

Executive Summary

Operating Budgets

The Fiscal Year 2021-22 Operating Budget totals \$4,014,893, including \$3,574,057 in the General Fund, \$42,184 in the Landscape and Lighting District Fund, \$62,700 in the Waste Management Fund (to be created) and \$335,952 in Capital Projects Fund. Total projected revenues and expenditures for fiscal year 2021-22 include \$4,014,893 and \$3,869,955, respectively. The budget funds the following District departments: Police, Administration, Parks and Recreation and Waste Management.

Fund Balances and Reserves

As of July 1, 2020, the District's Audited Started Fund Balance was \$2,170,875. The June 30, 2021 projected Ending Fund Balance is \$2,273,136 and, based on projected revenues and expenditures for fiscal year 2021-22, the projected Ending Fund Balance for June 30, 2022 is \$2,418,074.

Budget Assumptions

In preparing the fiscal year 2021-22 budget, staff made the following budgetary assumptions:

- Increased Measure G ('police tax') based on the Consumer Price Index (CPI) – 3.8% or \$22,811;
- Pay the actuarially determined portion of retiree health benefits from the District's Obligation for Postemployment Benefits (OPEB) Trust - \$50,000;
- Discontinued payment of retiree lifelong dental and vision benefits - \$25,000/year;
- Excluded costs to relocate KPPCSD to a new location;
- Allocated staff costs across all funds – General Fund, Landscape and Lighting, and Waste Management; and
- Establish a Waste Management Fund – separating Waste Management funds from the General Fund.

Measure G

Budget preparation includes a 3.8% or \$22,811 CPI increase to the Measure G tax as permitted under State law. Should the Board decline to increase the assessment in any given fiscal year, those increases and potential revenues are permanently lost. The District cannot retroactively recoup those monies in the future if needed.

OPEB Trust

The District's current OPEB Trust totals approximately \$2.1 million with approximately \$200,000 of funds available each year to pay for retiree health benefits from the OPEB Trust without impacting the Trust's interest income. In an effort to balance the budget without using Reserves, it is recommended that the District pay \$50,000 from the Trust to the General Fund for fiscal year 2021-22 to use the trust to pay for retiree health benefits.

Retiree Dental and Vision Benefits

The Public Employees' Medical & Hospital Care Act (PEMHCA) governs CalPERs healthcare benefits policies and requires that the District provide the same benefits to both current employees and retirees. However, it does not require providing retirees with lifetime dental and vision benefits as it currently does

today. Budget recommendations include discontinuing this practice, which will result in an annual cost savings to the General Fund of approximately \$25,000.

KPPCSD Relocation Expenses

Since the District has not yet established relocation costs including securing a new location to move to, potential tenant improvements, moving costs, negotiated lease rate and/or other negotiable transition costs and scheduling with the Kensington Fire Protection District (KFPD), the budget does not account for these potential and yet to be determined expenses. Once costs are determined, staff will return to the Board of Directors for any necessary budget adjustments.

Cost Allocation of Staff Time

In fiscal year 2021-22, Administrative staff time will be allocated to three funds based on time spent working in various departments – General Fund, Landscape & Lighting Maintenance Fund and the Waste Management Fund. Time and cost allocations are as follows:

Table 1: Cost Allocation of Staff Time

Title	General Fund	Landscape & Lighting Maintenance Fund	Waste Management Fund
General Manager	60%	20%	20%
Finance Director	70%	20 %	10%
Office Manager/ Clerk of the Board	85%	10%	5%
Senior Accountant	80%	10%	10%
Independent contractors	0%	70%	30%
Total	\$319,654	\$93,395	\$66,409

Establish Waste Management Fund

Staff recommends establishing a Waste Management Fund to more easily track and monitor franchise agreement monies that are received from Bay View Refuse.

Establish Capital Projects Fund

Staff recommends establishing a Capital Projects Fund to track and monitor all capital projects along with donations, loans, grants and all expenses related to future capital projects.

General Fund – Projected Revenues

For fiscal year 2021-22, there are no significant changes to revenues other than standard CPI increases to Measure G, property taxes and the Landscape and Lighting Maintenance assessment. Other opportunities for growth include parks and recreation revenue due to the Community Center and other gathering sites

re-opening as the State relaxes its COVID-19 social distancing standards and an increase in grant revenues (Table 2).

Table 2: FY 2021-22 Projected Revenues

Revenue Source	Projected Total Revenue
Property Tax	\$2,100,040
Measure G	\$621,207
Special Police Tax	\$681,750
LLMD	\$42,184
Parks/Rec	\$32,000
Franchise Agreement	\$62,700
Grants	\$460,952
Interest Income	\$3,600
Contributions	\$0
Other Misc. income	\$6,500
Total	\$4,014,893

In addition to the standard revenues and CPI increases and as Table 3 illustrates, revenues for this fiscal year also include a projected uptick in rental income, grants and potential COVID-19 related reimbursements.

Table 3: Potential New Revenues

Revenue Source	Projected Revenue
Park and Facility Rentals	\$30,000
Measure WW EBRPD Grant	\$158,000
Proposition 68 Grant	\$177,952
COPs Grant	\$125,000
American Rescue Plan Act of 2021	Potentially +\$500,000

General Fund – Projected Expenditures

For Fiscal Year 2021-22 and as Table 3 illustrates, there is a slight increase in the Police Department budget of approximately \$22,000 primarily due to salary increases (as a result of labor negotiations) and other minor increases in other employee benefits. Projected expenditures for Parks and Recreation are approximately \$97,000 of mostly one-time deferred maintenance costs and repairs. Other ongoing expenses in this Department include a cost allocation of staff time for work completed in the Parks and

Recreation Department. Projected budget and expenses for the Administrative Department increase by \$95,000 due to changes in the Department’s organizational structure. Lastly, projected expenses for Waste Management include new trash cans for the park and a cost allocations of staff time related to this Fund and Department.

Table 4: FY 2021-22 Projected Expenditures by Department

<i>Department</i>	<i>Projected Total Expenditure</i>
<i>Police</i>	<i>\$2,639,610</i>
<i>Parks and Recreation</i>	<i>\$253,850</i>
<i>Administration</i>	<i>\$709,436</i>
<i>Waste Management</i>	<i>\$7,002</i>
Total	\$3,609,898

New Budget Expenses & Recommended Changes

There are several new expenses proposed for fiscal year 2021-22, many of which are one-time expenditures. Most recommendations can be categorized as either addressing deferred maintenance and repairs or complying with new Department of Justice requirements. New budget expenses are categorized below as Police Department, Parks and Recreation, Kensington Community Council Donation and overall District staffing changes.

Proposed staffing changes include reducing the Police Department from 10 to nine sworn officers for fiscal year 2021-22. While the department reduction will increase over-time, it will decrease the overall burden of ongoing current and retiree benefits. That said, the reduction will place a strain on the Department (e.g., sick leave, vacation, worker’s compensation and administrative leave). As a result, staff recommends piloting the change for fiscal year 2021-22 and revisiting the staffing levels in the spring of 2022 should reconsideration be necessary. In addition, the current Police Captain position (a Kensington Police Officer Association member) will be replaced with a management-level Lieutenant position.

Other staffing changes include establishing a full time Office Manager/Clerk of the Board that incorporates the function and job duties of the Clerk of the Board, Police Services Specialist, and Administrative Assistant, as well as coordinating the day-to-day operations of the Parks and Recreation Department. Lastly, the District will establish a new full-time Senior or Associate-level Accountant to support the Finance Department and replace some of the finance department work that is currently outsourced or the responsibility of the District’s Finance and Business Manager.

Police Department

- Lease one new Police Vehicle - \$12,192/year (5 years).
- Department of Justice Required National Incident-Based Reporting System (NIBRS) – \$25,000 (one-time); (Detailed crime reporting software and database.)

- East Bay Regional Communication System (EBCRS) - \$9,720/year
(Required yearly fee to maintain radio communication infrastructure.)
- EBCRS Software - \$9,000 (two-year expense)
(Encryption software for radios.)
- Net Presenter - \$1,000/year
(A digital communication platform and application that transmits information interdepartmentally using computer screens, smart phones and television monitors.)
- Lexipol Training Bulletins - \$2,200/year
(Police Training bulletins to help personnel learn to apply policies and improve their ability to make well-reasoned decisions.)

Parks & Recreation Department

- Renovation Assessment/Inspection of Annex Building - \$5,000
- Security Alarm for Community Center - \$3,000
- Security Cameras for Community Center - \$7000
- Rekey Community Center (electronic system) - \$15,000
- White Folding Chairs for Rentals - \$5,000
- Cover for AC Unit (outside Community Center) - \$600
- Repair Retaining Wall on Arlington - \$3,300
- Replace Tennis Court Backboard - \$4,900
- Repair Sprinkler Valve (Upper Lawn) - \$600
- Repair Upper Lawn - \$2,050
- New Trash Cans (type TBD) - \$7,000
(from waste management fund)
- Tree Removal and hazardous brush in Park - \$35,000
- Survey Park Perimeter - \$20,000
- Repair storm drain and trench plate - \$17,000
- Repair Stairs from E Building up toward school - \$15,000

Kensington Community Council (KCC) Donation - \$15,000

- Replace/Install new bench (adjacent to Community Center) - \$1,620
- Repair sprinklers (lawn adjacent to Community Center) – \$4,500
- Other potential improvements in front of the CC (cost TBD):

- Replace grass;
- Replace/repair two raised beds with brick and drought and deer tolerant plants; and
- Replace other outdoor benches (as necessary).

Overall District Staffing Changes

- **Fund 9 Sworn Officers**
(instead of 10) – \$65K-\$90K/year savings to General Fund.
- **Fund new Lieutenant Position (full-time)**
(in lieu of Captain position) – \$35K/year savings to General Fund.
- **New Officer Manager/Clerk of the Board (full time)**
(to replace the functions and duties of the Police Services Specialist, Clerk of the Board and Administrative Assistant, as well as provide Parks & Recreation coordination)
- **Senior Accountant (full time)**
(to replace current part-time Senior Accountant, most of MAZE and Associates consulting, and some of the Budget Manager’s duties)

Current Staffing – FY 2020-21

Title	Hours per Week	Total Cost per Year
General Manager	30	\$169,549
Budget Manager	20	\$66,743
Senior Accountant	20	\$48,464
Clerk of the Board	20	\$43,060
Administrative Assistant	20	\$27,989
Police Captain	40	\$211,661
Police Services Specialist	20	\$41,176
TOTAL		\$608,642

Proposed Staffing – FY 2021-22

Title	Hours per Week	Total Cost per Year
General Manager	30	\$162,749
Finance Director (job title change from Finance and Business Manager)	20	\$66,743
Office Manager/ Clerk of the Board	40	\$106,233
Senior Accountant	40	\$106,233
Police Lieutenant	40	\$157,336
TOTAL		\$599,294

Capital Project Fund

In fiscal year 2021-22, staff recommends establishing a Capital Project Fund and allocating the Measure WW East Bay Regional Park reimbursement grant (\$158,000) and the Proposition 68 Park Grant (\$177,952) to this fund for future infrastructure improvements to Kensington Park and the District’s other facilities (e.g., Annex Building). Exact improvements to be identified by the Board of Directors at a future date.

Bond Debt & Long-Term Obligations

Most recently, the District issued a Pension Obligation Bond in fiscal year 2020-21 in the amount of \$4,544,000 reducing the District’s pension liability and annual debt by \$47,000 (based on the average net present value savings over the life of the obligation), as well as reducing the District’s pension liability over the entire life of the debt by \$1.8 million over the entire life of the bond. The annual savings are based on the net present value; therefore, the model reflects a small bell curve that levels the debt payments so that the district can easily predict its’ future obligations.

This past year, the District also entered into a five-year lease agreement for three new police vehicles. The monthly lease cost and interest rate is \$3,310 at 1.75%, respectively. The total annual cost for all three cars is \$39,715.

The District also has a 10-year, \$250,000 loan on the Community Center from Municipal Finance Corporation (West America Bank Corp). Payments are made annually in the amount of \$30,516.62 at a

3.8% interest rate. The loan will be paid in full in 2029. The loan was issued to pay for the community center retrofit and remodel.

This past fiscal year, the District also paid in full its Kensington Park Reassessment Bond (1995) totaling \$2,512,881. It was used to purchase the land for Kensington Park.