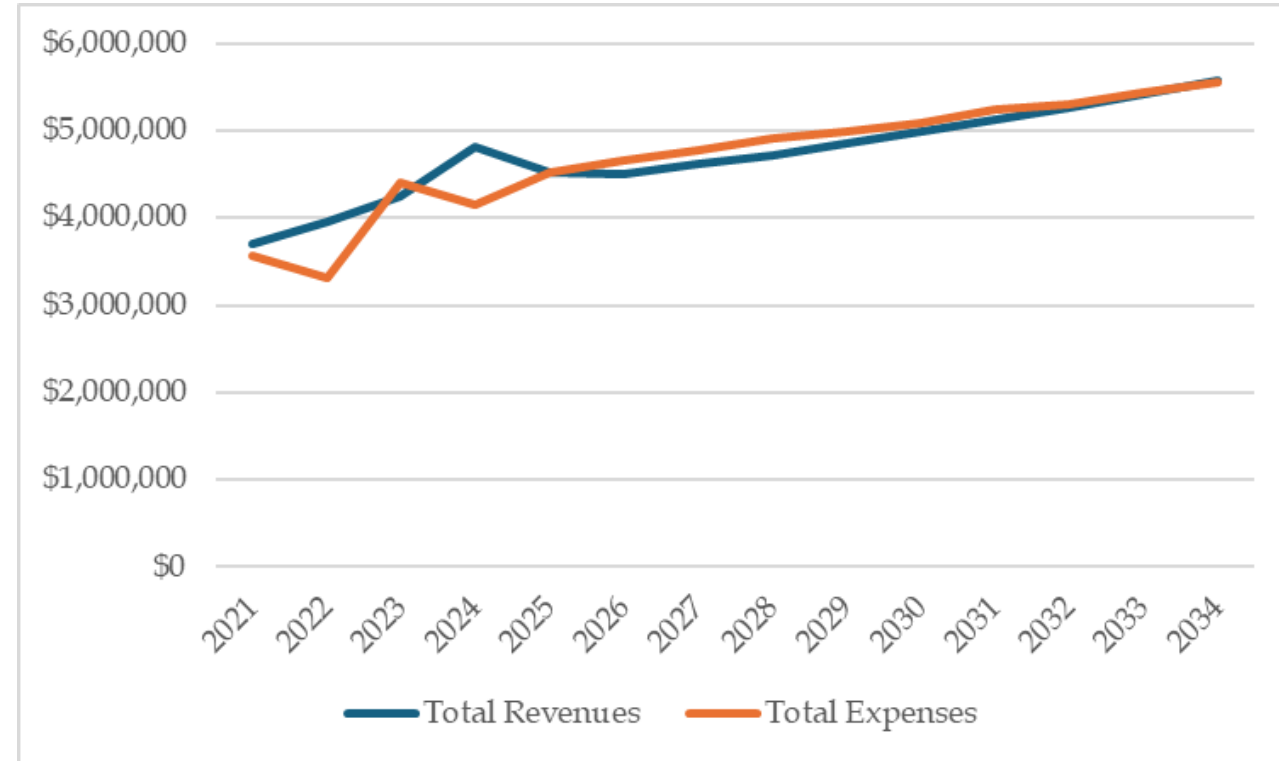


Waste Management Fund operates at long-term break-even

Net Operating Results



FYE		Total Revenues	Total Expenses [1]	Operating Results
2021	Historical	\$3,711,162	\$3,568,871	\$142,291
2022		\$3,963,101	\$3,312,977	\$650,124
2023		\$4,247,578	\$4,403,352	(\$155,774)
2024		\$4,817,277	\$4,157,832	\$659,445
2025	Projected	\$4,519,500	\$4,513,672	\$5,828
2026		\$4,506,575	\$4,663,189	(\$156,614)
2027		\$4,627,154	\$4,773,859	(\$146,705)
2028		\$4,721,381	\$4,902,889	(\$181,508)
2029		\$4,849,779	\$4,998,798	(\$149,019)
2030		\$4,982,740	\$5,080,220	(\$97,480)
2031		\$5,122,813	\$5,235,020	(\$112,206)
2032		\$5,266,287	\$5,303,739	(\$37,453)
2033		\$5,417,945	\$5,440,461	(\$22,516)
2034		\$5,574,164	\$5,558,882	\$15,282



Sources: KPPCSD and Ridgeline

[1] Includes capital outlay and debt service.

Key Conclusions



KPPCSD is projected to operate near break-even, while continuing to provide same level of services and facilities



Any major capital projects, expansion of services, and District building require additional funding (grants, assessments, bonds, etc.)

Kensington Fire Protection District

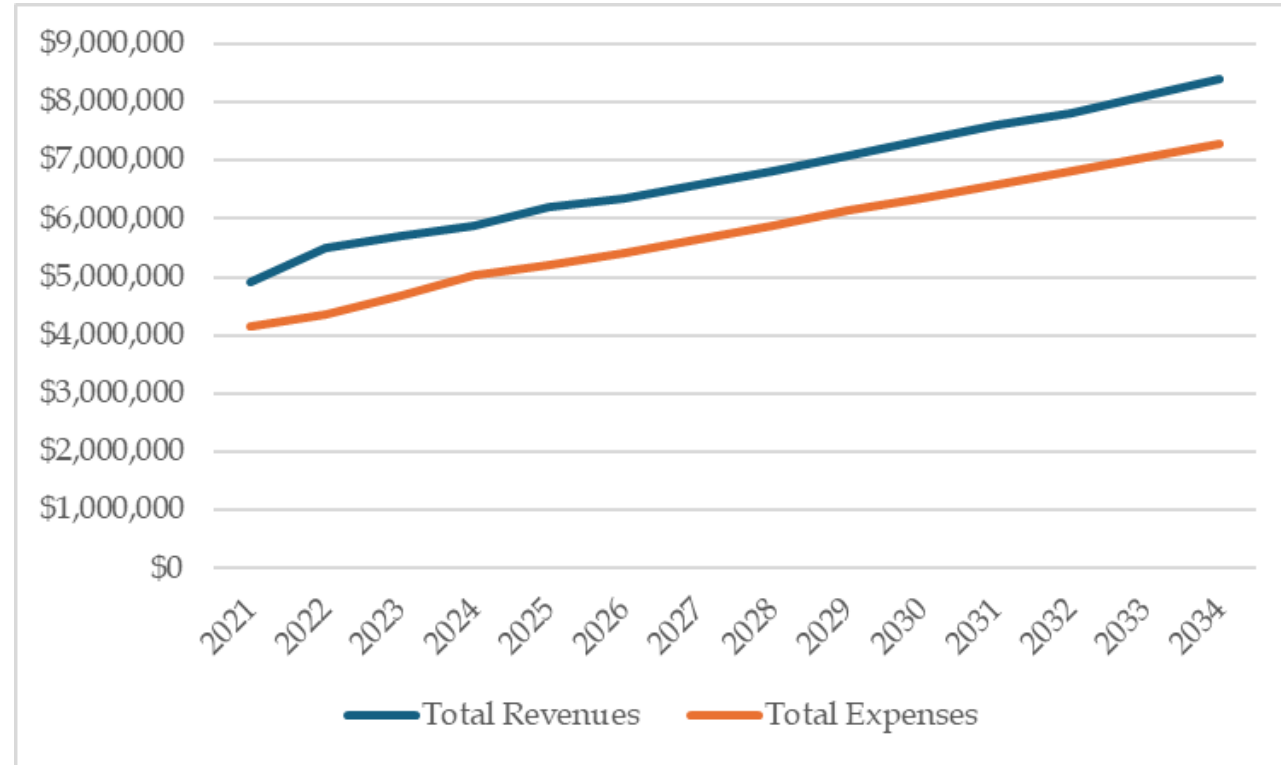


District Fiscal Analysis Summary

Net Operating Results



FYE		Total Revenues	Total Expenses [1]	Operating Surplus
2021	Historical	\$4,904,072	\$4,161,571	\$742,501
2022		\$5,491,596	\$4,344,327	\$1,147,269
2023		\$5,714,880	\$4,676,756	\$1,038,125
2024		\$5,888,721	\$5,037,260	\$851,461
2025	Projected	\$6,206,145	\$5,198,392	\$1,007,753
2026		\$6,354,094	\$5,414,941	\$939,153
2027		\$6,587,185	\$5,648,635	\$938,550
2028		\$6,827,343	\$5,874,018	\$953,324
2029		\$7,072,771	\$6,134,539	\$938,232
2030		\$7,327,950	\$6,336,399	\$991,551
2031		\$7,592,688	\$6,578,800	\$1,013,888
2032		\$7,808,410	\$6,816,189	\$992,221
2033		\$8,090,010	\$7,045,572	\$1,044,437
2034		\$8,382,075	\$7,271,987	\$1,110,088



Source: KFPD and Ridgeline

[1] Includes debt service, but excludes capital outlay.

Key Conclusions



KFPD is projected to generate consistent annual operating surplus of \$900,000 to \$1,100,000, while continuing to provide same level of services and facilities



The annual surplus provides substantial financial flexibility for services and capital projects

Kensington Consolidated District



Fiscal Study Summary

Fiscal Study Methodology / Assumptions



- No changes to services, facilities, agreements, and key assumptions
- Consolidation of administrative functions:
 - Costs adjusted for potential savings (annualized \approx \$141,000 in 2026 \$)
 - Consolidation costs (\approx \$56,000, incurred in 2025)
- No changes to Police, Parks, and Waste Management Funds
- Separate Fire Fund (split from KFPD General Fund)
- Consolidation date – 07/01/2026
- 9-year financial projections

Fund Structure



Police Fund



General Fund



Fire Fund



Parks Fund

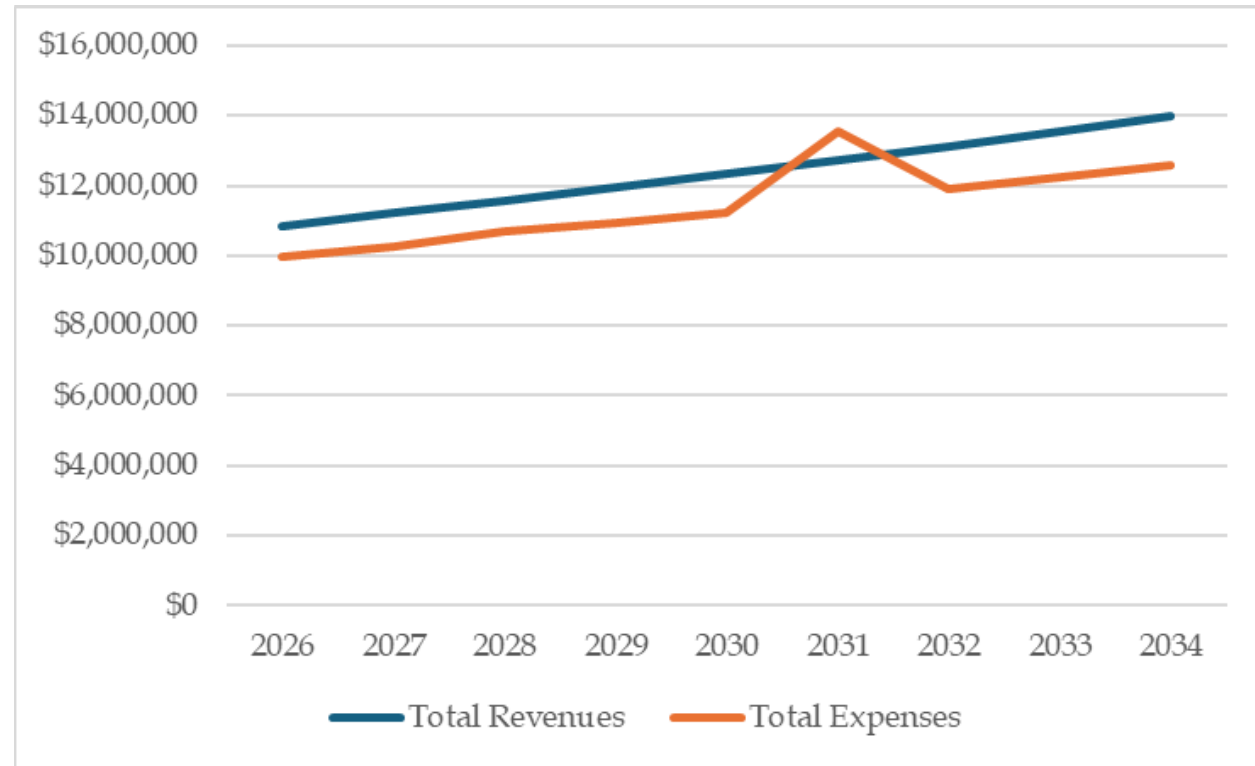


Waste
Management
Fund

Net Operating Results - Consolidated



FYE	Total Revenues	Total Expenses [1]	Operating Surplus
2026	\$10,858,989	\$9,956,015	\$902,974
2027	\$11,216,272	\$10,269,282	\$946,990
2028	\$11,555,311	\$10,703,062	\$852,249
2029	\$11,934,083	\$10,954,531	\$979,552
2030	\$12,327,932	\$11,231,442	\$1,096,490
2031	\$12,738,817	\$13,537,491	(\$798,674)
2032	\$13,104,928	\$11,905,533	\$1,199,395
2033	\$13,545,525	\$12,247,970	\$1,297,555
2034	\$14,002,079	\$12,584,777	\$1,417,302



Sources: KPPCSD, KFPD, and Ridgeline

[1] Includes capital outlay and debt service.

* Operating Results include fire vehicle / engine replacements in 2028 and 2031.

Net Operating Results Comparison



FYE	Independent Districts Projected Annual Net Cash Flow			Consolidated District	Difference
	KPPCSD	KFPD	Total	Projected Annual Net Cash Flow	
2026	(\$157,000)	\$939,000	\$782,000	\$903,000	\$121,000
2027	(\$147,000)	\$939,000	\$792,000	\$947,000	\$155,000
2028	(\$182,000)	\$869,000	\$687,000	\$852,000	\$165,000
2029	(\$149,000)	\$938,000	\$789,000	\$980,000	\$191,000
2030	(\$97,000)	\$992,000	\$895,000	\$1,096,000	\$201,000
2031	(\$112,000)	(\$917,000)	(\$1,029,000)	(\$799,000)	\$230,000
2032	(\$37,000)	\$992,000	\$955,000	\$1,199,000	\$244,000
2033	(\$23,000)	\$1,044,000	\$1,021,000	\$1,298,000	\$277,000
2034	\$15,000	\$1,110,000	\$1,125,000	\$1,417,000	\$292,000

Source: KPPCSD, KFPD, and Ridgeline

[1] All numbers rounded to nearest thousand.

Projected Fund Balances Comparison



FYE	Independent Districts Projected Ending Fund Balances			Consolidated District Projected Ending Fund Balance	Difference (Cumulative)
	KPPCSD	KFPD	Total		
2026	\$3,114,000	\$7,005,000	\$10,119,000	\$10,184,000	\$65,000
2027	\$2,968,000	\$7,944,000	\$10,912,000	\$11,131,000	\$219,000
2028	\$2,786,000	\$8,813,000	\$11,599,000	\$11,983,000	\$384,000
2029	\$2,637,000	\$9,751,000	\$12,388,000	\$12,963,000	\$575,000
2030	\$2,540,000	\$10,742,000	\$13,282,000	\$14,059,000	\$777,000
2031	\$2,428,000	\$9,825,000	\$12,253,000	\$13,261,000	\$1,008,000
2032	\$2,390,000	\$10,818,000	\$13,208,000	\$14,460,000	\$1,252,000
2033	\$2,368,000	\$11,862,000	\$14,230,000	\$15,758,000	\$1,528,000
2034	\$2,383,000	\$12,972,000	\$15,355,000	\$17,175,000	\$1,820,000

Source: KPPCSD, KFPD, and Ridgeline

[1] All numbers rounded to nearest thousand.

Key Expected Fiscal Outcomes



Annual Operating Surplus projected to increase \approx \$120-290k per year



Combined Reserve Balance projected to increase by \approx \$1.8m over 9 years



Permanent FT staff (GM, Finance / HR Manager, Public Safety Coordinator);
Reduced reliance on outside consultants



One Board = lower costs, more efficient workflows, streamlined governance



Consolidation of Community's tax dollars for greater funding flexibility

Other Expected Improvements



Greater operating efficiency and elimination of redundancy



Simplified Public Process



Easier Board Member Recruitment

Issues to Consider



One-Time Consolidation Costs \approx \$56k



Increased Board Responsibility



Potential Use of Surplus KFPD Funding for Other Activities



Fiscal Discipline

Recommendations



1. Districts should hold a Community Town Hall Meeting to present Fiscal Study findings.
2. Boards should review Fiscal Study and determine if consolidation is viable or if Districts should remain independent.
3. If a District determines that consolidation is not in its best interest, it should make that decision promptly, providing community with clarity on District's future status.
4. Boards should provide clear policy direction to staff on preferred approach to addressing fiscal issues identified in Fiscal Study.
5. District's joint working group should develop consolidation plan of action.
6. Once consolidation costs and governance structure are finalized, necessary agreements should be presented to Boards. Staff should then be directed to initiate application with LAFCO.

Questions?



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