



## KENSINGTON FIRE PROTECTION DISTRICT

October 18, 2023

**Agenda item:** Pause KFPD activities related to issuing an RFP for the fiscal analysis of the proposed “reorganization”. (Discussion and possible board action.)

**Purpose:** Allow the KFPD board at its next meeting to discuss topics and questions that have not previously been deliberated by the KFPD board, to include but not limited to:

1. Brainstorming, and determining, from the perspective of the Kensington Fire Protection District, what is the “Statement of the Problem” to frame the RFP, relative to the delivery of the KFPD’s mission-critical fire protection and emergency medical services.
2. Reviewing and discussing adopted LAFCO Municipal Service Review (MSR) options and recommendations for KPPCSD and KFPD that were not previously disclosed by the committee to the full board or to the public.
3. Discussing proposed updates to the DRAFT “Request for Fiscal Analysis” from KFPD board members Stein and Watt. (See, attached feedback from Directors Watt and Stein.)
4. Considering policy and operational items of concern that may be too detailed to include in the RFP, potentially by asking the KFPD General Manager to investigate and provide analysis or updates to the KFPD at a future KFPD board meeting.
5. Reviewing and discussing fire protection and emergency medical service delivery models for neighboring Bay Area communities located in hazard zones similar to or identical to Kensington.

## **1. Feedback (Jim Watt):**

The proposed financial analysis is broken down by three objectives. The following need to be modified before the two boards proceed with considering consolidation.

Objective I - A 5-year forecast is critical, but that forecast should be undertaken beforehand by the KPPCSD, their general manager and any consultants - like Bill Zenoni. The 5-year financial forecast should be adopted by the full board in a public meeting. The forecast should provide realistic estimates of a permanent 2,000 sq. ft. Kensington police facility constructed to meet seismic safety codes with parking for 7 police cars, staff and a handicap visitor. These estimates should be broken out by land acquisition, seismic studies, architectural services, site preparation, construction, FF&E, other necessary consultants and county approvals. Any costs for a new police facility exceeding available cash should carry financing at 7% interest (probably payable over 30 years) with annual debt service included in KPPCSD's 5-year budget - probably starting in the 4th year.

Objective II - This analysis should cover the cost/benefits of combining the two districts assuming mostly full time personnel with PERS benefits. Reserve set-asides should include 6 months reserves for El Cerrito fire services, reserves for fire engine and battalion chief vehicles (i.e. rolling stock) replacement; KPPCSD liquid cash reserves for officer and staff payroll until the county distributes property taxes in December; and reserves for Bay View use.

Objective III - The final analysis prepared by the consultant should be presented separately to each board for their review and approval. If approved by both boards, other necessary steps toward reorganization/consolidation, including development of the proposal to LAFCO for delivery of services, could proceed.

## 2. Feedback (Julie Stein):

- A. On the Fiscal Analysis RFP.
- B. On relevant policy and operational issues that the KFPD General Manager could investigate separately and inform the KFPD Board.

### A. Feedback on the Fiscal Analysis RFP:

1. Please add a “STATEMENT OF THE PROBLEM” to frame this analysis, which will add context and clarity to the purpose of seeking the analysis.
2. Please fully disclose **all** LAFCO recommendations or options cited from every Municipal Service Review that it has conducted and formally adopted that involves or references KFPD or KPPCSD. (See, Appendix A for a summary of all adopted MSR options and recommendations and Appendix B for source document links.)
  - Alternatively, do not reference **any** LAFCO recommendations as grounds for doing this analysis.
3. Ideally, to be objective and standardized, consider indicating that the fiscal analysis should encompass the standard and usual fiscal parameters in any LAFCO-commissioned MSR and include an assessment of the “before and after” impact of reorganization, both annually and per capita, on delivery of mission-critical services.
  - The districts exist solely for the purpose of delivering mission-critical services.
4. The period used in the fiscal analysis could be set at the discretion of the proposer, perhaps ranging from five to ten years (“analysis period”). The range of the analysis period is due to the largely undeveloped and costly tasks facing the KPPCSD to identify and potentially purchase a permanent location for the Kensington Police Department within Kensington’s physical boundaries, and to conduct all relevant studies associated with financing, building, or leasing an appropriate seismically compliant structure at that location or at a location within KPPCSD property.
5. Comments on the Objectives

#### *Objective 1 – Conduct a Fiscal Analysis of the KPPCSD and the KFPD.*

- The following should be **required** and not listed as an “e.g.”: The projected cost of KPPCSD’s requirement to secure a permanent police station located in Kensington to deliver police protection services to Kensington residents.
- The proposer should include an assessment or overview of prior MSR recommendations in their report as to whether they remain relevant or viable options for consideration noting potential implications as warranted.
- For each district, provide a full accounting and disclosure of the CalPERS and OPEB obligations and liabilities for the past and the future during the analysis period, including existing or required OPEB trusts and OPEB obligation estimates, and any unfunded accrued past and future pension liabilities.

- Given that the RFP already asks the proposer to analyze the cost of providing a permanent location in Kensington for the police department, consider adding:  
“An assessment of the opportunity cost versus benefit to both Districts, individually and combined, for:  
a) the KPPCSD using its own assets of buildings and land versus purchasing land and procuring a new structure; or  
b) the KPD sharing space in the Kensington Public Safety Building.”

*Objective II – No comment.*

*Objective III – Prepare a Report and Present the Fiscal Analysis.*

- Amend to request that the selected consultant will present the report separately to each board of the KPPCSD and KFPD and then, upon acceptance by each district board, to the public at a Public Townhall Meeting to be facilitated by the General Managers of each district.

**B. Feedback on relevant policy and operational issues that the KFPD General Manager could investigate separately and report back to the KFPD Board:**

1. The impact on the current and potential combined district of the KPPCSD’s recent policy decision to pursue withdrawal of its property tax revenue from the County in order to manage its revenue and financial transactions locally, including the impact on:
  - a. Whether the KPPCSD will still be included in the Teeter Plan, and
  - b. The cost of staffing for the KPPCSD to assume local administration of the finance functions that had been performed by the County, and
  - c. Any increased level of engagement of KPPCSD board members to implement local administration of district financial drawdowns from the County and regular payments for payroll and contracts, and
  - d. The impact on the level of cash reserves required to ensure year-round liquidity of the KPPCSD in a locally managed cash basis fiscal plan, and
  - e. Any impact on the overall management of fiscal risk when the KPPCSD withdraws its funds from the County, and
  - f. An assessment of how, under reorganization, this would impact the management of the dissolved KFPD funds that would be inherited by the KPPCSD and, in particular, the security to be able to pay the significant monthly obligation for the EI Cerrito contract fee when other unexpected or competing urgent payments arise.

2. An assessment of whether there will be a continued need for a KPPCSD Gann Appropriations Limit Ballot Initiative and how that would impact the spending limit for the funds that KPPCSD will inherit if the KFPD is dissolved:
  - The KPPCSD has placed an initiative on the ballot every four years since the early 1980's to increase the Gann Appropriations Limit, i.e., its per-person spending limit. Passage of each initiative has been deemed by the KPPCSD in its financial reports to be essential to the future viability of the District.
  - July 14, 2022 (Anthony Constantouros, Interim General Manager on Measure I): "If the measure should pass, it will set the District's appropriations limit through fiscal year 2026- 2027. **If the measure should fail the District will not be able to fully fund its operations.**"
  - The KFPD, as a financially viable independent special district, has never required a ballot initiative for an increase in its Gann Appropriations Limit.
  - See, below, for background on the recent KPPCSD Ballot Initiative (Measure I, November 2022 General Election):
    - ⇒ <https://www.kppcsd.org/files/11e5c407c/Item+04+Election+to+Establish+Appropriations+Limit.pdf>
    - ⇒ <https://votersedge.org/ca/en/election/2022-11-08/contra-costa-county/kensington-police-protection-and-community-services-district/measure/measure-i>
3. If feasible, an assessment of the borrowing capacity of each district individually assuming existing revenues and taxes, and whether a combined district would be fiscally stronger as a prospective borrower and be able to take on greater future borrowing than the total of what the two existing districts could take on as separate entities. (This is a question that a resident asked to be addressed.)

## **Appendix A: Summary of all MSRS conducted by LAFCO that reference KPPCSD or KFPD**

To my knowledge, the six Municipal Service Reviews (MSRs) that include or reference the KFPD or KPPCSD during the period from August 2009 to June 2021 are listed below with a summary of the recommendations related to reorganization: (See, Appendix B for links to source documents.)

### **June 9, 2021: Final Parks and Recreation MSR (Second Round) (KPPCSD)**

- Findings on governance structure, service delivery, or consolidation: None.

### **June 12, 2019: "City Services" MSR & SOI Study (2nd Round) (KPPCSD)**

- Findings on governance structure, service delivery, or consolidation: None.

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**August 10, 2016: Fire/EMS MSR (2nd Round) (KFPD)**

- Findings on governance structure, service delivery, or consolidation: None.

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**August 10, 2011: Law Enforcement Services MSR (KPPCSD)**

- Findings on governance structure, service delivery, or consolidation: The status quo should remain.
  1. The consolidation of Kensington Fire Protection District (KFPD) and Kensington Police Protection and Community Services District (KPPCSD) was identified in two previous LAFCO MSRs, i.e., in 2009. At the time, the KPPCSD was having significant fiscal issues. Subsequently, KPPCSD successfully passed a special tax to remedy (at least in the short-term) their fiscal crisis. Consolidation of these two districts is still a governance/boundary option. However, until such time as the residents of Kensington are unwilling to fund high-level police and fire protection services, the status quo should remain.

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**November 18, 2009: West County Sub-Regional MSR (KPPCSD)**

- Findings on governance structure, service delivery, or consolidation: (summary)
  1. Annexation [of KPPCSD] into the City of El Cerrito could provide further options for maintaining future levels of service in light of the District's revenue constraints.
  2. Consolidation of KFPD with the KPPCSD is an option identified in the Fire and Emergency Medical Service Providers MSR (August 2009). Consolidation of KFPD with KPPCSD could streamline local government, and offer cost saving opportunities to the community by providing more options on allocating local property tax dollars spent on fire, emergency medical services, law enforcement, and other services.
    - a. It is likely that the property tax collected by the KFPD would be transferred to the KPPCSD, should those districts be combined. Further, it is likely that if the KPPCSD were to begin providing fire protection services after such a combination, its KPPCSD Board of Directors probably would have the authority to allocate those transferred revenues in its sole discretion. Restriction of the use of such revenues exclusively for fire protection purposes might be accomplished by the formation of a zone within the CSD or by special legislation.
  3. For the [KPPCS] District to explore future contracts for service provision by other agencies; for instance, contracting police services to the City of El Cerrito.

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**August 12, 2009: Fire and Emergency Medical Services MSR (KFPD)**

- Findings on governance structure, service delivery, or consolidation: (summary)

1. Annexation of territory served by KFPD at the EBMUD reservoir is a government structure option. The affected area is in a very high fire hazard severity zone.
2. Consolidation of KFPD with the Kensington Community Services District (KCSD) is an option. Consolidation of KFPD with KCSD would streamline local government. Currently, KCSD is reported to face financing challenges in delivering adequate law enforcement services to the community. Consolidation would offer opportunities to the community in exercising greater control over the share of local property tax dollars spent on fire, EMS, law enforcement and other services.
3. Consolidation among west county fire providers is an option to improve the efficiency of service areas, promote facility-sharing and improve service levels. This option has been entertained in the past, but encountered opposition from the cities of Richmond and El Cerrito.

## **Appendix B: Municipal Service Review (MSR) Source Document links**

### **June 9, 2021: Final Parks and Recreation MSR (Second Round) (KPPCSD)**

[https://www.contracostalafco.org/municipal\\_service\\_reviews/parks-and-recreation-services/Final%20Parks%20and%20Recreation%20Services%20MSR%20-%20June%202021.pdf](https://www.contracostalafco.org/municipal_service_reviews/parks-and-recreation-services/Final%20Parks%20and%20Recreation%20Services%20MSR%20-%20June%202021.pdf)

### **June 12, 2019: "City Services" MSR & SOI Study (2nd Round) (KPPCSD)**

[https://www.contracostalafco.org/municipal\\_service\\_reviews/City-Services/City%20Services%20MSR%20Final%20Adopted.pdf](https://www.contracostalafco.org/municipal_service_reviews/City-Services/City%20Services%20MSR%20Final%20Adopted.pdf)

### **August 10, 2016: Fire/EMS MSR (2nd Round) (KFPD)**

[https://www.contracostalafco.org/municipal\\_service\\_reviews/fire\\_and\\_emergency\\_medical\\_services/FireEMS%20MSR%20Final%20Report%20with%20Attachments%208-10-16.pdf](https://www.contracostalafco.org/municipal_service_reviews/fire_and_emergency_medical_services/FireEMS%20MSR%20Final%20Report%20with%20Attachments%208-10-16.pdf)

### **August 10, 2011: Law Enforcement Services MSR (KPPCSD)**

[https://www.contracostalafco.org/municipal\\_service\\_reviews/law\\_enforcement/Final%20Law%20Enforcement%20MSR.pdf](https://www.contracostalafco.org/municipal_service_reviews/law_enforcement/Final%20Law%20Enforcement%20MSR.pdf)

### **November 18, 2009: West County Sub-Regional MSR (KPPCSD)**

[https://www.contracostalafco.org/municipal\\_service\\_reviews/west\\_county\\_sub-regional/WestCountySubregionalMSR\\_Final.pdf](https://www.contracostalafco.org/municipal_service_reviews/west_county_sub-regional/WestCountySubregionalMSR_Final.pdf)

### **August 12, 2009: Fire and Emergency Medical Services MSR (KFPD)**

[https://www.contracostalafco.org/municipal\\_service\\_reviews/fire\\_and\\_emergency\\_medical\\_services/CoCo%20Fire%20MSR%20Master%20-%20FINAL.pdf](https://www.contracostalafco.org/municipal_service_reviews/fire_and_emergency_medical_services/CoCo%20Fire%20MSR%20Master%20-%20FINAL.pdf)