

# Kensington Community Services District Plan for Services

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# Executive Summary (to be completed)

## Background and Setting

### Legal Context

#### Applicable Law

This application is being submitted pursuant to the Cortese-Knox-Hertzberg Act, Government Code section 56000 et seq. This application is submitted by the Board of Directors of the Kensington Fire Protection District (KFPD) and the Board of Directors of the Kensington Community Services District (KCSD). The KFPD is enabled under the Fire Protection District Law of 1987 (Health & Safety Code 13800 et seq.), and the KCSD is enabled under the Community Services District Law (Government Code 61000 et seq.)

#### Environmental Documentation

The proposed reorganization is Categorically Exempt from CEQA pursuant to 14 CCR 15320. Class 20 consists of changes in the organization or reorganization of local governmental agencies where the changes do not change the geographical area in which previously existing powers are exercised.

#### Summary of Proposed Reorganization

As agreed by the two applicant agencies and indicated in the Resolutions of Application included in this application, the KCSD proposes to activate its latent powers to provide fire protection, rescue, hazardous materials emergency response and emergency medical services and other services (fire services), annex the entirety of the territories and assume the duties of the Kensington Fire Protection District, following which, KFPD would be dissolved.

#### Proposed Reorganization Conditions

1. Successor Agency. Effective September 1, 2025, and contingent upon Contra Costa County LAFCo's final and complete approval of the dissolution of the Kensington Fire Protection District and the Kensington Community Services District's assumption of the duties and obligations of the Kensington Fire Protection District (the "Effective Date"), Kensington Community Services District shall be the successor to Kensington Fire Protection District. Upon the Effective Date, all rights, responsibilities, properties, contracts, assets and liabilities, and functions of the Kensington Fire Protection District are to be transferred to the Kensington Community Services District as the successor to the Kensington Fire Protection District.
2. Maintenance of Reserve Accounts. KCSD shall maintain the reserve accounts presently maintained by KFPD, including a capital outlay reserve for future rolling stock purchase and an El Cerrito contract projected 50% reserve.

3. Employees. No employees of KFPD will become employees of the successor KCSD.
4. Retiree Health. From and after the Effective Date, the KCSD, as the successor agency, shall ensure that all retirees of the KFPD who retired prior to the Fire Protection Services Agreement with the City of El Cerrito continue to receive the same healthcare benefits, including medical, vision, and dental insurance, to which they were entitled prior to reorganization.
5. Latent Powers. Subject to LAFCO approval, KCSD's powers to perform the Fire Services shall automatically activate within the KCSD territory on the Effective Date, so that on the Effective Date, KCSD will provide the Fire Services previously provided by KFPD, subject to Contra Costa County LEMSA regulation and oversight and subject to existing agreements.
6. Revenue Transfer. Upon completion of the LAFCO proceedings and the recording of the LAFCO Certificate of Completion, KCSD shall levy, collect, track, expend and administer all revenue, income, and previously authorized charges, fees, assessments, funds, and taxes currently in effect, levied, or collected by KFPD, including, but not limited to, property and other taxes in accordance with the authorizing actions of such financial mechanisms.
7. Board of Directors. On the Effective Date, KCSD's Board of Directors shall be expanded to eleven total members, in accordance with Government Code 61030(a). The Board will be composed of all five current Directors of KFPD and all five current Directors of KCSD. The eleventh member shall be elected or appointed pursuant to Government Code section 1780 and shall serve until the 2026 general election. In 2026, the terms of seven of the eleven members will expire, and only three of those seven offices shall be available for election, reducing the Board size to seven members. In 2028, the terms of four members will expire, and only two of those offices shall be available for election, permanently reducing the Board size to five members.
8. Standing Committees. The standing committees of KFPD entitled "The Finance Committee" and "The Emergency Preparedness Committee" shall continue in existence under KCSD with the membership of those committees to be determined by the full Board of Directors of KCSD following the reorganization.
9. Property Rights. The Reorganization does not change the rights the Kensington Fire Protection District had in the lands in its respective territory immediately prior to the Reorganization. Those rights run with the land and will become KCSD rights as the successor agency. All KFPD property, whether real or personal, shall be transferred to KCSD.
10. Use of Funds. KCSD will ensure all funds received from the Kensington Fire Special Tax derived from the territories of the former KFPD are accounted for and expended within the geographic areas they were derived from, in compliance with applicable statutes and regulations.
11. Preservation of Fund Balances. KFPD will ensure all personnel-related expenses impacting the use of fund balance or reserve funds, beyond those approved prior to the date of this Resolution, are mutually agreed upon with KCSD prior to expending those funds.
12. Fire Station 65. KCSD shall operate the facility in accordance with the existing Fire Protection Services Agreement between KFPD and the City of El Cerrito.
13. Organizational Structure and Bylaws. Upon reorganization, KCSD's Board of Directors shall adopt a mission statement and objectives as part of its organization structure or bylaws.

# History of the Reorganizing Districts

## Kensington Fire Protection District

The KFPD was formed on May 5, 1928 as an independent special district. The District was formed to provide fire suppression services in the community of Kensington. The principal act that governs the District is the Fire Protection District Law of 1987. The existing Sphere of Influence (SOI) for KFPD is coterminous with its boundaries; hence, it also excludes the EBMUD reservoir. The SOI for KFPD was adopted in 1984 to include an annexable area west of the District, consisting of the Sunset View Cemetery. The SOI was amended by LAFCO in 2000 to “include affected territory” in the Sunset View/Newman Annexation.

There have been five boundary changes for KFPD since formation in 1928, according to State Board of Equalization (BOE) records, four of which occurred in the pre-LAFCO period. The Contra Costa LAFCO record for KFPD contains a single annexation, the Sunset View/Newman Annexation of 2000. The annexation added 40-acres to the west of the District, consisting primarily of the Sunset View Cemetery, located at the intersection of Franciscan Way and Sunset Drive in the community of Kensington.

The district’s current boundaries extend north of the Contra Costa-Alameda county line along Arlington Avenue, to just north of the intersection of Arlington Avenue and Highland Boulevard, and west from Wildcat Canyon Regional Park to west of the Sunset View Cemetery. The boundary area excludes the East Bay Municipal Utility District (EBMUD) reservoir located west of Grizzly Peak Blvd. and south of Beloit Ave. The District has a boundary area of approximately 612 acres, about 1 square mile, with 2,187 parcels and an estimated 2023 population of 5,428 people.

On August 7, 1995, the District entered into an Agreement for Services with the City of El Cerrito for fire services. Since then, the agreement has been amended four times and its current term extends through June 30, 2030. Under the terms of the agreement, the City provides all fire protection and emergency services within the District boundary in exchange for an annual service fee. The Kensington fire station, fire apparatus, and all equipment are owned by the District and leased by the City for \$1.00 per year. The District is responsible for maintaining the fire station, while the City maintains the apparatus and equipment.

## Governance

The District has a five-member governing body. Board members are elected at large to staggered four-year terms. The Board oversees a General Manager, sets general policies, and approves the budget. The El Cerrito Fire Chief is responsible for administrative and daily operations of the provision of all fire services per the district’s contract with the City of El Cerrito.

## District Services

Under the terms of the contract with the City of El Cerrito, the City provides all fire protection and emergency services within the District boundary in exchange for an annual service fee. The scope of these services includes:

- Fire protection and fire prevention
- Voluntary home safety inspections
- Hazardous materials services
- Paramedic and emergency medical services
- Fire code enforcement
- Arson investigations
- Building plan reviews
- Public education
- Various support services, including supervision, dispatching, training, maintenance of buildings, grounds and equipment, staff support and supplies procurement
- Financial and administrative services necessary for communications with appropriate agencies, including the County
- Weed, brush, and flammable materials abatement, including notices to residents and property owners, enforcement of abatement standards, and actual physical abatement of weed, brush, and flammable materials
- Annual fire hydrant inspection

The City provides the services with City staff, with the goal of one three-person engine company operating out of the District's fire station at all times. To provide for adequate supervision and staffing, the City is required to use its best efforts to staff the District with the following categories of fire personnel:

- One battalion chief
- Three fire captains
- Three fire engineers
- Three firefighters

Ambulance transport (ALS) is provided in the district by Contra Costa County Fire Protection District in partnership with American Medical Response, Inc. (AMR).

## Organizational Structure

The District currently employs two part-time positions, a General Manager and an Executive Assistant/Board Clerk and utilizes consultants for Emergency Preparedness and Accounting functions..



## Kensington Community Services District

The KCSD is an independent special district that provides police protection, waste collection, and park services to the unincorporated community of Kensington. KCSD was formed in 1946 as the Kensington Police Protection District, which was re-organized in 1953 under Government Code Section 61600 as the Kensington Community Service District. In 1955, the District, by vote of the electorate, expanded its services to include park and recreation services. In 1979, voters approved adding trash collection and disposal. In 1995, voters approved changing the name of the District to Kensington Police Protection and Community Services District. On March 13, 2025 the District Board of Directors voted to change the name of the District to Kensington Community Services District.

The district's current boundaries extend north of the Contra Costa-Alameda County line along Arlington Avenue, to just north of the intersection of Arlington Avenue and Highland Boulevard, and west from Wildcat Canyon Regional Park to west of the Sunset View Cemetery. The boundary area includes the EBMUD reservoir located west of Grizzly Peak Blvd. and south of Beloit Ave. Its SOI is coterminous with the District's boundary. The District has a boundary area of about one square mile, with 2,188 parcels and an estimated 2023 population of 5,428 people.

## Governance

The District has a five-member governing body. Board members are elected at large to staggered four-year terms. The board elects one of its members to serve as Board President and one to serve as Board Vice President at the end of each calendar year. The Board oversees a General Manager, sets general policies, and approves the budget.

## District Services

### Police Protection Services

Police protection services are operated out of the District's police facility in El Cerrito. There are currently 10 law enforcement positions funded by the District's annual budget. The District operates under Penal Code Part 2, Title 3, Chapter 4.5, and provides a full range of police services. The District provides a full-service, sworn officer police force of a Chief of Police and nine officers, providing 24/7 law enforcement protection to the community. The District maintains all criminal activity statistics and provides a summary of monthly activities including officer actions, patrol activities and response times at the Board of Director's monthly public board meeting. Recently, the District conducted a community survey that includes resident input on police services.

### Parks and Recreation Services

The District provides park and recreation services, including maintaining and managing park and recreational facilities and buildings. The District owns a 10-acre park, which contains three buildings used by the public, tennis courts, basketball courts, picnic areas, and a children's playground. The District contracts out for both park and facility maintenance. The District manages the grounds and facilities, as well as books rentals at the Community Center. Recreation programs, which include the Kensington After School Enrichment Program and Summer Day Camp, are managed by the Kensington Community Council, a private nonprofit organization. Administrative services such as fee collection and contracts are also managed and provided by the District. The District provides one part-time staff member (Administrative Assistant/Park Coordinator) for recreation services. Recreation programs are managed by a non-profit volunteer organization, the Kensington Community Council, and use the District's facilities.

### Waste Management Services

Since Kensington is an unincorporated community, the County is ultimately responsible for solid waste collection and disposal. However, the District is authorized and empowered by State of California Community Services District Law, California Government Code section 61000 et seq., to collect and dispose of waste and garbage. The District contracts with Bayview Refuse and Recycling Services to provide waste collection and disposal service via a franchise agreement with the District. The current franchise agreement will expire in 2026.

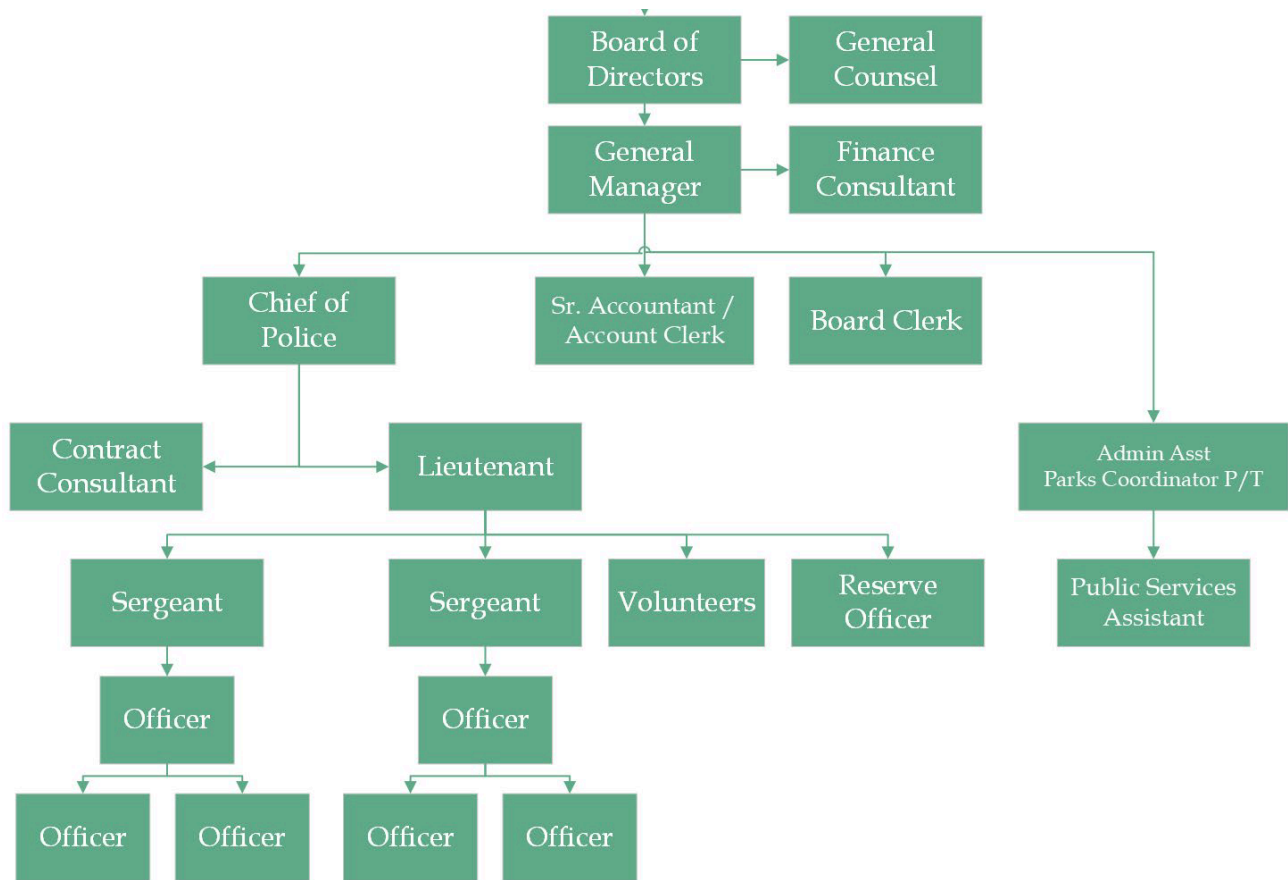


The District's General Manager oversees the contract to provide solid waste and recycling services to the District. The Solid Waste Coordinating Committee is a five-member committee consisting of representatives from the County, the District Board of Directors, the County Board of Supervisors, the contracted service provider, and the General Manager of the District. The District is currently in compliance with AB 939 and AB 341, the State Legislation mandates that all agencies/cities divert at least 50% of their waste stream from the landfill and report on source reduction and recycling. In addition, pursuant to SB 1383 the District has initiated organic waste collection services. The District does not provide staff for waste management services, and operations are overseen by the General Manager.

Other municipal services within the Kensington community are provided by Contra Costa County, special districts, and other entities, including the East Bay Municipal Utility District (water) and Stege Sanitary District (wastewater).

## Organizational Structure

The District employs several part-time positions including General Manager, Senior Accountant/Account Clerk, Board Clerk, Administrative Assistant/Park Coordinator and Public Services Assistant. In addition, the District employs 10 full time sworn police officers including a Chief of Police and nine officers as well as an unpaid reserve officer and volunteers. The District also contracts for legal and financial services and police support.



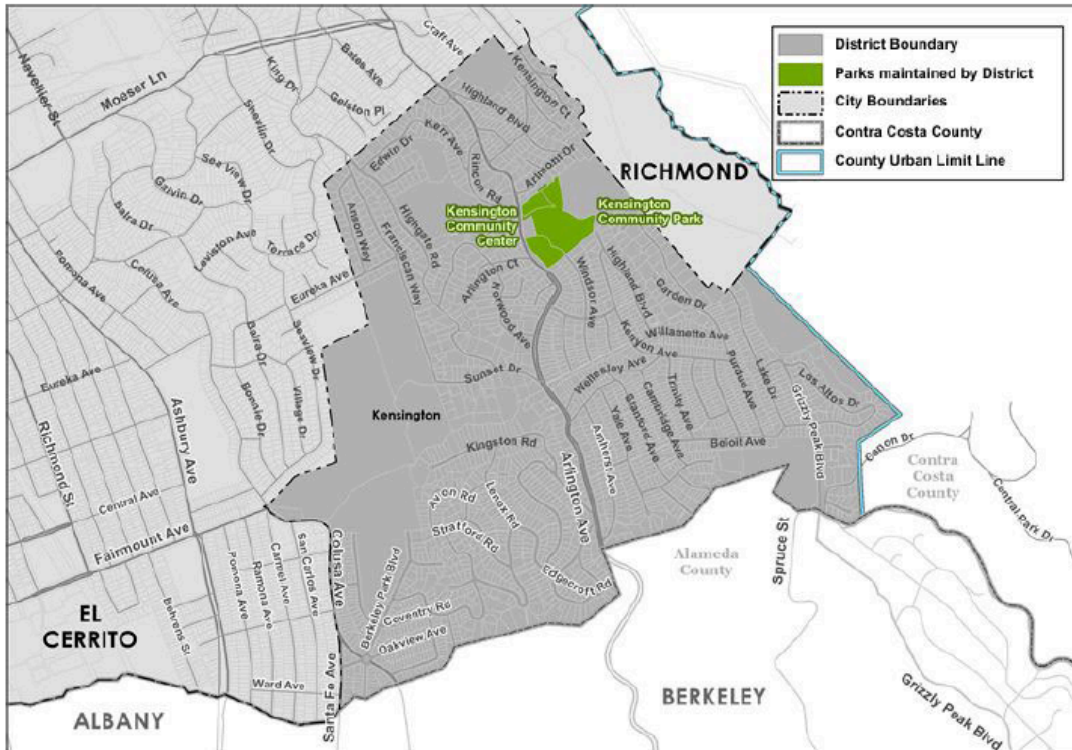
## Proposed Annexation Territory Description

### Boundaries and Sphere of Influence

The District encompasses approximately one square mile. The District is located in west Contra Costa County, bordered by the cities of Berkeley, Albany, El Cerrito, and Tilden Park. The District serves the Kensington community, which is an unincorporated area, located south of the City of El Cerrito. Land uses within the District include primarily residential, with some commercial, open space, churches, and institutional uses. Residential areas are located throughout the District and consist primarily of single-family residences, at five to seven units per net acre. Commercial areas are located in two distinct areas, in the southwestern portion of the District on Colusa Avenue, and in the south of the District along Arlington Avenue. Open space consists of the approximately 81-acre Sunset View Cemetery facility, located in the western portion of the District. Institutional uses primarily consist of school-related facilities, including the Blake House and Botanical Garden, owned by the University of California. The District's SOI is coterminous with the District boundaries.

The Kensington community is also located within the City of El Cerrito's SOI.

The following image shows the district boundaries of the KCSD. The boundaries of the KFPD are identical with one parcel difference, the EBMUD reservoir, shaded in cross-hatch. Upon reorganization, the boundaries of the KCSD would be the same as before.



### Topography

The district's topography is steep, with canyons and swales, and contains many roads which are narrow.

### Population and Growth

Kensington is a special district serving primarily residential uses and two small business areas. Kensington consists of approximately 1 square mile, with approximately 5,400 residents living in the District. Significant growth is not expected, as limited vacant area is available for development within the District. The projected population growth rate from 2008 to 2030 is 2%, which is substantially lower than the countywide projected growth of 20% over that period. Future growth is expected to consist of limited infill opportunities. There are no planned or proposed developments in the community. The District is not a land use authority, and does not hold primary responsibility for implementing growth strategies.

# Justification

## Administrative Economies of Scale

The combined district can support multiple full-time administrative roles, including General Manager and Finance/Human Resources Manager. The current separate districts support only part-time staff which limits the services that can be provided. Moreover, independent fiscal analysis determined:

- Annual Operating Surplus: The reorganization is projected to increase the estimated annual operating surplus in each year of the nine-year projection period by approximately \$120,000 to \$290,000, primarily due to economies of scale and the elimination of redundant costs.
- Higher Reserve Balances: As a result of the annual operating surplus increases, the total reserves of the Reorganized District are projected to grow by an additional \$1.8 million over the nine-year projection period, as shown in Table 2 on the following page.
- More Efficient and Cost-Effective Staffing Structure: The Reorganized District is expected to be able to afford and attract permanent full time staff, including a General Manager, a Finance / HR Manager, and a Public Safety Coordinator. This would reduce the reliance on outside consultants for many accounting, finance, and operational tasks.
- One Board of Directors: Consolidating two Boards of Directors into one is expected to result in cost savings (factored into the annual surplus increase mentioned above) and potentially more efficient workflows for the Reorganized District staff. It would also provide a more streamlined municipal governance structure for the Kensington community.
- Consolidation of Community's Resources: Combining the community's tax dollars within one organization will allow for greater flexibility in directing funding where it is needed most, potentially without requiring additional taxes.
- Operating Efficiency: Consolidating the resources of the two Districts is expected to enhance operating efficiency by eliminating redundant business processes and software systems.
- Simplified Public Process: A single Board of Directors is likely to simplify the local municipal governance structure, making it easier for the community to engage and participate, and thereby increasing transparency. Additionally, with two separate Boards, it is more difficult to gather community input, identify common priorities, and discuss and address joint issues. A unified organization representing the community of Kensington will provide the public and other agencies with a single point of contact and connection.
- Board Member Recruitment: Many local government agencies are finding it increasingly difficult to fill director positions. Having one Board will likely make attracting sufficient high-quality directors easier.

## Enhanced Standardization and Coordination

Operational policies and procedures will become consistent and standardized under

one organization. Emergency preparedness and evacuation planning will be coordinated between police and fire functions within one organization as well as more clearly defined for the community served by both. Operational and large incident management will be standardized under the single organization's leadership and emergency management goals and objectives. Responses to incidents, currently at varying levels based on each agency's own service policies, will become standardized to meet a single standard for deployment.

## Service Efficiency

Combining districts will increase both the effectiveness and efficiency of service delivery and administrative functions through shared resources. Each of the districts has somewhat similar administrative support positions; however, the challenge often faced by smaller districts is the necessity of individuals to serve in multiple capacities. An advantage to combining districts will be increased administrative and support services available to the combined organization (e.g., information technology, human resources, finance, contracts and service/supply management, etc.).

## Cost Savings

Cost savings in combining the districts will be achieved through reduced redundancy of certain administrative and support functions in the areas of finance and accounting, legal services, emergency preparedness, and by combining technology infrastructure and other administrative functions. Additional cost savings will be realized from the elimination of certain contracted services.

# Plan and Description of Services

## Current Service Delivery Levels

### Service and Staffing Overview

The Kensington Community Services District (KCSD) has 15 paid positions:

- 3.5 positions within the Administration department:
  - General Manager (part time);
  - Senior Accountant (part time);
  - Clerk of the Board (part time); and
  - Administrative Assistant – shared with Parks and Recreation (part time).
- 1.5 positions within the Parks and Recreation department:
  - Parks Coordinator – shared with Administration (part time); and
  - Public Services Assistant (part time).
- 10 positions within the Police Department (all full time):
  - Chief of Police;
  - Lieutenant;

- Sergeants (2); and
- Officers (6).

In addition to the paid positions, the District utilizes a part time consultant, a reserve officer, and volunteers within the Police Department.

The Kensington Fire Protection District currently has two paid positions:

- General Manager (part time);
- Executive Assistant / Board Clerk (part time).

On the fire services side, the Fire Chief of the City of El Cerrito (the “City”) is also the fire chief of the District. The District’s fire station is staffed by the employees of the City.

### Dispatch/Communications

The KCSD contracts with the City of Albany for dispatch for both emergency and non-emergency police services. The District also provides a separate business phone number for contacting staff during work hours.

The Kensington Fire Protection District (KFPD) contracts with the City of El Cerrito for Fire Services. Dispatch is centralized through Contra Costa Fire Protection District.

### Facilities

The KCSD rents a modular facility at 10940 San Pablo Ave in El Cerrito, which houses the police department and administrative staff.

The KFPD is located in the Public Safety Building at 217 Arlington Avenue in Kensington that serves as a fire station and administrative offices.

### Apparatus & Vehicles

KCSD currently owns eight police vehicles and is planning to add another vehicle in 2026.

**Kensington Police Protection and Community Services District  
Fleet Inventory and Replacement Schedule**

No.	Description	Year Acquired	Asset Life	Replacement Year	2024 Mileage	Status	Annual Pmt	Monthly Pmt	Last Pmt	Replacement Cost
1401	Patrol Vehicle [1]	2014	12	2026	81,000	Owned	\$0	\$0	n/a	\$0
1501	Patrol Vehicle	2014	12	2027	67,000	Owned	\$0	\$0	n/a	\$75,000
2101	Patrol Vehicle [2]	2021	10	2029	70,000	Leased	\$13,238	\$1,103	Nov-25	\$75,000
2102	Patrol Vehicle [2]	2021	10	2030	38,000	Leased	\$13,238	\$1,103	Nov-25	\$75,000
2103	Patrol Vehicle [2]	2021	10	2031	41,500	Leased	\$13,238	\$1,103	Nov-25	\$75,000
2201	Patrol Vehicle	2022	10	2032	28,750	Leased	\$15,600	\$1,300	Nov-27	\$75,000
2301	Patrol Vehicle	2023	10	2033	1,500	Owned	\$0	\$0	n/a	\$75,000
2302	Patrol Vehicle	2023	10	2034	5,000	Leased	\$10,858	\$905	Nov-28	\$75,000
2601	Patrol Vehicle	2026	10	2036	n/a	Leased [3]	\$18,249	\$1,521		\$75,000
<b>Total</b>							<b>\$84,421</b>			<b>\$600,000</b>

KFPD owns two fire engines, one specifically engineered for the steep, narrow streets of Kensington and the other a "Type III" (wildland) engine for use during high fire season, as well as a command vehicle.

**Kensington Fire Protection District  
Fleet Inventory and Replacement Schedule**

#	Vehicle Description	Year Acquired	Asset Life	Replacement Year	Status	Replacement Cost
1	Ford Expedition Command Vehicle	2020	8	2028	Owned	\$75,000
2	Hi-Tech - Type I Engine	2016	15	2031	Owned	\$1,570,000
3	Hi-Tech Wildland Pumper - Type III Engine	2021	15	2036	Owned	\$700,000
<b>Total</b>						<b>\$2,345,000</b>

### Automatic and Mutual Aid

All agencies participate in local automatic aid agreements.

### Public Outreach/Education

All agencies provide public education in various forms based on their current staffing and organization. KFPD utilizes an Emergency Preparedness Coordinator through a consulting contract and has robust public education programs emphasizing: the use of FireWise® defensible space, hazard reduction, and community information.

KCSD distributes a quarterly Newsletter to all residents as well as conducts surveys to seek input from residents on the provision of services and general feedback on District activities. The Kensington Police Department uses social media to engage with the public and holds periodic officer meet and greets.

## Proposed Service Delivery Plan

### Service Overview

Under a reorganized district the same services currently provided by the KCSD and the KFPD would be continued. As such this plan for services draws heavily from municipal service reviews conducted of the individual agencies.

The KCSD would provide police protection, waste collection, park services, and fire services to the unincorporated community of Kensington. The KCSD consists of approximately one square mile in west Contra Costa County, bordered by the cities of Berkeley, Albany, El Cerrito, and Tilden Park. The District is located in the community of Kensington, which is an unincorporated

area located south of the City of El Cerrito. Its Sphere of Influence (SOI) is coterminous with the District's boundary. According to the latest census, population within the District is 5,428<sup>1</sup>.

## Staffing and Administration

Staffing will be unchanged for fire and police positions. Administrative support and emergency preparedness services functions will be strengthened with the change of part-time and/or contracted staff to full-time positions. Finance and Human Resources functions would be standardized in the combined district with improved human resources support.



## Dispatch/Communications

There would be no changes to dispatch and emergency communications.

## Level of Demand

The demand for services is anticipated to be unchanged by the combining of districts; however, the combined district will be more effective in coordinated efforts for evacuation planning and preparedness which it is anticipated that the community will expect.

<sup>1</sup> <https://www.census.gov/quickfacts/kensingtoncdpcalifornia>



## Automatic and Mutual Aid

The combined, larger organization would continue to support automatic and mutual aid commitments at the local level.

## Public Outreach/Education

Public education and public information services would be provided by an internal staff position of the combined district rather than contracted with a consultant. Public outreach includes support for FireWise® community groups, established Community Emergency Response Teams, civic groups and other organizations that support a public safety mission.

## Apparatus, Vehicles, and Maintenance

The inventory of apparatus and vehicles would remain unchanged in the combined district. KFPD's rolling stock is maintained by the City of El Cerrito as a component of the contract for fire services which would remain unchanged in the combined district. KCSD outsources its vehicle maintenance to Ford dealerships, which would remain unchanged in the combined district.

## Fire Prevention

Fire prevention and fire investigations will be provided with the current KFPD staff through the contract with the City of El Cerrito.

## Infrastructure Needs/Planned Improvements

While the KCSD is expecting to undertake, in the next several years, the development of a permanent building, it currently operates from a rented facility in El Cerrito which will continue in the combined district until and unless an alternative is determined. Several project options have been considered and analyzed over the years. Four key alternatives that the new board may evaluate given the expansion of resources in the combined district:

- Remain at the Current Location;
- Modular Building at District-Owned Land;
- Permanent Building at District-Owned Land; and
- Move some portion of service into the Kensington Public Safety Building.

## DISTRICT PLANNING BOUNDARIES AND GROWTH

### **District Boundaries**

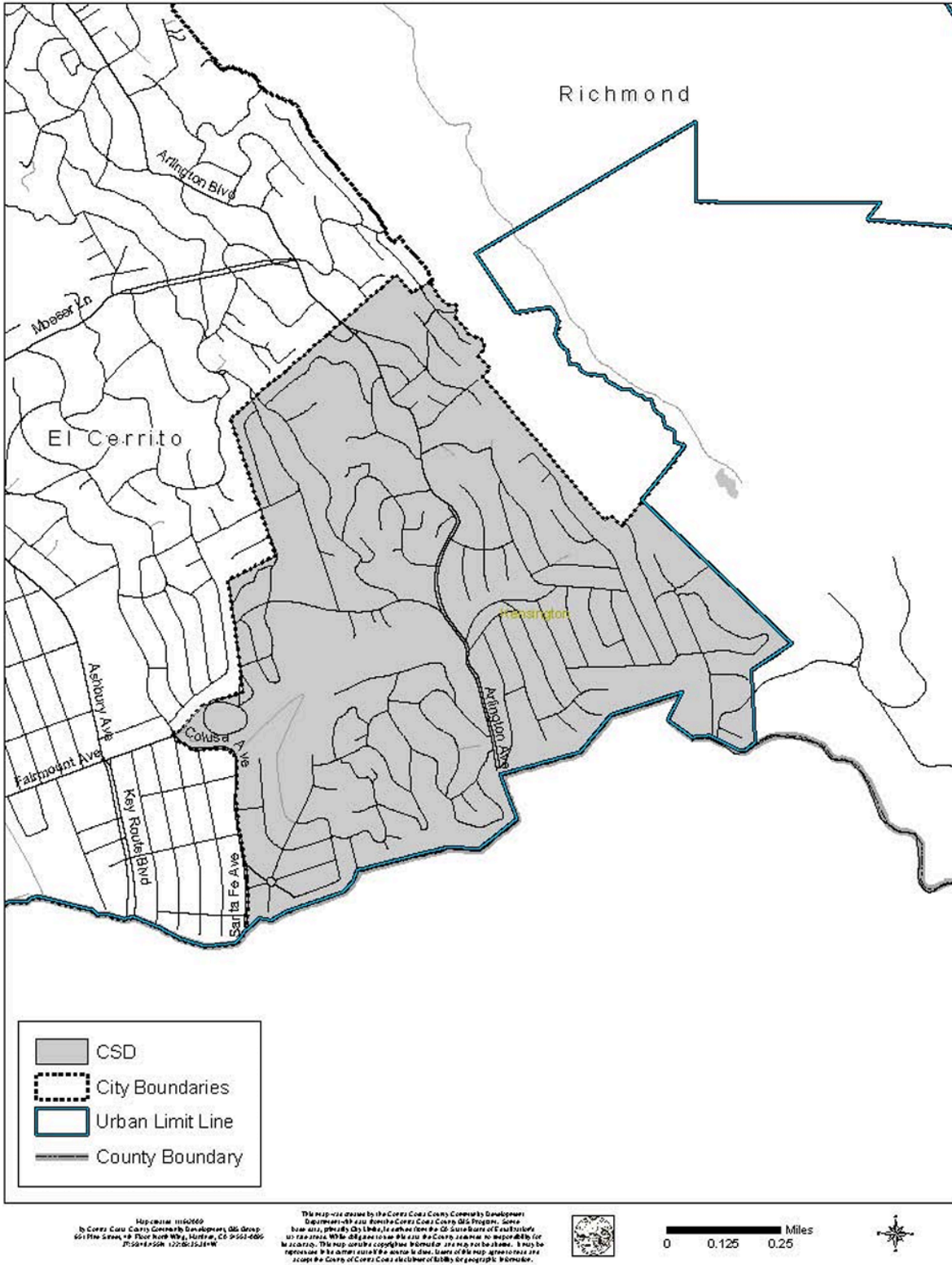


Figure 1. The boundaries of the KCSD (taken from [https://www.contracostalafco.org/municipal\\_service\\_reviews/west\\_county\\_sub-regional/WestCo](https://www.contracostalafco.org/municipal_service_reviews/west_county_sub-regional/WestCo))

ntySubregionalMSR\_Final.pdf). The boundaries are the same for the proposed reorganized District.

## Fiscal Analysis

### Background

This section of the application describes the financial resources which are available to fund the services provided following reorganization, and the projected expenditures based on assumptions previously described in the service delivery plan and transition plan. Based on a projection of fund balance, revenues, and expenditures, KCSD will be able to provide the services described in this plan.

### Revenue Sources

Each district has a mix of revenue sources with property taxes being the primary source. The revenue sources of the reorganized district would include property taxes, special taxes, fees for services, franchise fee, grants and intergovernmental revenue from other agencies, Other Post Employee Benefits (OPEB) trust reimbursements, and interest earnings.

## Post-Reorganization 5-Year Financial Projections

### Operations

The financial projections are based on available revenue from all sources and expenses to staff, operate, maintain, and support KCSD and KFPD facilities and operations that are assumed to continue following the reorganization. Revenue sources are described above and estimated below:

Description	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031
	Projection	Projection	Projection	Projection	Projection	Projection
<b>Revenue</b>						
General Fund	\$8,850,366	\$9,176,565	\$9,513,679	\$9,859,634	\$10,219,695	\$10,595,771
Fire Fund	\$261,070	\$259,985	\$258,775	\$257,463	\$256,098	\$254,701
Police Fund	\$1,482,713	\$1,507,837	\$1,533,716	\$1,560,370	\$1,587,824	\$1,616,102
Parks Fund	\$141,240	\$144,577	\$118,015	\$121,555	\$125,202	\$128,958
Waste Management Fund	\$123,600	\$127,308	\$131,127	\$135,061	\$139,113	\$143,286
<b>Total Revenue</b>	<b>\$10,858,989</b>	<b>\$11,216,272</b>	<b>\$11,555,311</b>	<b>\$11,934,083</b>	<b>\$12,327,932</b>	<b>\$12,738,817</b>

The property tax revenue growth rate in Kensington averaged 5.19% per year between FYEs 2010 and 2024. Going forward, a conservative annual growth rate of 3.5% was assumed.

Projections for the General Fund expenses are based on historical trends and the 2025 budget where most cost categories are assumed to increase at an annual inflation rate of 3% with a small capital outlay allowance included.

Salaries and benefits, which include payroll taxes, health insurance, and pension costs (as applicable) assumes a 1.7% increase per year for police staff, 5% for medical benefit costs with most cost categories assumed to increase at an annual inflation rate of 3%. Retiree health insurance benefit costs are listed separately with costs reimbursed from more than fully funded OPEB trusts.

Services and supplies expenses include, but are not limited to, police and fire operating costs, repairs and maintenance, small tools and equipment replacement, training costs, radio and technology costs, and professional services including contracted fire services with the City of El Cerrito which is estimated to increase approximately 5% annually with most costs estimated to increase 3% annually. It is anticipated that there will be a significant benefit in consolidating certain administrative costs such as technology, training, reduced professional services, and apparatus maintenance.

The operations portion of the combined districts is anticipated to produce positive cash flow for each of the five years of the projections. This allows the combined operation to accumulate a reserve balance, to assist in rebuilding reserves. The following table combines the revenues from the previous projections with expected operating expenses and related expenses to develop annual operating cash flows and accumulated operating fund balances through FY 29-30.

## Revenue/Expense Projections

Description	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030
	Projection	Projection	Projection	Projection	Projection
<b>Revenue</b>					
General Fund	\$8,850,366	\$9,176,565	\$9,513,679	\$9,859,634	\$10,219,695
Fire Fund	\$261,070	\$259,985	\$258,775	\$257,463	\$256,098
Police Fund	\$1,482,713	\$1,507,837	\$1,533,716	\$1,560,370	\$1,587,824
Parks Fund	\$141,240	\$144,577	\$118,015	\$121,555	\$125,202
Waste Management Fund	\$123,600	\$127,308	\$131,127	\$135,061	\$139,113
<b>Total Revenue</b>	<b>\$10,858,989</b>	<b>\$11,216,272</b>	<b>\$11,555,311</b>	<b>\$11,934,083</b>	<b>\$12,327,932</b>
<b>Expenses</b>					
General Fund	\$1,199,380	\$1,217,143	\$1,237,975	\$1,269,850	\$1,291,676
Fire Fund	\$4,664,292	\$4,875,145	\$5,084,158	\$5,319,725	\$5,503,338
Police Fund	\$3,158,858	\$3,293,857	\$3,405,320	\$3,499,081	\$3,577,767
Parks Fund	\$196,757	\$201,749	\$206,875	\$212,139	\$217,545
Waste Management Fund	\$88,299	\$91,178	\$93,278	\$96,326	\$98,548
<b>Total Expenses</b>	<b>\$9,307,586</b>	<b>\$9,679,073</b>	<b>\$10,027,606</b>	<b>\$10,397,122</b>	<b>\$10,688,874</b>
<b>Cash Flow B4 Capital Outlay &amp; DS</b>	<b>\$1,551,403</b>	<b>\$1,537,200</b>	<b>\$1,527,705</b>	<b>\$1,536,961</b>	<b>\$1,639,059</b>
<b>Capital Outlay</b>					
General Fund	\$33,000	\$3,090	\$3,183	\$3,278	\$3,377
Fire Fund	\$0	\$0	\$84,413	\$0	\$0
Police Fund	\$30,000	\$0	\$0	\$0	\$0
Parks Fund	\$30,000	\$30,000	\$30,000	\$0	\$0
<b>Total Capital Outlay</b>	<b>\$93,000</b>	<b>\$33,090</b>	<b>\$117,596</b>	<b>\$3,278</b>	<b>\$3,377</b>
<b>Cash Flow Before Debt Service</b>	<b>\$1,458,403</b>	<b>\$1,504,110</b>	<b>\$1,410,109</b>	<b>\$1,533,683</b>	<b>\$1,635,682</b>
<b>Debt Service</b>					
General Fund	\$141,525	\$141,478	\$141,428	\$141,377	\$141,324
Police Fund	\$383,388	\$385,125	\$385,916	\$382,237	\$397,868
Parks Fund	\$30,517	\$30,517	\$30,517	\$30,517	\$0
<b>Total Debt Service</b>	<b>\$555,430</b>	<b>\$557,119</b>	<b>\$557,860</b>	<b>\$554,131</b>	<b>\$539,192</b>
<b>Net Cash Flow</b>					
General Fund	\$7,476,461	\$7,814,854	\$8,131,093	\$8,445,128	\$8,783,319
Fire Fund	(\$4,403,222)	(\$4,615,160)	(\$4,909,796)	(\$5,062,262)	(\$5,247,239)
Police Fund	(\$2,089,533)	(\$2,171,145)	(\$2,257,520)	(\$2,320,948)	(\$2,387,811)
Parks Fund	(\$116,034)	(\$117,688)	(\$149,377)	(\$121,101)	(\$92,344)
Waste Management Fund	\$35,301	\$36,130	\$37,849	\$38,735	\$40,565
<b>Total Net Cash Flow</b>	<b>\$902,974</b>	<b>\$946,990</b>	<b>\$852,249</b>	<b>\$979,552</b>	<b>\$1,096,490</b>

## Salary & Benefits

The salary and benefit forecasts include base salaries, overtime, holiday pay, any incentive or additional pay items, FICA, uniform allowance, health (medical/dental/vision) benefits, workers compensation insurance costs, and retirement costs. Annual escalation factors used were: a 1.7% increase per year for police staff, 5% for medical benefit costs with most other cost categories assumed to increase at an annual inflation rate of 3%. Retirement rates were projected based on actuarial projections from CalPERS applied to existing staff.

## Retiree Health

KCSD eligible retirees may enroll in any of the plans available through the CalPERS Program with the district contributing 90% of the cost of post-employment medical coverage up to a cap of the 2020 Kaiser Bay Area rates for the coverage selected. KCSD does not provide post-employment dental and vision benefits for retirees. KFPD retiree health (medical, dental, and vision) will continue to be fully paid for existing KFPD retirees. As it is a closed plan, there are no active participants; therefore, there will be no future retirees.

## Fire Department Fleet

Rolling stock planned purchases include a command vehicle in 2028 at the escalated cost of \$84,413 and a Type I engine in 2031 at the escalated cost of \$1,930,902. Both of these are currently fully funded within the rolling stock reserve fund provided that annual funding continues as projected.

## Facility Maintenance & Utilities

The KFPD Public Safety Building was recently renovated for seismic retrofit with all internal furnishings and systems updated during the project as well (furniture, carpet/flooring, IT, telephone, internet, HVAC, plumbing) with only minor maintenance anticipated in the near term.

## Anticipated Annexation Expense

### **Kensington Consolidated District One-Time Consolidation Cost Estimate**

<b>Description</b>	<b>Amount</b>
Management Search	\$25,000
LAFCO Fees	\$6,000
Legal Fees	\$25,000
<b>Total</b>	<b>\$56,000</b>

*Source: KPPCSD, KFPD, and Ridgeline*

## Capital

KFPD's capital expenditures currently planned are for rolling stock, which is fully funded through a dedicated reserve. KCSD's capital projects for park/recreation facilities and district building would require increased revenues, decreased expenditures, or both. The reorganized District's operating cash flow would allow for significant capital projects or even debt financing without having to go to the community for additional taxes or assessments.

## Combined Reserve Balances

Reserve balances would be higher in the reorganized District as a result of the annual operating surplus increases such that the total reserves are projected to grow by an additional \$1.8 million over the nine-year projection period.

## Findings

KCSD is forecasted over the next decade to operate at a break-even at the same level of service with existing facilities; however, does not have funds available for upgrades to facilities, expansion of services, or for a permanent building. The District would need to increase revenues, reduce expenses, or a combination of both.

KFPD is forecasted to operate with a substantial operating surplus over the next decade while providing the same level of service with existing facilities.

## Fiscal Determinations

Both districts have benefited from increasing property tax revenues over the last several years with a conservative inflation factor of 3.5% used in the ten-year projection.

The reorganization of the KCSD and the KFPD has projected fiscal improvements: increased annual operating surplus by approximately \$120,000 to \$290,000 due to economies of scale and elimination of redundant costs; higher reserve balance as a result of increased operating surplus; more efficient and cost-effective staffing structure; and consolidation of community resources to allow better utilization of funds without requiring additional taxes.

## Appropriations Limit

The existing appropriations limit (the "Gann Limit"), according to "County of Contra Costa, 2024-2025 County Special Districts Final Budgets" publication and the budget documents of the agencies are: KCSD = \$5,802,227 and KFPD = \$4,277,791. The adjusted Gann Limit for Contra Costa County Fire Protection District would be a combination of the two Gann Limits of the individual districts or approximately \$10,080,018.

# Proposed Transition Plan

The transition plan described below is intended to describe the process for the complete organizational and service reorganization of the two districts.

## Reorganization Timeline

The application to LAFCO will be submitted in Spring 2025. It is anticipated the LAFCO review process will take three to four months to complete with a tentative reorganization/annexation effective date of September 1, 2025.

## Implementation Plan

### Facilities and Apparatus Transfer

All facilities, equipment, and other apparatus existing as of finalization of the reorganization/annexation which are owned by the Kensington Fire Protection District shall be transferred to the Kensington Community Services District.

### Financial Transfer

#### Property Tax Sharing

It is assumed that all property taxes, which would otherwise be allocated by the Contra Costa County Auditor-Controller to the Kensington Fire Protection District, would be allocated to the Kensington Community Services District upon filing of the Certificate of Completion of the reorganization/annexation and in each year thereafter.

#### Operating and Capital Reserve Funds

All fund balances that have been accumulated by the Kensington Fire Protection District shall be transferred from their existing accounts to the Kensington Community Services District. KCSD will deposit reserve and capital funds into appropriate accounts for their stated purpose consistent with current KCSD budgeting and accounting practices.

#### Other Assets and Liabilities

All other assets (including land and improvements) and liabilities existing as of the reorganization/annexation shall be transferred from the Kensington Fire Protection District to the Kensington Community Services District.



## Governance Structure

The reorganized KCSD will be governed by the expanded eleven-member Board of Directors as described in detail on page 4 in item “7 - Board of Directors”.

## Personnel and Employment Agreements

The KFPD General Manager and Executive Assistant/Board Clerk will move to consultant agreements to assist with facilitating the transition.

## Conditions of Service Required by the Land Use Agency

While this annexation is not for the purpose of serving new development, KCSD will comply with all conditions of service as defined by each land use agency within the annexed territory, such as development approval conditions, facility/impact charges, and fire flow requirements. Within the KFPD, land use authorities consist of Contra Costa County.